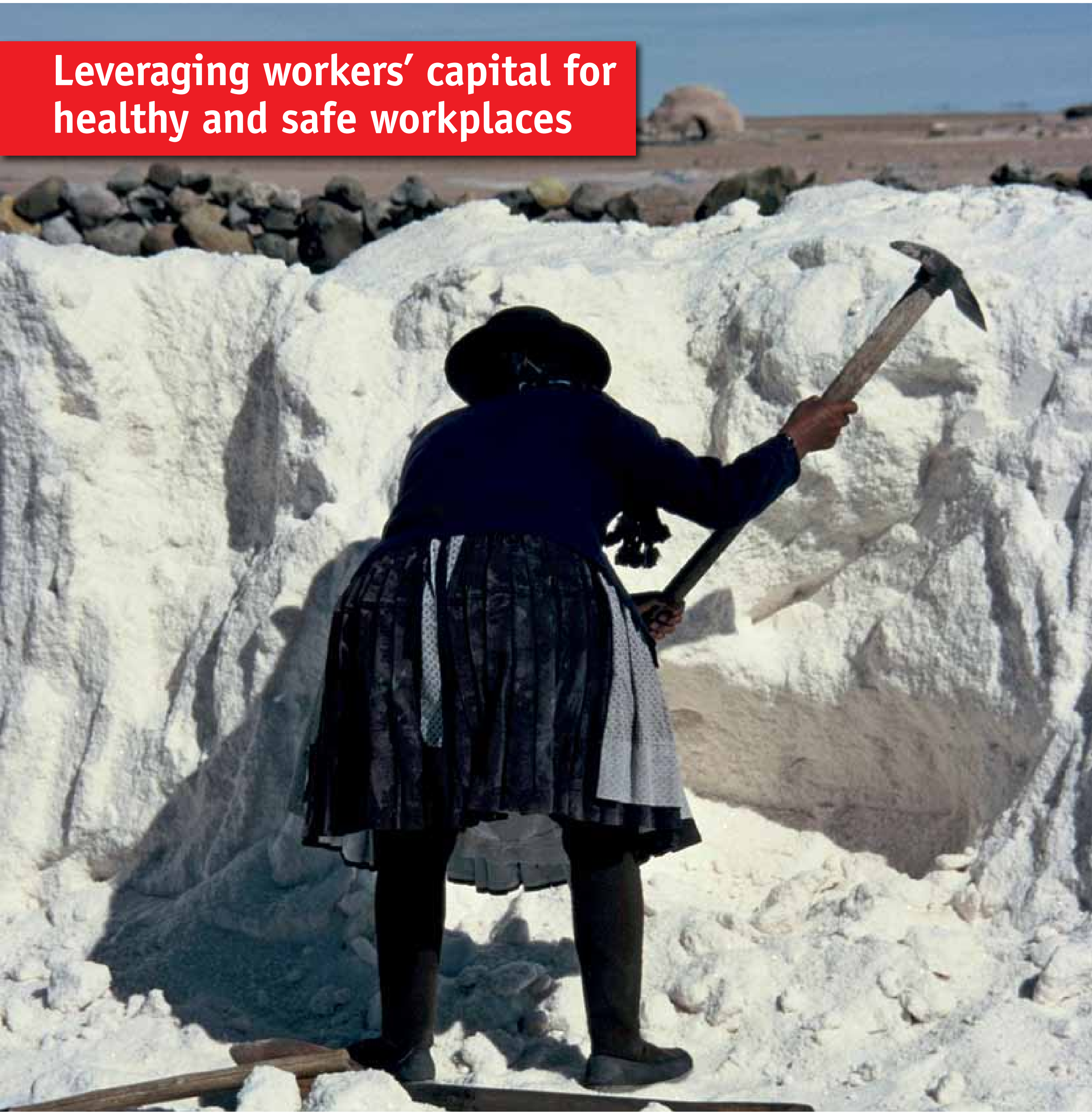
CWC Briefing Paper #3

Investing in Decent Work

Leveraging workers' capital for healthy and safe workplaces



committee on workers' capital

About the CWC

The Global Unions' Committee on Workers' Capital (CWC) is an international labour union network for dialogue and action on the responsible investment of workers' capital. It is a joint initiative of the International Trade Union Confederation (ITUC), the Global Unions' Federations (GUFs) and the Trade Union Advisory Committee to the OECD (TUAC).

The CWC works to build the capacity of union pension trustees on responsible investment issues, monitor global trends and policies related to corporate and financial market governance and examine ways in which the responsible investment of workers' capital can yield economic and social value in our communities.

Project Partners

We thank the following people for their participation in the development of this briefing paper:

- Peter Chapman, SHARE
- Fiona Murie and Shelly Woyla, Building and Wood Workers' International
- Patrick Young and Mark Laurance, United Steel Workers
- Francis Doherty, International Textile, Garment and Leather Workers Federation
- Mziwakhe Nhlapo and Zukiswa Maduna, National Union of Mine Workers South Africa
- Tom Grinter, International Federation of Chemical, Energy, Mine and General Workers' Unions.

Project Team

The Investing in Decent Work project was developed for the CWC, through the Working Group on Shareholder Activism.

- Project Manager: Priya Bala-Miller, CWC
- Research Analyst: Noushin Khushrushahi, SHARE
- Research Assistant: Gulnar Patel, CWC
- Design: Andrea Carter, Bertha Clark Design Studio

Investing in Decent Work: Leveraging workers' capital for healthy and safe workplaces

Investing in Decent Work

Leveraging workers' capital for healthy and safe workplaces

CONTENTS

Introduction

Defining OHS

The International Labour Organization (ILO) and World Health Organization (WHO) jointly promote global standards for OHS. Their approach is underpinned by the principle that occupational health should aim at the promotion and maintenance of the highest degree of physical, mental and social well-being for all workers.

As good working conditions are an integral component of decent work, addressing OHS includes preventative measures to protect employees from work-related health risks, and placing workers in environments that are suited to their physiological and psychological capabilities.

About the project

The CWC's "Investing in Decent Work" briefing paper series highlights the relevance of labour rights in investment decision-making.

The series encourages employee representatives and trade union pension trustees in particular, to recognize that they are uniquely positioned to ensure the companies in which they invest have progressive policies and practices on core labour standards.

This briefing paper focuses on the theme of Occupational Health and Safety (OHS).

Highlights

This paper places the challenge of ensuring workers enjoy safe and healthy workplaces in the context of a responsible approach to investing that is geared towards maintaining shareholder value and long-term sustainability. In particular, three issues are highlighted:

First, employee perspectives reveal that negligent health and safety cultures have lasting negative impacts for companies and society. This long-term temporal horizon is important, particularly for institutional investors who are concerned with the appropriate management of human capital as a vital risk-management strategy.

Second, a systematic review of relevant policy and academic research points to a positive relationship between health and safety performance and financial performance at the firm level. Failure to ensure high health and safety standards are associated with clear financial, reputational and regulatory risks for companies. This finding is significant for investors that are committed to integrating social factors within their investment decision-making frameworks. In this regard, the debate for investors is not whether OHS risks are material, but rather how to adequately address them. This situation creates a viable opportunity for higher levels of targeted shareholder activism to improve corporate performance and disclosure on OHS issues.

Third, while some institutional investors are convinced of the merits of addressing OHS-related investment risks, much more can be done to maximise the impacts of shareholder engagement with companies on OHS issues through stronger and more broad-based investor coalitions that work within a systematic framework to advance core labour rights.

The paper also provides illustrative case examples and a clear framework for pension trustees interested in using active ownership strategies to address OHS issues relevant to their pension fund's investments. The paper was developed through qualitative case study research and a review of relevant literature.

OHS in the global economy

This section of the paper provides a snapshot of major trends in the global labour market, such as migration and precarious employment, that are contributing to weak OHS protections for workers. In addition, stakeholders responsible for maintaining healthy and safe workplaces, as well as the financial and human impacts of poor OHS performance, are identified.

Why are healthy and safe workplaces under threat?

The globalization of capital and labour markets in the last few decades has profoundly altered traditional employer-employee relations. Two growing trends associated with a globalised economy – migration and precarious employment – are creating significant concerns for workplace health and safety.

Migration

Whereas labour used to be viewed as a largely immobile asset, global migration patterns reveal this to no longer be the case. Migrant labour has become one of the determining factors in the economic viability of many countries.

According to the 2009 UNDP Human Development Report, there are 100 million international migrant workers.[1] Migrant workers are increasingly concentrated in a few industrialized countries that often have an aging population. According to the International Organization for Migration, migrant workers made up 60% of the workforce in industrialized countries in 2000, compared to 44% in 1970.

The demonstrable upward trend is in part connected to the failure of the current model of globalization to deliver decent work for all.[2] Unable to find employment opportunities at home, millions of workers are forced to migrate for the purpose of employment. The majority of these workers are low-skilled and have low-paying jobs.

For example, a recent ILO report on the Asia-Pacific region showed that migrant labour is increasingly relied upon, especially in the so-called 3D (dirty, dangerous and difficult) sectors where jobs are generally labour-intensive, hazardous and poorly-paid.[3] Construction, agriculture, manufacturing and fishing industries were deemed to have a relatively higher exposure to these problematic labour trends.

Younger workers are particularly vulnerable to occupational-related accidents and diseases because they may not notice or be able to trace symptoms due to a lack of awareness and training. This is very significant as many occupational diseases and injuries have long latency periods resulting in younger workers not being affected until after they have left the employer, region or country where they were exposed to occupational hazards.[4]

Precarious employment

Aside from labour pressures related to migration, the move towards the globalization of industries and economies has allowed for more flexible employment options. Short-term contracting, part-time work, job-sharing, subcontracting, self-employment and temporary employment are being used with increasing frequency in the labour market.[5] Although flexible

conditions may assist certain employees with having a better work-life balance, in general this model has created a considerable degree of uncertainty for workers.

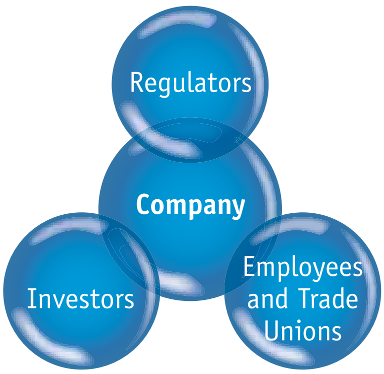
This is because a 'flexible firm model' includes a larger proportion of 'peripheral' and 'precarious' employment groups comprised of low-income workers. Of particular concern is the higher risk workers face of being employed in more dangerous working conditions, as reported by the ILO's SafeWork Program.[6] Inequalities for workers that stem from paying for the cost of work-related fatalities, injuries and illnesses are compounded for those from a lower socio-economic background.

The key point here is that the shifting global political economy that governs the world of work has tangible implications for occupational health and safety concerns, the infrastructure to handle these concerns and the metrics we use to evaluate employee well-being in the workplace.

Who is responsible for maintaining OHS standards?

As with most global sustainability challenges, achieving broad-based systemic improvements to OHS performance by companies will require a diverse range of tools – sharing best practices among peers, the development of appropriate OHS metrics, evaluation systems and improvement against these metrics, on-going monitoring, disclosure of performance and stakeholder dialogues. Regulators, companies, employees and investors can act within their respective 'spheres of influence'[7] to improve health and safety standards in the workplace (Figure 1).

Figure 1:
Spheres of Influence for OHS



Regulators: At the policy level, governments are responsible for workplace health and safety legislation being in place and for the enforcement of legal requirements.

Companies: Best practice guidance issued by the ILO confirms that the implementation of management and monitoring systems to prevent and control hazards in the workplace falls under the remit of companies.[8] This includes training employees on potential hazards, how to handle and dispose of hazardous materials, and emergency procedures, as well as providing workers with personal protective equipment and ensuring they know how to use this equipment.

Trade unions and employees: According to the ITUC, scientific evidence and workers' perception show that when workers are represented by trade unions on occupational health and safety issues, their working environment is significantly better than when they are left alone with their concerns.[9] Union action on OHS is oriented towards risk elimination and control (prevention). In relation to OHS, trade unions have experience in working to identify problems, raise awareness of risks among workers, elaborate proposals, negotiate agreements, and verify their enforcement and efficiency.[10]

Individual employees can support improved OHS performance if they are informed about and respect prevailing OHS legislation, report workplace hazards and use protective equipment (if it is provided). Employees in many countries also have the right to refuse unsafe work and the right to be informed about actual and potential dangers in the workplace.

Investors: Institutional investors also have a role to play in supporting the global decent work agenda. Many large pension funds are co-managed by employee and worker representatives, who, in addition to an objective interest in financial returns, are genuinely concerned with the welfare of employees in the companies held in their fund's portfolio.

What are the economic impacts of workplace health and safety hazards?

Every 15 seconds, a worker dies from a work-related accident or disease and 160 workers have a work-related accident.[11] The alarming pace of workplace health and safety failures have important long-term implications for employers, workers, the economy, and society. At the macro-economic level, unsafe working conditions that cause ill-health, injury or disability, or exacerbate existing health conditions can lead to:

- Increased company insurance premiums
- Increased workers' compensation premiums
- Decreased productivity
- Increased healthcare costs

The statistics in Box 1[12] reveal the staggering human and financial cost of poor OHS performance on a global scale. However these figures may underestimate true economic and social costs due to the under-reporting of occupational accidents and the failure to recognize the work-related origins of certain diseases.

Box 1: Annual global costs of poor OHS performance

- 2.2 million work-related deaths
- 358,000 fatal occupational accidents
- 337 million non-fatal occupational accidents
- 651,000 deaths caused by hazardous chemicals
- 160 million new cases of occupational disease
- 4% of global Gross Domestic Product is lost due to work-related accidents and diseases
- The annual economic cost of major industrial accidents is US$5 billion

How does poor OHS performance affect workers?

Poorly managed OHS issues not only have broader economic effects as noted previously, but they also have lasting impacts on the health and well-being of workers and their families. In this section of the paper we profile the stories of workers who have been affected by poor OHS practices.

These worker profiles represent people employed in diverse geographic regions and industries. They come from the Middle East, North America, South Africa and East Asia, and were or are currently employed in the garment, mining, oil and gas and electronics manufacturing sectors.

Adulhalim Demir

The human cost of high-fashion

Since 2009, the International Textile, Garment and Leather Workers' Federation (ITGLWF) has coordinated a global campaign calling on governments and brands to ban 'sandblasting'– a technique used to give denim a worn and faded effect.[14]

The practice involves firing high pressure sand at jeans, which creates a fine Silica dust. When inhaled, the dust causes a fatal and incurable lung disease known as silicosis. After the imposition of strict regulations on sandblasting in many European countries, the clothing industry largely outsourced production to as yet unregulated regions.

The first cases of silicosis in the garment industry were identified in 2005 by doctors in Turkey, who were investigating the reason for a high incidence of lung and respiratory problems among the young men employed in the industry. By 2010, over 10,000 affected workers had been identified in Turkey.[15] 52 workers, mostly young men, have officially died of the disease and doctors suspect 5,000 other unreported cases. One such victim is Adulhalim Demir.

WORKER PROFILE

"I have three kids, ten, seven and six years old. I find it painful that I can't work and earn a proper income.[13]"

Adulhalim's story

Adulhalim comes from a farming family who lived in Taslicay, a mainly Kurdish rural village in the Bingöl province of Eastern Turkey. In the mid-1980's Kurdish insurgency groups demanded separation from Turkey to create an independent Kurdish state (Kurdistan), as well as greater autonomy for Kurds within Turkey. The insurgency lasted till the late 1990's and the conflict had many negative impacts on the livelihoods of rural communities. In Adulhalim's case, restrictions on the grazing of animals prevented his family from earning an income. In the late 1990s, Adulhalim left home at the age of 15 to work at a garment factory in Istanbul in order to support his family.[16]

A typical day at work

Adulhalim worked as sandblaster for almost 18 months, producing distressed jeans for international brands such as Tommy Hilfiger and Leke Jeans. He worked in a cramped room without ventilation and did not have adequate protective equipment.[17] Adulhalim's status as a migrant worker compounded the effects of workplace hazards. As he could not afford adequate housing in Istanbul, Adulhalim slept in the factories where was employed and was almost constantly exposed to the harmful silica dust.[18]

Impacts

When Adulhalim left factory work for national military service, his medical exam revealed that he had contracted silicosis.[19] The disease has affected almost 50% of Adulhalim's lung capacity, resulting in chronic shortness of breath; difficulty speaking; and an inability to do physical work. Due to silicosis, even a common cold requires Adulhalim to be hospitalized.[20] Despite signing a contract and making social security contributions during his time at the factory, it took Adulhalim three years to access social security payments due to his status as an "informal" worker.[21]

Campaigning for change

Since his diagnosis, Adulhalim has worked with the Turkish Solidarity Committee to raise awareness about the impacts of this hazardous process on workers health, and the need for an international ban on sandblasting.[22] In a recent interview, he said: "In my home village, over three hundred people in a community of around 2000 are now ill. Eighty of my relatives are ill.... I wished I had known in advance about the dangers. If I had known, I would never have done this work. I now want to warn all the workers in other countries about the hidden dangers."[23]

Turkish activists like Demir were successful in getting Turkey to implement a ban on sandblasting in 2009, but their fight for compensation continues. More than 150 workers have joined a series of class action suits against companies and authorities, who are accused of having failed to control sandblasting workshops.[24]

Implications for investors

Investors linked to brands that are involved in denim production and retail sales should be aware that the industry could be increasingly regulated, as labour rights activists are not convinced that voluntary bans on sandblasting are working.

Failure to appropriately manage risks associated with sandblasting practices will leave companies exposed to reputational, financial and legal costs that could impact shareholder value.

Research by the Clean Clothes Campaign in 2011 at factories in Bangladesh showed that few brands have provided clear information on how voluntary bans are being implemented, and no brand has yet agreed to take responsibility for identifying and treating affected workers in their supply chain.[25]

The Clean Clothes study included interviews with 73 workers from seven factories. Just under half interviewees recognized the logos of brands shown to them as being manufactured in the factories in which they worked. These brands included H&M, Levi's, C&A, D&G, Esprit, Lee, Zara and Diesel, all of whom, except D&G, claim to have banned sandblasting.[26] The study also reports that the failure of brands to change their designs or to increase production time to allow for suppliers to shift to the more labour intensive and slower finishing techniques also helps perpetuate the use of sandblasting.

In addition, workers were prepared to work for the higher wages offered despite knowing that their working life as a sandblaster may be short due to ill health. In Bangladesh medical diagnosis and treatment available to workers is woefully inadequate and that awareness of the link between garment sandblasting and silicosis among the medical profession as almost non-existent.[27]

Beyond potential regulatory-related penalties for non-compliance, companies in this sector could be held liable for providing compensation to workers who have contracted lung diseases due to their employment as sandblasters. In Turkey, sub-contractors have disappeared leaving workers already diagnosed with silicosis with no-one to sue as the main brands accept no liability.[28] This pattern may be evident in other countries as well. Since the Turkish ban, producers have moved their sandblasting orders to basement workshops and small factories in countries such as Pakistan, China, Bangladesh and Egypt.

"The current organization of garment production through long international subcontracting chains, often based in countries where basic OHS procedures are routinely violated, makes it impossible for jeans producers to guarantee the highly complicated and technically advanced safety procedures necessary to sandblast jeans in a safe way. Considering the very high OHS risks and fatal consequences of jeans sandblasting, we call on the jeans companies to phase out all jeans sandblasting from their supply chains."
— Clean Clothes Campaign

Gary Wayne Quarles

Coal mining – disproportionately dangerous

Coal mining is one of the oldest professions in the world, with commercial production dating back to the 17th century. However, coal mining is also one of the most hazardous jobs for workers. The International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), which has long-campaigned for better health and safety standards for mine workers estimates that while mining accounts for 0.4 % of the global workforce, the sector accounts for over 3% cent of fatal accidents at work. This amounts to as many as 30 fatalities per day.[30] Exposure to dust, gas, toxic chemicals, noise and vibration cause occupational diseases that force miners to leave the industry early, suffer the effects chronic ill-health and face earlier mortality rates.

Since The ILO's Convention on Safety and Health in Mining was adopted in 1995, there have been more than 30 mining disasters. A disaster is defined as an accident in which more than five miners are killed, and ICEM noted that in thirteen of these disasters more than 100 miners were killed.[31] While the majority of mining disasters take place emerging economies like China, India and the Ukraine, poor mine safety is a challenge everywhere.

For instance, in 2011 the U.S. Bureau of Labor Statistics confirmed that coal mining remains one of the country's most dangerous jobs, based on job-related fatalities and serious injuries.[32,33] One of the reasons why coal mining made the BLS's 2011 list was a fatal explosion at Massey Energy's Upper Big Branch Mine in West Virgina, which claimed the lives of 29 miners. Gary Wayne Quarles was among the dead.

WORKER PROFILE

> *"I'm just scared to death to go to work, because I'm just scared to death something bad is going to happen.[29]"*

Gary's story

Gary started working as a miner when he was just 18 years old. His father, also named Gary, had worked as a miner for 34 years. Gary Sr.'s testimony to the US House of Representative's hearing on the Upper Big Branch Mine tragedy referred to his son as "his best friend" and as someone who a lot of people would describe as "a good guy."[34] In early April 2010, Quarles had a lot on his mind as he was recently divorced and was concerned about two young children.[35] However, the main concerns Gary expressed to friends were about safety issues at the mine where he worked.[36]

A typical day at work

Gary was employed as a longwall shearer operator at the Upper Big Branch mine. People like Gary operate machinery that facilitate blasting, separating, or removing coal from mines. It was one of the toughest jobs in the mine. A highly skilled miner with 15 years of experience on the job, Gary was able to spot problems at the mine during his 10 and a half hour shifts.[37] In the days leading up to his death, Gary spoke of the daily stress of dreading going to work every day.

One of Gary's main concerns was the chronic lack of airflow in the mine due to an inadequate ventilation system. Prior to the explosion, pumps removing water from the longwall entries failed and high water levels impeded air flow, leading to a dangerous build-up of methane gas. Coal dust is highly explosive and requires the application of rock dust to be rendered inert; however, rock dusting equipment at the mine was reportedly faulty.

Impacts

On 5 April 2010, as the shearer machine cut into the mine roof it kindled sparks that in turn ignited a pocket of methane and created a fireball. Accumulated coal dust further fuelled the fireball which ultimately caused the mine explosion that claimed Gary's life. Gary's family has been devastated by his sudden death; his father has been unable to cope with the loss of his only son and has not been able to return to work.[38] Autopsies to determine the cause of death for the miners found that 19 died due to carbon monoxide intoxication, and 10 died due to injuries caused by the explosion.[39] Autopsies also revealed that 20 of the workers suffered from 'black lung' disease – a respiratory affliction that is caused by prolonged exposure to coal dust.[40] It should be noted that West Virginia coal mines have the highest rates of fatalities in the US and South West Virginia, where Upper Big Branch was located, has the highest rates in the state.[41]

Implications for investors

Based on data from the World Coal Association, the USA is the second-largest producer and consumer of coal (behind China and ahead of India).[42] Nonetheless, investment in the US coal industry could be a risky proposition due to a number of challenges described in Table 1.[43]

Table 1: Environmental, social and financial challenges for the US coal industry

Challenge	Indicators
Harmful health and environmental impacts	As noted earlier, coal mining is one of the most dangerous occupations in the USA. In addition to the human costs, associated health care costs for affected workers and financial penalties for poor management of health and environmental issues are a major challenge for this industry. Coal plants emit air pollutants that cost society over $100 billion per year, according to data from the Clean Air Task Force (2010). In addition, coal production is water-intensive and strains existing
Competitiveness	Demand for coal power is being steadily eroded by competition from energy efficiency and renewable energy, which are benefiting from rising policy support, growing public investment, advancing technologies, and often-falling prices. Coal power faces much stronger competition both from new and existing natural gas plants. US coal prices are rising and could be driven much higher by soaring global demand and shrinking reserves. According to the Energy Information Administration, global coal consumption will increase by 74% between 2004 and 2030.
Production Costs	Construction costs for coal plants remain high, and many of the external costs of coal may soon be passed on to the power supplier. In at least ten of the coal-fired power plant project cancellations that occurred in 2007, construction costs were cited as one of the most important reasons for cancellation. Increased construction in China, India, Europe, and the U.S. is driving a huge increase in global demand for coal power plant design and construction resources
Poor climate-related risk management	Many coal energy producers are relying on the future development of carbon capture and sequestration (CCS) technologies in order to reduce the future costs of CO2 emissions regulations. However, CCS is a highly experimental process that would need to overcome a number of highly complex technical problems in order to become commercially viable.

Labour rights activists are concerned that as the coal mining companies in the US fight to remain competitive in light of these challenges, they will do so by cutting corners on health and safety and further jeopardize the lives of mine workers.[44] Trade union representation is an important check against this race to the bottom on OHS standards in the US coal industry.

In the case of Massey Energy, the United Mine Workers of America repeatedly tried to organize workers the Upper Big Branch mine. However, even with getting nearly 70 per cent of workers to sign cards saying they wanted to vote for a union, former CEO Blankenship personally met with workers to threaten them with closing down the mine and losing their jobs if they voted for a union.[45]

However, it has been proven that a unionised workplace significantly reduces the number of accidents compared with a workplace without a trade union presence. For example, a study from the London School of Economics found that where there is a union presence in the workplace, the injury rate is 24 per cent lower than where there is no union presence.[46]

In addition, research by the Health and Safety Executive (UK) found that when the workforce was involved in safety and health, there was a drop in accidents from 1.2 to 0.1 per 100,000 hours worked.[47] Similarly, a US study on the relationship between unionization and underground, bituminous coal mine safety from 1993 to 2008 finds that unionization predicts a 17-33% drop in traumatic injuries and about a 33-72% drop in fatalities. However, unionization is also associated with higher total and non-traumatic injuries, suggesting that injury reporting practices differ substantially between union and non-union mines.[48]

Based on this research, as well as input from labour rights representatives, prudent investors may want to call for effective unionisation and employee participation in health and safety systems at coal mining companies, as part of an overall risk management strategy for the coal industry.

Mark Laurance

Health and safety in the oil sector is "out of control"

In 2012, 30,000 members of the United Steel Workers (USW) in the oil sector are going to the bargaining table with the oil industry. According Patrick Young of the USW's Strategic Campaigns Department, "USW workers are demanding some small changes that won't cost the companies much at all, but they'll go a long way in keeping workers and refinery communities safe. They're asking for the right to stop unsafe work, safe staffing levels at refineries, a safety representative who is responsible for ensuring that refineries are safe, and that the companies properly inspect and maintain oil refineries and equipment."[50]

Young recalls that similar proposals put to big oil companies three years ago were met with sustained opposition. In the interim period, 18 oil workers died on the job, dozens of others suffered life-altering injuries and countless others have likely suffered from chronic occupational diseases due to work-related exposures.[51] Oil industry workers are 8 times more likely to die on the job than other workers.[52] The USW argues that these symptoms show that health and safety in the oil sector is out of control. Mark Laurance is an oil sector worker who agrees with this assessment.

WORKER PROFILE

"Many times during my time at Tesoro, I have returned home to tell my wife 'I should have died today'.[49]"

Mark's story

Mark Laurance has worked as an operator at the Tesoro Refinery in Anacortes, Washington for 11 years. He took up this job as it offered him more stability than his prior work as a sub-contractor.

On 2 April 2010, an explosion at the refinery fatally injured 7 of Mark's fellow workers. The workers were servicing the plant's heat exchangers – a stack of huge, radiator-like tubes filled with volatile hydrocarbons. The exchanger head tended to leak, especially during start-up, and workers sometimes armed themselves with long, steam-spewing lances to keep any escaping vapors from igniting.[53] The heat exchangers (a 40-year old piece of equipment) failed and released highly flammable hydrogen and naphtha which ignited and exploded.

State regulators concluded that Tesoro hadn't adequately inspected the welds that ruptured in 12 years—a charge the company disputes. A year before the incident, state authorities had criticized the company's internal inspection program and warned that Tesoro's failure to investigate near-misses "could lead to serious injury or death of employees."[54]

The event confirmed Mark's growing unease about the inadequate information provided by Tesoro about workplace health and safety risks. After witnessing the 2010 explosion, Mark's 12 year old son began emailing him job applications because he was worried about his father's safety.

A typical day at work

During a regular 12 hour shift, Mark performs a range of different tasks that change daily. His roles include: a first response fire fighter; a lab technician; a coordinator; and a monitor for hazards. Prior to starting work, Mark was not offered a clear job description and was not clearly informed about the need to cover unscheduled overtime.

On a daily basis, Mark is exposed to chemicals that are known carcinogens and highly toxic chemicals such as benzene. According to Mark, morale among workers at Tesoro has been declining, particularly due to worsening relations between the workers' union and the company.

Impacts

Mark reported that workers are left out of the decision making process on equipment maintenance which is integral to preventing explosions and fires. Once after using 'stop work' authority because he did not feel safe continuing his task, Mark was investigated for being insubordinate; this negatively affected his productivity and motivation.

Mark's work often overlaps into his life with family and friends; causing him to miss out on extracurricular activities and holidays like Christmas. The long hours and the stress of hazardous tasks leave Mark physically and emotionally exhausted.

> “If these companies had to tell their shareholders and the public how they were staffing their refineries, how much overtime people were working, and how long units were going without basic inspection and maintenance, we know they'd try harder to fix the problems.”
>
> **—Gary Beevers**
> Vice President, USW

Fighting for a better future

Tesoro had been cited for 59 safety violations – including 33 wilful and 13 serious violations over the past 5 years.[55] Following the explosion at Anacortes, Mark felt that Tesoro's investors should know about lagging health and safety oversight at the company, and its questionable reporting on recordable incidents.

For this reason, Mark joined a delegation of USW workers and leaders at the company's Annual General Meeting in May 2011. He said, “We hope that by taking our message to shareholders we can force our company to take a more serious approach to safety and fix the hazards in our refinery before anyone else dies.”[56] This initiative was part of a sector-wide investor engagement coordinated by the USW and the AFL-CIO. The resolutions were aimed at general meetings of Marathon Oil (27 April), Valero Energy (28 April), Tesoro Corp. (4 May), and ConocoPhillips (11 May).).[57]

The USW also filed a safety transparency resolution with Sunoco, but it was withdrawn when the Philadelphia-based company agreed to comply with the contents of the resolution. The resolutions call on the companies to prepare a report of the “steps the company has taken to reduce the risk of accidents” within 90 days of the shareholders' meeting.[58]

Implications for investors

According to labour rights advocates, the Tesoro Refinery incident illustrated the importance of setting appropriate “process safety” performance indicators and management systems in the oil and gas sector more broadly. However, investors should also be aware that oversight systems for the oil sector in the US are not effective at preventing major occupational health and safety failures.

Rafael Moure-Eraso, chairman of the U.S. Chemical Safety Board, an independent government agency whose investigations of refinery accidents have uncovered a pattern of safety lapses, admits there is a systemic problem with the industry. “We have decreasing staff levels, disinvestment in safety, a lack of training, and accidents or near-misses—indicators of catastrophe— are being ignored,” Moure-Eraso said.[59] Over the past five years, only 13 of 41 remedies urged by the Chemical Safety Board after refinery accident investigations have been adopted by oil companies, trade groups, and the U.S. Occupational Safety and Health Administration (OSHA), the government's main workplace safety agency.

Likewise, Michael Silverstein, who heads the Washington State Department of Labor & Industries' Division of Occupational Safety and Health and is a former federal OSHA policy director, said the regulatory scheme at both the state and federal levels is flawed because companies are able to delay and evade liability for safety failures, and when they are caught out, the penalties imposed are relatively minor.[60]

U.S. refineries have sustained financial losses from accidents at a rate much higher than their overseas counterparts—four times as high, according to a 2006 report by Swiss Re, the world's second-largest reinsurer.[61] The difference was due in part to U.S. companies “pushing the operating envelope,” the reinsurer said. Losses stemmed, among other things, from flaws in refinery design, safety procedures and employee “alertness.”

Investors could engage both companies and regulators to press for needed improvements. Effective oversight mechanisms are vital to avoiding major industrial accidents in the oil and gas sector and preventing serious loss of human life and financial costs.

Tian Yu

Electronics workers and "military-management"

Cost cutting measures and increased consumption in emerging markets have resulted in significant outsourcing of electronics production to the Asia-Pacific region.[63] China in particular exports over US$200 billion worth of electronics goods annually and supplies brand-name companies such as Apple, Dell, and Sony.[64]

According to production workers interviewed by the Hong-Kong based Students and Scholars Against Corporate Misbehavior (SACOM), corporations at the top of the supply chain push supplier companies to deliver on tight schedules and at low prices.[65] As a result of these pressures workers are likely to face low pay, excessive working hours, and other abuses.[66]

Foxconn is the world's largest electronics manufacturer that supplies iPods, Nokias and other major electronic brands. The company employs more than 900,000 workers in China. In 2010, a spate of suicides by Foxconn employees put the spotlight on the plight of electronics-sector workers in China. 17 Foxconn workers attempted suicide in 2010, 13 of whom died.[67] At 17, Tian Yu was the youngest Foxconn worker to attempt suicide and survive.

WORKER PROFILE

> *"Why was it so hard to get what I'd earned? Why must they torture me like this?[62]"*

Tian's story

Tian comes from a peasant farming family in the rural village of Menglou in Hubei province. Unable to find employment after completing a computer training course at a local vocational school, Tian decided to leave her village and join a cousin who was working at a factory in Shenzen.

At the time, Tian's family was in debt after renovating their dilapidated house in 2003 and treating Tian's cancer-ridden grandfather the following year. Besides, Tian's younger brother was born a deaf-mute and had to study at a special school for people with disabilities. Tian was not able to work at the same factory as her cousin because it did not employ minors. When she found employment at Foxconn, Tian planned to stay there for two years, until she was old enough to join the factor where her cousin worked.[68] All she owned were 500 yuan in cash and a mobile phone that her father provided.[69]

A typical day at work

Tian worked on an i-Phone assembly line at the Foxconn factory in Longhua. After basic training, she was assigned to inspect phone screens for surface defects. For 10 to 12 hours every day, Tian was pressured to meet high production targets, given only a few seconds to inspect a screen, before the next one was rushed along.[70] Tian expplained that her daily tasks were monotonous and she was not allowed to stretch, talk, or take breaks at her leisure during shifts. At the end of the day, Tian would return to her dormitory.[71]

Impacts

After working at the Foxconn factory for more than a month, Tian was confused about how to claim her wages. She was told by her supervisor that she needed to go to another Foxconn plant, in the Guanlan district, more than an hour's bus ride away. With only five yuan left in her pocket Tian took a bus to recover a month's worth of hard work. The basic wage was 900 yuan and she was expecting a few hundred more for overtime.

Tian said that she went from office to office but could not find anyone to point her in the right direction. Feeling humiliated and insulted, she returned to her dormitory with no money left.[72] The next morning, feeling utterly helpless, Tian jumped from the fourth floor of her dormitory. Though she survived, Tian is paralyzed from the waist down.

After the incident, Tian reported that she experienced intense social isolation at the factory dormitory, where she was placed with roommates from different province origins, departments and shifts.[73] She also noted that high production targets placed added stress on workers. Management staff would routinely scold and humiliate workers as punishment for errors. Punitive action included posting the details of a worker's mistake on a notice board or forcing them to clean the shop floor.[74] SACOM's investigation of Foxconn revealed that workers did not receive adequate occupational health and safety training and information about workplace hazards, despite the frequent use of toxic chemicals such as benzene in the production process.

Foxconn Shenzhen agreed to pay Tian's family 180,000 Yuan in compensation. The amount, however, falls far short of Tian Yu's basic medical needs.[75] It was also reported in the media that Tian's father, Tian Jiandang, rushed to Shenzhen to look after his daughter after selling all of the family's livestock and abandoning his crops. The family was therefore also deprived of their annual farming-related income of 15,000 yuan.[76] Since returning to her home in Hubei, Tian has taken up making hand-woven slippers, which she sells on-line.[77"78]

Implications for investors

As Tian's story illustrates, aggresive low-cost production models pursued by companies like Foxconn merit scrutiny by investors due to unsustainable labour practices and related reputational threats. Following pressure from the media, consumers, NGOs and investors since news of the mass suicides broke in 2010, Foxconn and its corporate partners have made a number of commitments to improve performance on labour rights. For example, a number of Foxconn's customers, notably Apple, HP and Dell, have pledged to "work with Foxconn" to live up to higher international labour standards.[79]

Nonetheless, SACOM notes that interviews with Foxconn workers in Spring 2012 reveal that employees continue to face excessive and forced overtime, inadequate protection from exposure to dust on construction sites and shop floors, as well as a number of occupational diseases. Apple is the sole consumer of products produced in Foxconn's Chengdu plant, one of four sites reviewed by SACOM in 2012. SACOM and other civil society organisations such as makeiTfair (sponsored by the Dutch research organisation SOMO) and the GoodElectronics network continued to draw attention to Apple and Foxconn's labour rights practices in 2012 based on these findings.[80]

It appears that the lack of enforcement of labour standards is a systemic problem in "Special Economic Zones" (SEZs), such as China's Pearl River Delta, where Foxconn is located. The International Labour Rights Forum observes (ILRF) additionally points to serious labour abuses in other electronics manufacturing hubs such as Mexico and Malaysia.[81] SEZs attract foreign investors because of tax incentives and a large pool of cheap labour. However, SEZs are also subject to a prevalence of labour rights violations due to weak enforcement of labour laws. This can be attributed to underfunded, untrained and sometimes corrupt local labour departments not having the resources to monitor workplaces properly.[82] According to the International Metalworkers Federation (IMF), an absence of trade unions is a further incentive that attracts companies to locate factories in SEZs. Physical barriers in the form of fencing, gates, guards and razor wire prevent union organisers from making contact with workers.[83]

Industry self-regulation is also a challenge. The Electronic Industry Citizenship Coalition (EICC) was formed in 2004 as a voluntary measure to improve conditions in the electronics supply chain. It includes a Code of Conduct that participants have to follow in five key performance areas – labor, health and safety, environment, management systems and ethics. The Coalition includes over 70 companies, including Foxconn and Apple. Nonetheless, labor rights are still being violated, as companies run into problems of implementing the Code among subsidiaries and sub-contractors and compliance procedures rarely invite the input of workers.

In addition to pressing the electronics sector and individual companies to improve performance on health and safety as part of a long-term committment to sustainable business practices, investors have the opportunity to raise the bar on voluntary and regulatory standards for this sector. For example, investors could participate in the review process for the the EICC Code of Conduct which will take place from August 2014 through April 2015.

Labour rights observers note that the EICC code does not meet the ILO standard on freedom of association, nor does it include any right to bargain collectively as these issues remain hotly contested within the EICC's membership base. The ILRF contends that positive models of mature industrial relations whereby electronics workers are members of national unions and engage in collective bargaining on wages and conditions with their employer are few and far between in the sector.[84] Responsible investors have the opportunity to promote a greater understanding of the international architecture of labour standards and to encourage positive models that demonstrate the benefits of collective labour relations.

OHS and Investment Risk

It may be tempting to dismiss narratives of workplace hazards and their lasting socio-economic impacts on individual employees as isolated incidents outside the investor's sphere of influence. Connecting the common threads among these, and the testimonials of other workers, suggests that poor OHS performance also poses a material risk for investors. In this section of the paper we point to diverse forms of investment risk that result directly from poor OHS performance at the firm level: financial risks, reputational risks, regulatory and legal risks.

Financial risks

Poor management of OHS issues has clear financial implications for investors. In particular, occupational-related disease, injury, disability and ill-health can threaten shareholder value. BP's role in the 2010 Deepwater Horizon oil spill in the Gulf of Mexico (See Case example 3.1) is one of the more recent corporate disasters that aptly illustrates the link between poor management of OHS issues and damage to shareholder value.

Case example 3.1: 2010 Deepwater Horizon oil spill

An epic disaster

On April 20 2010, an explosion at a BP-operated site resulted in a major oil spill in the Gulf of Mexico. After three months and a reported release of 4.9 million barrels of crude oil, the leak was finally stopped. The accident resulted in 11 employee fatalities and 17 additional workers were injured. Extensive damage to marine and wildlife habitats, as well as to the Gulf's fishing and tourism industries, has been documented. Since the disaster, underwater plumes of dissolved oil continue to be discovered, wetlands' marsh grass are being destroyed, as are extensive stretches of contaminated coastline. The 2010 Deepwater Horizon Oil Spill is considered to be the largest accidental marine oil spill in the history of the petroleum industry, and the full impact of the destruction may take decades to uncover.

An insight into BP's OHS culture

According to post-accident analysis,[85] BP made a series of money-saving shortcuts that dramatically increased the danger of a destructive oil spill in a well that rig workers had previously termed "the well from hell". In addition, e-mails from senior BP officials show a general disregard for health and safety management, as well as expert advice on technical processes. For example, the company rejected the advice of Halliburton Inc., a subcontractor, by using fewer centralizers to close up the well instead of the recommended number.[86] Although recognizing the risks of proceeding with insufficient centralizers, one BP official responded "Who cares, it's done, end of story, will probably be fine". In January 2011, the White House oil spill commission concluded that the incident was the result of systemic lapses and a series of cost-cutting decisions at the expense of well safety.[87]

Profitability impacts

As a result of the accident and faced with billions of dollars in liabilities, fines, and environmental costs, BP's share price plummeted to $27 a share during the crisis. Prior to the accident, its shares traded at around $60 a share. In October 2011, it was trading at 25% less than its pre-accident stock price. To help fund the clean-up costs, BP suspended its dividend and announced plans to sell $30 billion in assets, resulting in a "tough blow to the millions of shareholders and pension funds that had long-relied on BP's steady payouts[88]." Furthermore, at the request of the White House, BP set up a $20 billion fund to compensate victims of the oil spill, which has over 1 million claims and receives thousands of claims each week.[89,90]

Overall, the way a company identifies, assesses, manages and reports on OHS related risks provides investors with the information needed to better assess how the company values its employees, its overall quality of corporate management, and its long-term sustainability. In this manner, workplace health and safety provides an overall cue into the long-term value security and financial viability of a firm.

Reputational risks

Public perceptions of corporate reputation are increasingly recognized as an important factor that can impact shareholder value. While reputational risks are difficult to quantify, they are one of the most important issues for any public-facing organisation.[91]

Behavioural finance literature suggests that information about corporate OHS practices may affect the purchasing decisions of consumers.[92] Public-facing companies found lacking in adequate OHS policies and practices may also find it difficult to recruit and retain talented employees, as our Novartis case example highlights (See Case example 3.2).

Case example 3.2: Amy Velez, et al. v. Novartis Pharmaceuticals Corporation[93]

Gender-specific OHS issues

The case of Amy Velez, et al. versus Novartis Pharmaceuticals Corporation, concluded in May 2010, focused largely on systemic discrimination against female employees in pay, promotions of less-qualified men over women and deliberate misinformation about the time and locations of training sessions by male management to female employees. The trial also raised critical occupational health and safety concerns specific to women workers.

In particular, company witnesses spoke about a culture of sexual harassment and inappropriate jokes directed towards female representatives by male managers, as well as hostility towards young mothers and pregnant women who were systematically discriminated against through arbitrary discipline, denial of promotions and termination of employment. Testimonies reflected on how women were also urged to avoid pregnancy during training sessions, some were directly told to get an abortion, and young women who became pregnant were sometimes terminated through falsified sales documents showing poor performance.

Additionally, the company had no centralized system to track discrimination complaints and its "zero tolerance policy" for discrimination in the workplace was rarely enforced. Workplace policies around telecommuting, flex-time and paid maternity leave were also not enforced.

Making history – for the wrong reasons?

In May 2010, the United States District Court of the Eastern District of New York ordered the US unit of Novartis Pharmaceuticals Corp. to pay $250 million in punitive damages for gender pay and promotion and pregnancy discrimination claims between 2002 and 2007, filed by a class of 6200 female company sales representatives. The settlement reflected the largest US award in an employment discrimination case.

Reputational impacts

The lawsuit negatively impacted on Novartis' reputation as a great place to work for women. For example, the lawsuit resulted in the removal of Novartis from the Working Mother's 100 Best List, an annual survey widely regarded as one of the best tools for women seeking family-friendly workplaces.[94]

The Novartis case study illustrates that reputational risk is a significant strategic issue that can impact corporate performance. Public outrage due to allegations of worker abuse, poor safety standards, discrimination against women, and worker exposure to unsafe product development materials, may prompt consumer boycotts, which in turn, could affect company revenue through loss of sales and potential lawsuits. Furthermore, allegations of labour rights violations and poor OHS practices may result in work stoppages or strikes, which in turn, may result in halting production, deductions of poor management and labour relations, and loss of reputation.

Case example 3.3:

Violations of OHS regulations are costly

In 2005, a fire and explosion at BP's Texas City Refinery in the USA caused 15 fatalities and left 170 employees injured.

BP was charged with criminal violations of federal environmental laws and has been subject to lawsuits from victims' families. US regulators fined BP at record levels for hundreds of safety violations.

Five years later, the company was penalized again for failing to abate the safety violations and to implement necessary changes to the company's health and safety policies. The second fine was also record-setting at US$ 87 million.

Regulatory risks

Corporate OHS compliance is governed by a variety of mechanisms, including acts, regulations, standards, guidelines, and codes. These instruments outline the general rights and responsibilities of the employer, the supervisor and the worker. As the scope of OHS legislation varies by jurisdiction, companies with operations in multiple worksites can confront challenges in complying with relevant legislation. However, a failure to adhere to regulations can result in sizeable fines and penalties (see Case Example 3.3).[95]

Looking ahead, OHS practices could be subject to increasing regulation because precarious employment, contract work, home-based work and "new" OHS issues, such as the impacts of stress and mental health, have illustrated gaps in current regulations that will need to be addressed.[96]

Legal risks

Negligent corporate performance on OHS issues costs companies when they divert financial resources towards legal fees and the financial settlement of compensation claims for victims. In particular, legal action against companies for poor OHS performance can arise as a result of major industrial accidents (as noted in the BP case), class-action suits and suits filed by individual employees.

Class-action and employee-related lawsuits

In 1982, the Manville Corporation filed for bankruptcy protection as a result of major class-action lawsuits based on personal injury claims resulting from exposure to asbestos related products mined or manufactured by the company and its affiliated entities. The bankruptcy was resolved by the formation of the Manville Trust, which is still in operation. The majority of the company's equity was turned over to the Trust in order to pay asbestos tort claimants.[97]

Aside from class-action lawsuits, companies can also be required to pay financial compensation for failing to provide workers with a safe environment. For example, in 2003 an employee of Cantor-Fitzgerald, a UK-based brokerage firm, was awarded US$1.6 million after the court found he was driven to quit his job due to constant abuse and bullying by his supervisor.[98] Similarly, in Canada, an employee of the car manufacturer Honda was awarded 24 months' notice and Cdn. $500,000 in punitive damages. The employee suffered from chronic fatigue syndrome and was wrongfully terminated from employment. The employer misrepresented medical opinions, arranged a medical assessment in bad faith, and terminated the employee's disability accommodations.[99]

To summarise, companies that fail to comply with OHS legislation and regulations expose their workers to unsafe environments, endanger communities and pollute the environment. Investors in companies who experience lawsuits as a result of major accidents are exposed to diminished returns due to hefty legal fines, a stoppage of dividends or the establishment of compensation funds for victims of the disaster using investors' capital. Similarly, lawsuits as a result of chronic exposure to unsafe environments may severely reduce shareholder value or result in a complete loss should the company file for bankruptcy protection. As such, investor assessments of a company's management of OHS issues should involve an understanding of the legal risks relevant to the companies in which they invest.

Integrating OHS in investment decision-making

Investors have taken notice of the credible risks associated with poor OHS performance and the long-term impacts on workers and the environment. As a result, some investors are using diverse strategies to address these risks, including corporate engagement, proxy voting and public policy engagement. Illustrative examples of each approach, as well as on-going challenges and opportunities that investors face when addressing OHS issues, are highlighted next.

Corporate engagement

Case example 4.1: Collaborative investor engagement with Samsung

High cancer rates among Samsung workers

Samsung is a global leader in electronics manufacturing. The company employs over 340,000 employees and had a net income of over US$ 21 billion in 2011.[100]

In 2010, the company came under scrutiny by civil society organizations, the media and investors when 23 Samsung workers were documented to be suffering from blood cancers such as leukemia or lymphoma. Workers alleged the high cancer rates and other illnesses were being caused by sustained exposure to toxic chemicals in a variety of operations. The afflicted workers were involved in the production of LCD screens and semiconductors (including chip burning – a process that tests semiconductors by subjecting them to high heat and voltage, ion implantation and x-ray use to inspect the quality of chips). Data on the identity of all the substances used in these processes is lacking, though it is known that organic solvents like benzene, and heavy metals such as lead are used.[101, 102]

Park Ji-yeon, a 23-year old employee at Samsung's Onyang semiconductor factory, was one of 9 workers that had died by March 2010.[103] By July of that year Samsung hired a consulting firm to further investigate employee health and safety claims.

Reputational risk as a result of poor OHS performance

Media coverage and civil society activism following Ji-yeon's death sparked broader public awareness of workplace hazards faced by Samsung employees. Concerns about reputational damage and implications for shareholder value, motivated the Dutch pension fund APG, and seven other investors, to jointly engage Samsung about its health and safety policies and practices.

Negotiating in bad faith?

The engagement process included letters to the company, and meetings and dialogues with company representatives, former Samsung employees and the families of deceased workers.[104] Although the investor coalition was initially encouraged by Samsung's responsiveness to enter into dialogue about investor concerns, the coalition was soon dissatisfied with the company's approach to addressing these concerns. An APG report explains: "From the day our engagement started, reports trickled in of Samsung's behind-the-scenes negotiating with its ailing ex-employees and the families of the deceased. Local media reported that the company had tried to buy off the case. The NGOs helping the ex-Samsung workers claim this is a particularly inhumane way to treat these people, most of whom are in serious financial straits due to hefty medical bills."[105]

The collaborative engagement with Samsung called on the company to improve transparency on the proceedings of the external investigation. It also noted that despite the company's assertions, the investigation was not fully independent, as the consultants were being paid by Samsung for their analysis. In addition, the company had not disclosed many procedural aspects of the investigation.

In addition, APG noted that "the fundamental issue underlying Samsung's inept handling of the case is the worker-unfriendly labour regime which persists group-wide. This is confirmed by our dialogues and meetings with Samsung representatives, who clearly felt they were dealing with unfair accusations from labour unionists, rather than valid employee health and safety issues. This, together with the lack of transparency on a corporate level in general, is why Samsung has been unable to make any meaningful progress so far on the case."[106]

High cancer rates among Samsung workers

Outcomes and developments

Samsung eventually disclosed that its external review of OHS issues was led by Environ International, a private consultancy. Environ's work was reviewed by a panel that included experts from Harvard University, Johns Hopkins University, the University of Michigan, and other institutions.[107] The review did not find evidence of a correlation between workplace conditions and elevated cancer rates. The company has dismissed subsequent civil society critiques of this finding, including an advisory report overseen by Seoul National University.[108]

Investor and media reports indicate that the company has since established additional support mechanisms for employees with critical illnesses.[109] Samsung has also allegedly reviewed and implemented a number of additional health and safety policies, as well as expanded the number of medical staff at the Samsung Health Centre. APG and other investors expect to continue to monitor Samsung's practices. APG has also committed to work with other companies in the sector to improve OHS practices.[110]

In January 2011, labour groups said a total of 104 workers had contracted various forms of cancer, leukemia and lymph node diseases after working in Samsung's electronics factories. Of these, 15 have died.[111]

Collaborative corporate engagement may entail costs and be time-consuming. However, as the aforementioned case illustrates, the process can yield tangible results that advance the welfare of workers and the interests of investors. While collaborative engagements offer a cost-sharing mechanism, investors can also engage companies on an individual basis.

Proxy voting

Proxy voting is another investor strategy that can signal the materiality of health and safety issues for shareholder value. Proxy voting is also a valuable mechanism that shareholders can use for holding company directors to account for poor health and safety performance (see Case example 4.2).

Case example 4.2: Proxy voting rights exercised at Massey Energy

Leveraging director re-election votes

In the USA, the AFL-CIO and Change to Win (CtW) Investment group called on Massey Energy's shareholders to vote "Withhold" on director nominees Richard M. Gabrys, Dan R. Moore and Baxter F. Phillips Jr. at the 18 May 2010 annual meeting.

Vote rationale

This recommendation followed an explosion at the company's Upper Big Branch coal mine in West Virginia that claimed the lives of twenty nine miners. The directors were alleged to be responsible for risk oversight and corporate governance failures that likely led to the accident.[112]

Investors argued that serious compliance failures led to costly litigation and recurrent fines, including record fines in 2008 for worker safety and environmental violations. Estimates suggest that the poor health and safety culture at Massey destroyed $1.5 billion in shareholder value.[113]

Vote outcomes

The directors won re-election by narrow margins. However, opposition votes against the Massey directors were the highest among S&P 500 companies in 2010.[114] Despite demands from shareholders at the meeting, the company refused to disclose the actual vote count that showed that nearly half of the voting shares appeared to have opposed these directors' election. Later in the year, the board of directors announced several proposals for amending the company's corporate governance system, including separating the safety, environmental and public policy committee into two detached panels.[115]

Still a risky investment

In June 2011, Alpha Natural Resources acquired Massey Energy Company for $6.7 billion. Alpha subsequently settled Massey's potential criminal liabilities for $209 million. Meanwhile, in February 2012, Hughie Elbert Stover, the mine security chief responsible for the Upper Big Branch Mine was sentenced to 36 months in prison in connection with the disaster. Stover admitted that he ordered a subordinate to destroy security logs that documented government inspections. According to mine employees who testified or gave affidavits, Stover would announce when federal inspectors were on the property, thereby allowing mine employees to temporarily hide safety violations.[116] As a result, Alpha was named the most controversial mining company in a 2012 report by Swiss-based RepRisk – a group that advises investment banks of possible risks in the companies in which they have invested.[117]

Public policy engagement

Investors can also actively participate in the development of public policies on occupational health and safety management and disclosure. For example, in 2005, Insight Investment collaborated with the UK's Department for Work and Pensions (DWP), Department of Health and Safety Executive (HSE) to promote appropriate health and safety management as an integral part of effective business management.[118] Insight is one of the UK's largest asset managers, with ú168.3 billion in assets under management. Pension funds made up over 86% of Insight's client base (as of December 2011).[119]

As part of its collaborative efforts, Insight funded a research project to define standards of best practice in the area of corporate OHS governance. They also assisted with the development of the UK's Corporate Health and Safety Performance Index (CHaSPI), which enables boards to benchmark their OHS performance and management systems against similar organisations and facilitates consistent reporting to shareholders.[120]

Opportunities

Employee health and safety is a major component of any firm's strategy for successfully managing human capital. In particular, strong OHS performance can enhance shareholder value in two ways:

1) Financial benefits

Meeting customer demands through competitive advantage, and not regulatory compliance alone, can increase revenues. Firms with a reputation for respecting workers' rights (including their right to safe and healthy work lives) may enhance brand equity and customer loyalty, especially in consumer-facing supply chains.[121]

In addition, investments in corporate employee wellness programs have shown positive financial benefits that ultimately help to maintain shareholder value.[122] A 2010 US study demonstrated that, in addition to positive health outcomes, the return on investment from comprehensive, well-run employee wellness programs can be as high as six-to-one.[123] Similarly, the Wellness Council of America states that a $1 investment in wellness programs saves $3 in health care costs.[124]

2) Attracting and retaining qualified workers

Companies that operate with integrity in all areas of business (including OHS) may earn a reputation as an "employer of choice." This reputation helps in attracting, recruiting and retaining talented workers. A study by Towers Watson and the National Business Group on Health in 2010 showed that organizations with highly effective employee wellness programs report significantly lower voluntary attrition than do those whose programs have low effectiveness (9% vs. 15%).

Some companies have created shareholder value through the improvement of worker retention and the development of an organizational culture that puts people first. For example, BT Industries' work-life policy created a 3 million pound (GBP) saving in recruitment and retention costs in March 2003 by supporting women returning to work from maternity leave through more suitable hours or flexible working leave. By implementing its work-life policy, BT was able to ensure that 98 per cent of women returned after maternity leave, thereby retaining expertise, know-how and often high-value customer relationships and avoiding incurring replacement costs.[125]

Challenges

Although financial performance and OHS performance are clearly linked, investors continue to face a few challenges in accessing information about OHS-related policies and performance by companies (See Table 2).

Table 2: OHS-related information challenges for investors

Challenge	Implications for investors
Companies have largely focused on the OHS systems and processes that should be in place, rather than the substantive performance outcomes that companies should achieve from these processes.	Robust evaluations of company performance on OHS indicators need to ensure that adequate policies are in place, and that companies report data on how these policies are implemented and the outcomes that are achieved.
Existing disclosure programs on OHS have a number of gaps. Criticisms include inconsistency in the calculation and measurement of key performance indicators,[126] information overload as a result of multiple reporting mechanisms,[127] and gaps in accounting for gender-based considerations and the needs of migrant and other vulnerable workers.[128]	If companies (particularly those operating in the same sector) do not have consistent and complete OHS disclosure practices, investors will not have a reliable basis on which to compare corporate OHS policies and performance. As a result it will be difficult for investors to have a complete picture of the investment risks and opportunities related to OHS. For instance, a recent study from Harvard University concluded that regardless of how labour and human rights (LHR) are defined, there are few independently audited sources of information about non-financial corporate behaviour. In particular, it found that while many large Western companies issue annual corporate responsibility reports that may discuss LHR issues, their accounts typically lack the detail investors need to make a thorough risk assessment.[129]
Company incentives that appear to encourage better health and safety performance may have unintended negative effects. For example, an employer might enter all employees who have not been injured in the previous year in a draw to win a prize, or a team of employees might be awarded a bonus if no one from the team is injured over a certain period of time. However, such practices may encourage under-reporting of workplace injuries.[130]	Such programs might be well-intentioned efforts by employers to encourage their workers to use safe practices. Investors could encourage companies to implement alternative OHS incentives that promote worker participation in safety-related activities.

While recognizing these information challenges, institutional investors can play an important role in encouraging companies to maintain high OHS standards and to improve disclosure on their performance on health and safety issues.

Taking action:
How pension trustees can leverage workers capital to support healthy and safe workplaces

The risks highlighted in the paper support the view that strong OHS management can positively impact the creation of sustainable and responsible long-term value for investors.

Labour pension trustees can play a more effective role in supporting healthy and safe workplaces by working with fund managers to determine their fund's exposure to companies with high OHS-related risks, using active ownership strategies to improve corporate OHS policies and performance, and raising awareness of the materiality of OHS risks for the fund among plan beneficiaries.

In this manner, investors have the opportunity to help focus on key issues that are both material investment issues and specific to the social interests of plan beneficiaries.

Determining exposure to OHS risks

Trustees can work with their fund manager to determine their fund's exposure to OHS risks and the manager's ability to address these risks. Questions to address are:

- ✓ Does the fund own shares in companies with significant exposure to OHS risks?
- ✓ How are financial, legal, regulatory and reputational risks related to OHS assessed in the investment manager's buy, hold, sell and switch decisions?
- ✓ Does the fund's investment manager use specific international reporting standards, such as the GRI, to assess corporate OHS practices? Is the investment manager aware of the limitations of such reporting tools? Does the investment manager take any measures to address these limitations?
- ✓ Does the investment manager take into account a sector-based approach when identifying the specific challenges to OHS facing companies?

Using active ownership strategies

Institutional investors ready to lend their support for protecting and enhancing employee health, safety and welfare can use a range of active ownership strategies :

- ✓ The integration of OHS criteria within the fund's proxy voting guidelines
- ✓ Portfolio screening based on OHS criteria
- ✓ Putting forward shareholder resolutions on the management and disclosure of OHS-related risks
- ✓ Direct engagement with companies to improve OHS performance

A list of recommended questions that institutional investors can use to engage companies on OHS issues are provided next. Depending on which stage investors begin their engagement, some questions may be more critical than others.

OHS policies

- ✓ Does the company have an OHS policy and commitment statement?
- ✓ Is there a detailed description of OHS programs and initiatives implemented by the company at the firm, and in collaboration with peers in the same industry sector?
- ✓ Do health monitoring programs and OHS policies cover direct employees, as well as those in the supply chain?
- ✓ To what extent is good OHS performance linked to supplier contracts?
- ✓ Is the company a signatory to international covenants and codes of conduct that incorporate OHS considerations?
- ✓ Does the company belong to a multi-stakeholder initiative that could improve upon OHS management?

OHS management systems

- Does the company view OHS management as a risk or opportunity?
- How is OHS managed at the company?
- How are OHS risks identified and mapped?
- How is OHS performance monitored and managed?
- Are there specific targets and strategies for reducing the incidence and frequency of workplace injuries and work-related diseases?
- How does the company log accidents or near-misses, and what actions are taken to prevent a recurrence?
- Has the company applied an appropriate degree of OHS accountability at all levels?
- Has the company established appropriate training and communication programs to ensure that all employees understand relevant OHS policies and practices?
- Does the company have a Health and Safety Committee at the Board Level? How effectively does the Committee exercise oversight?
- How are employees and trade unions involved in the development, monitoring and enforcement of OHS policies?

OHS reporting and disclosure

- How does the company report on OHS performance to investors and other interested parties?
- What metrics are used to report on OHS issues? Do reports include statistical indicators such as number of reported workplace injuries, average time lost per occurrence, number of workers' compensation claims and trends in workers' compensation costs and premiums?
- Does the company report on OHS challenges and successes?
- Does the company report on regulatory warnings, penalties or fines?

Past performance on OHS

- Does the company have a history of work stoppages related to OHS issues?
- Has the company been forced to close facilities based on OHS concerns?
- Do the company's cumulative amounts of penalties paid comparably exceed other organizations in its sector?
- Has the company been involved in a major high-profile industrial accident or OHS disaster (in human and financial terms)? If so, what changes did the company implement to improve OHS risk management and performance?

Working with plan members

By reaching out to plan members and communicating about the level of the fund's exposure to OHS-related risk, pension fund trustees help drive broad-based support for the incorporation of OHS performance to be used as a metric within their fund's investment approach.

Plan beneficiaries that are informed on OHS issues could help drive the development of a position statement on the management of OHS risk by the pension fund or the investment manager, or the development of a broader statement of responsible investment values and principles for the fund that is attentive to labour rights.

Further resources

Pension trustees interested in advancing labour rights as part of a responsible approach to investing, can work with like-minded investor networks, trade unions and inter-governmental organizations.

What the CWC is doing about occupational health and safety?

As part of the Investing in Decent Work program, the CWC will work with labour unions, labour pension funds and trade union trustees to call for improved corporate policies and practices on occupational health and safety, as well as other core labour standards. Our forthcoming research will examine the motivations, strategies and impacts of investor action on OHS practices.

Relevant International Organisations

The International Labour Organisation (ILO): Based on the principle that Decent Work must be Safe Work, the ILO's SafeWork Programme aims to create worldwide awareness of the dimensions and consequences of work-related accidents and diseases; to place occupational safety and health (OSH) on the international and national agendas; and to provide support to national efforts for the improvement of national OSH systems and programmes in line with relevant international labour standards.

The program details a compendium of international labour standards and codes of practice. The ILO standards on occupational safety and health are legal instruments that are drawn up by governments, employers and workers. The ILO has adopted more than 40 standards specifically dealing with occupational safety and health. ILO Codes of Practice set out practical guidelines for public authorities, employers, workers, enterprises, and specialized occupational safety and health protection bodies. They are not legally binding instruments and are not intended to replace the provisions of national laws or regulations, or accepted standards.
Website: ilo.org/safework

The International Trade Union Confederation (ITUC): The ITUC advocates for the interests of working people worldwide. The ITUC represents 175 million workers in 153 countries and territories, and has 308 national affiliates. 28 April - the International Commemoration Day to remember workers who died, were injured or fell ill due to unsafe, unhealthy or unsustainable work and workplaces around the world, marks a key date in the ITUC's calendar.
Website: ituc-csi.org

Global Union Federations: The GUFs are a confederation of sector-based international trade union organizations. The confederation has a shared commitment to the ideals and principles of the trade union movement. Negative OHS impacts associated with migration and precarious work are of particular concern for Global Unions.
Website: http://www.global-unions.org

The United Nations Principles for Responsible Investment (UNPRI): The UNPRI provides a voluntary framework for investment professionals who seek to include environmental, social and corporate governance factors in their investment decision-making. The initiative was launched in 2006 and is supported by the UN Global Compact and the UN Environment Programme, and is endorsed by the UN Secretary-General. The PRI reflects the core values of large investors whose investment horizons are generally long, and whose portfolios are often highly diversified. However, the Principles are open to all institutional investors, investment managers and professional service partners to support. PRI signatories have coordinated action on OHS through collaborative engagements. The PRI clearinghouse is a useful tool in facilitating links and information-sharing among PRI signatories.
Website: www.unpri.org

Endnotes

[1] United Nations Development Programme (UNDP). 2009. *Human Development Report 2009: Overcoming barriers – Human mobility and development*. Accessed at: http://hdr.undp.org/en/media/HDR_2009_EN_Complete.pdf

[2] International Trade Union Confederation (ITUC). 2010. Global Unions' Statement to the 4th Global Forum on Migration and Development, Puerto-Vallarta (Mexico), 8 and 9 November 2010. Accessed at: http://www.ituc-csi.org/IMG/pdf/FINAL_CGU_Statement_4th_GFMD_04-11-2010_EN.pdf

[3] International Labour Organization (ILO). 2011. *Research on occupational safety and health for migrant workers in five Asia and the Pacific countries: Australia, Republic of Korea, Malaysia, Singapore and Thailand*. Accessed at: http://www.ilo.org/asia/whatwedo/publications/WCMS_170518/lang--en/index.htm

[4] Ibid.

[5] ILO. 2008. *Impact of Changing Work Patterns on Income Inequality*. Accessed at: http://www.ilo.org/public/english/bureau/inst/publications/discussion/dp19308.pdf

[6] ILO. Programme on Safety and Health at Work and the Environment (SafeWork). Accessed at: http://www.ilo.org/safework/lang--en/index.htm

[7] 'Sphere of Influence' is a key concept within the UN Global Compact principles. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.

[8] ILO. 2001. *Guidelines on occupational safety and health management systems*, ILO-OSH 2001. Accessed at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/ documents/publication/wcms_publ_9221116344_en.pdf

[9] ITUC. 2010. 28 April 2010: Unions Make Work Safer. Accessed at: http://www.ituc-csi.org/28-april-2010-unions-make-work.html

[10] Ibid.

[11] ILO. Safety and health at work. Accessed at: http://www.ilo.org/global/topics/safety-and-health-at-work/lang--en/index.htm

[12] ILO. Occupational safety and health. Accessed at: http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/occupational-safety-and-health/lang--en/index.htm and ILO. Safety and health at work. Accessed at: http://www.ilo.org/global/topics/safety-and-health-at-work/lang--en/index.htm

[13] Denmark Active Consumers. 2011. Adulhalim Demir – Blasting Work. Accessed at: www.altinget.dk/foedevarer/rssitem.aspx?id=203917

[14] ITGLWF (International Textile, Garment and Leather Workers' Federation). 2012. Campaign to Eliminate Sandblasting. Accessed at: http://www.itglwf.org/lang/en/GlobalcampaigntoEliminateSandblasting.html

[15] Ibid.

[16] Denmark Active Consumers. 2011. Adulhalim Demir – Blasting Work. Accessed at: www.altinget.dk/foedevarer/rssitem.aspx?id=203917

[17] Hazards Magazine. 2011. Fashion Victims. Accessed at: http://www.hazards.org/workingworld/fashionvictims.htm

[18] M&C. 2010. Jeans sandblasting said to endanger workers (News Feature). Article by Carsten Hoffmann. Accessed at: http://news.monstersandcritics.com/health/features/article_1602833.php/Jeans-sandblasting-said-to-endanger-workers-News-Feature

[19] Killer Jeans. 2011. Sandblasting Kills. Accessed at: www.killerjeans.org

[20] Killer Jeans. 2011. The Hidden Human Cost. Accessed at: http://killerjeans.wordpress.com/2011/03/16/the-hidden-human-cost

[21] Ibid.

[22] Clean Clothes Campaign. 2010. Press Release : Call for an End to Jeans Sandblasting. Accessed at: http://www. cleanclothes.org/media-inquiries/press-releases/call-for-an-end-to-jeans-sandblasting

[23] Killer Jeans. 2011. Sandblasting Kills. Accessed at: www.killerjeans.org

[24] The National. 2009. The men who are dying for fashion. Article by Thomas Seibert. Accessed at: http://www.the national.ae/news/world/europe/the-men-who-are-dying-for-fashion

[25] Clothes Campaign. 2010. Press Release : Call for an End to Jeans Sandblasting. Accessed at: http://www. cleanclothes.org/media-inquiries/press-releases/call-for-an-end-to-jeans-sandblasting

[26] Ibid.

[27] Ibid.

[28] Union Learn. 2010. TUC Education European Review. Accessed at: http://www.unionlearn.org.uk/education/learn-3691-f0.cfm

[29] Governor's Independent Investigation Panel. May 2011. *Upper Big Branch: Report to the Governor*. Accessed at: http://online.wsj.com/article/SB10001424 052748704816604576333141 530560486.html

[30] ICEM (International Federation of Chemical, Energy, Mine and General Workers' Union). 2009. *The Stronger the Union, the Safer the Mine: How to Use ILO Convention 176*. Accessed at: http://www.scribd.com/doc/30575802/ICEM-76-Pages-V6

[31] Ibid.

[32] CNBC. 2011. America's Most Dangerous Jobs 2011. Accessed at: http://www.cnbc.com/id/44344096/Most_Dangerous_Jobs_2011

[33] U.S. Bureau of Labor Statistics. 2011. Fatal Occupational Injuries in 2010. Accessed at: http://www.bls.gov/iif/oshwc/cfoi/cfch0009.pdf

[34] Gary Quarles testimony before Committee on Education and Labor, U.S. House of Representatives, Hearing on the Upper Big Branch Mine Tragedy, May 24, 2010, Beckley, WV

[35] National Technology Transfer Centre. 2011. *Upper Big Branch Report: Michael Ferrell testimony*, p. 83. Accessed at: http://www.nttc.edu/programs&projects/minesafety/disasterinvestigations/upperbigbranch/introduction.asp

[36] National Technology Transfer Centre. 2011. *Upper Big Branch Report: Michael Ferrell testimony*, p. 85. Accessed at: http://www.nttc.edu/programs&projects/minesafety/disasterinvestigations/upperbigbranch/introduction.asp

[37] National Technology Transfer Centre. 2011. *Michael Ferrell and Jason Gautier tesitified as to the ability of Gary Wayne Quarles*. Accessed at: http://www.nttc.edu/programs&projects/minesafety/disasterinvestigations/upperbigbranch/introduction.asp

[38] MSNBC. 2011. Year after W.Virginia Mine Blast, Family Still Can't Move on. Article by Vicki Smith. Accessed at: http://www.msnbc. msn.com/id/42403867/ns/us_news-life/t/year-after-wva-mine-blast-family-still-cant-move

[39] Governor's Independent Investigation Panel. May 2011. *Upper Big Branch: Report to the Governor*. Accessed at: http://online.wsj.com/article/ SB10001424 052748704816604576333141 530560486.html

[40] Ibid.

[41] Ibid.

[42] World Coal Association. 2012. Coal Statistics. Accessed at: http://www.worldcoal.org/resources/coal-statistics

[43] Union of Concerned Scientists. March 2011. A Risky Proposition: The Financial Hazards of New Investments in Coal Plants. Accessed at: http://www.ucsusa.org/clean_energy/smart-energy-solutions/decrease-coal/financial-hazards-of-coal-plant-investments.html

[44] ICEM. May 2010. US Mine Workers' Union Designated to Investigate Massey Coal Mine Killings. Accessed at: http://www.icem.org/en/78-ICEM-InBrief/3742-US-Mine-Workers?019-Union-Designated-to-Investigate-Masse

[45] Ibid.

[46] Seth Litwin, Adam. 2000. *Trade Unions and Industrial Injury in Great Britain*. Centre for Economic Performance, London School of Economics and Political Science. Accessed at: http://eprints.lse.ac.uk/20169/1/Trade_Unions_and_Industrial_Injury_in_Great_Britain.pdf

[47] Bell, Julie and Phelps, Ceri. July 2001. *Employee involvement in health and safety: Some examples of good practice*. Health and Safety Laboratory. Accessed at: http://www.hse.gov.uk/research/hsl_pdf/2001/employ-i.pdf

[48] Morantz, Alison D. May 27 2011. *Coal Mine Safety: Do Unions Make a Difference?* Stanford Law and Economics, Olin Working Paper No. 413. Accessed at: http://dx.doi.org/10.2139/ssrn.1846700

[49] Personal interview of Mark Laurance. August 28 2011. WA, USA.

[50] AFL-CIO Now. January 23 2011. USW Oil Workers Set Stage to Bargain for Safe Refineries, Good Jobs. Article by Patrick Young. Accessed at: http://www.aflcio.org/Blog/Organizing-Bargaining/USW-Oil-Workers-Set-Stage-to-Bargain-for-Safe-Refineries-Good-Jobs

[51] Ibid.

[52] Youtube. November 2011. Still Out of Control (Uploaded by United Steelworkers). Accessed at: http://www. youtube.com /watch ?v=ngKA7y0P1s4

[53] The Cutting Edge. February 28 2011. Regulatory Flaws, Repeated Violations Put Oil Refinery Workers at Risk. Article by Jim Morris, Chris Hamby and M.B. Pell. Accessed at: http://www.thecuttingedgenews.com/index.php?article=32049

[54] Ibid.

[55] Ceres. Tesoro Accident Risk 2011. Accessed at: http://www.ceres.org/incr/engagement/corporate-dialogues/shareholder-resolutions/tesoro-accident-risk-2011

[56] United Steelworkers. May 3 2011. Steelworkers Take Oil-Industry Safety Issues to Shareholders. Accessed at: http://www.usw.org/media_center/releases_advisories?id=0383

[57] ICEM. May 9 2011. USW Makes Safety Oversight a Corporate Issue on US Oil Industry. Accessed at: http://www.icem.org/en/27-North-America/4414-USW-Makes-Safety-Oversight-a-Corporate-Issue-on-US-Oil-Industry

[58] Ibid.

[59] The Cutting Edge. February 28 2011. Regulatory Flaws, Repeated Violations Put Oil Refinery Workers at Risk. Article by Jim Morris, Chris Hamby and M.B. Pell. Accessed at: http://www.thecuttingedgenews.com/index.php?article=32049

[60] Ibid.

[61] Ibid.

[62] South China Morning Post. December 15 2010. Struggle for Foxconn girl who wanted to die. Article by Mimi Lau. Accessed at: http://topics.scmp.com/news/china-news-watch/article/Struggle-for-Foxconn-girl-who-wanted-to-die

[63] Ho, Chun Kit et al. March 2009. *Labour Rights: Music player and game console manufacturing in China*. FinnWatch, SACOM and SOMO. Accessed at: http://sacom.hk/wp-content/uploads/ 2009/03/playing_w_lr_net_col.pdf

[64] Business and Human Rights Documentation Project. High Tech, Low Pay in Focus. Accessed at: http://www.bhrd.org/fe/subinfocus.php?id=14#artnotes1

[65] Ho, Chun Kit et al. March 2009. *Labour Rights: Music player and game console manufacturing in China*. FinnWatch, SACOM and SOMO. Accessed at: http://sacom.hk/wp-content/uploads/ 2009/03/playing_w_lr_net_col.pdf

[66] Ibid.

[67] Good Electronics. 13 December 2010. Film "Deconstructing Foxconn" Portrays Foxconn Suicide Survivor Tian Yu. Accessed at: http://goodelectronics.org/news-en/deconstructing-foxconn-a-film-portraying-foxconn-suicide-surviver-tian-yu

[68] South China Morning Post. December 15 2010. Struggle for Foxconn girl who wanted to die. Article by Mimi Lau. Accessed at: http://topics.scmp.com/news/china-news-watch/article/Struggle-for-Foxconn-girl-who-wanted-to-die

[69] Shenzen Daily. April 22 2011. Suicide girl regains optimism. Accessed at: http://www.szdaily.com/content/2011-04/22/content_5559657.htm

[70] South China Morning Post. December 15 2010. Struggle for Foxconn girl who wanted to die. Article by Mimi Lau. Accessed at: http://topics.scmp.com/news/china-news-watch/article/Struggle-for-Foxconn-girl-who-wanted-to-die

[71] Ibid.

[72] Ibid.

[73] SACOM. October 12 2010. Workers as Machines: *Military Management in Foxconn*. Accessed at: http://www.google.ca/url?sa=t&rct=j&q=management%20staff%20would%20routinely%20scold%20and%20humiliate%20workers%20as%20punishment%2C%20for%20example%20by%20posting%20the%20details%20of%20their%20mistake%20on%20a%20notice%20board%20or%20forcing%20them%20to%20clean%20the%20shop%20floor&source=web&cd=2&ved=0CCcQFjAB&url=http%3A%2F%2Fmakeitfair.org%2Fen%2Fthe-facts%2Freports%2Fworkers-as-machines-military-management-in-foxconn%2Fat_download%2Ffile&ei =InSTT 86WD8X26AGgj52sBA&usg=AFQjCNGibj9VB23TqNE0wMMnZwLKdbMVvA

[74] Ibid.

[75] Ibid.

[76] South China Morning Post. December 15 2010. Struggle for Foxconn girl who wanted to die. Article by Mimi Lau. Accessed at: http://topics.scmp.com/news/china-news-watch/article/Struggle-for-Foxconn-girl-who-wanted-to-die

[77] Mail Online. May 29 2010. Something rotten at Apple's Core? Shocking toll of suicides at iPad factory in China revealed. Article at: http://www.dailymail.co.uk/news/article-1282481/iPad-factory-suicides-China. html#ixzz 1r8zx1zXV

[78] Shenzen Daily. April 22 2011. Suicide girl regains optimism. Accessed at: http://www.szdaily.com/content/2011-04/22/content_5559657.htm

[79] SACOM. 2011. Foxconn and Apple Fail to Fulfill Promises : Predicaments of Workers After the Suicides. Accessed at: http://sacom.hk/archives/837

[80] SACOM. May 6 2011. *Foxconn and Apple Fail to Fulfill Promises : Predicaments of Workers After the Suicides*. Accessed at: http://sacom.hk/wp-content/uploads/2011/05/2011-05-06_foxconn-and-apple-fail-to-fulfill-promises1.pdf

[81] Labor is Not a Commodity Blog. October 31 2009. Electronics Industry has Difficulty Enforcing Labor Laws. Article by Evelyn Holt. Accessed at: http://laborrightsblog.typepad.com/international_labor_right/2009/10/electronics-industry-has-difficulty-enforcing-labor-laws.html

[82] HKTDC. November 2008. Market Profiles on Chinese Cities and Provinces. Accessed at: http://info.hktdc.com /mktprof/china/prd.htm. Maplecroft. July 28 2010. Labour standards remain critical risk for firms manufacturing in China – new Maplecroft Report. Accessed at: http://maplecroft.com/about/news/labour-standards-china.html

[83] Holdcroft, Jenny. *Creating conditions for collective labour relations to improve labour rights in the electronics industry*. International Metalworkers Federation. Accessed at: http://www.ilera-online.org/15thworldcongress/files/papers/Track_2/Poster/CS1W_45_HOLDCROFT.pdf

[84] Ibid.

[85] Corporate Disclosure Alert Blog. October 26 2010. Learning from BP's 'sustainable' self-portraits: From 'integrated spin' to integrated reporting. Article by Sanford Lewis. Accessed at: http://corporatedisclosurealert.blogspot.com/2010/10/from-integrated-spin-to-integrated.html

[86] On April 16, a BP official said "It will take 10 hours to install [21 centralizers]. I do not like this. " Although recognizing the risks of proceeding with insufficient centralizers, another official responded "Who cares, it's done, end of story, will probably be fine"

[87] For full report see: National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling. 2011. *Deep Water: The Gulf Oil disaster and the future of offshore drilling*. Report to the President. Accessed at: http://www.oilspillcommission.gov/sites/default/files/documents/DEEPWATER_ReporttothePresident_FINAL.pdf

[88] The Wall Street Journal, MarketWatch. 2011. BP shares still limping after Gulf Spill: A year later, oil giant's market valuation continues to lag peers. Article by Steve Gelsi. Accessed at: http://www.marketwatch.com/story/bp-shares-still-limping-after-gulf-spill-2011-04-20

[89] Thomson Reuters. 2010. BP agrees to $20 billion spill fund, cuts dividend. Article by Jeff Mason. Accessed at: http://www.reuters.com/article/2010/06/16/us-oil-spill-idUSN1416392020100616

[90] Claims Journal. 2011. BP Gulf Spill compensation fund to be audited. Article by Pete Yost. Accessed at: http://www.claimsjournal.com/news/national/2011/07/25/188586.htm

[91] Listen to "Reputation on the line – Why communication is key to managing reputational risks," podcast February 2010. Accessed at: http://www.lloyds.com/News-and-Insight/News-and-Features/360-News/Business-360/Reputation_on_the_line

[92] Sowden, Philip and Sinha, Sunil. 2005. *Promoting health and safety as a key goal of the Corporate Social Responsibility agenda*, Health and Safety Executive, Research Report, 339, p.14. Accessed at: http://www.hse.gov.uk/research/rrpdf/rr339.pdf

[93] For the complete settlement agreement see: Sanford Wittels & Heisler. 2010. Novartis Pharmaceutical Gender Discrimination Class Action. Accessed at: http://www.nydclaw.com/cases/novartis_gender_discrimination.html

[94] Slate Magazine. 2010. How could one of America's most sexist companies end up on Working Mother's Best 100 list?. Article by Sharon Lerner. Accessed at: http://www.slate.com/articles/double_x/doublex/2010/05/how_could_one_of_americas_most_sexist_companies_end_up_on_working_mothers_best_100_list.html

[95] United States Department of Labor. October 30 2009. US Department of Labor's OSHA issues record-breaking fines to BP. Accessed at: http://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=NEWS_RELEASES &p_id=16674

[96] Lippel, Katherine. 2011. *Law, public policy, and mental health in the workplace*, Healthcare Papers, 11, p.20-29. Accessed at: http://www.longwoods.com/content/22408

[97] Marcus, Alfred and Goodman, Robert, "Victims and shareholders: The dilemmas of presenting corporate policy during a crisis", *The Academy of Management Journal*, 1991, 34(2): 281-305.

[98] BBC News. 2003. City worker wins bullying damages. Accessed at: http://news.bbc.co.uk/2/hi/uk_news/england /london/3112899.stm

[99] Lecker and Associates. 2006. Employment Law in Ontario. Accessed at: http://www.torontoemploymentlawyer.ca/the_law.htm

[100] Samsung. 2011. Samsung Profile 2011. Accessed at: http://www.samsung.com/ca/aboutsamsung/ corporateprofile/ourperformance/samsungprofile.html

[101] Grossman, Elizabeth. 2011. *Toxics in the 'Clean Rooms': Are Samsung Workers at Risk?*, Yale Environment 360. Accessed at: http://e360.yale.edu/feature/toxics_in_the_clean_rooms_are_samsung_workers_at_risk/2414

[102] The HANKYOREH. 2010. Handbook reportedly confirming dangerous chemicals at Samsung semiconductor factory to be released. Accessed at: http://english.hani.co.kr/arti/english_edition/e_national/421106.html

[103] International Campaign for Health and Labour Rights of Samsung Electronics Workers. Stop Samsung – No More Deaths! Accessed at: http://stopsamsung.wordpress.com/join-the-demand-for-accountability-from-samsung-and-the-rok-government-for-release-on-april-28

[104] APG Asset Management, "Independent inquiry needed at Samsung", *Investing in Sustainability*, 5: 19-20, 2010.

[105] Ibid.

[106] Ibid.

[107] Grossman, Elizabeth. 2011. *Toxics in the 'Clean Rooms': Are Samsung Workers at Risk?*, Yale Environment 360. Accessed at: http://e360.yale.edu/feature/toxics_in_the_clean_rooms_are_samsung_workers_at_risk/2414

[108] Ibid.

[109] Ibid.

[110] APG Asset Management, "Independent inquiry needed at Samsung", *Investing in Sustainability*, 5: 19-20, 2010.

[111] The HANKYOREH. 2011. Samsung shortens occupational hazard study as 15th worker dies. Accessed at: http://english.hani.co.kr/arti/ENGISSUE/74/458618.html

[112] CtW Investment Group. 2010. 29 April 2010, Letter to Massey Shareholders. Accessed at: http://www. ctwinvestmentgroup.com/fileadmin/group_files/CtW_Inv_Grp_to_Massey_Shareholders_4-29-10.pdf

[113] Ibid.

[114] Global Unions Committee on Workers' Capital (CWC). Campaign Background: Massey Energy. Accessed at: http://www.workerscapital.org/priorities/shareholder-activism/previous-campaigns/massey-energy

[115] Ted Allen, "Massey Energy Takes Steps to Improve Governance", August 6 2010, ISS (blog). Accessed at: http://blog.issgovernance.com/gov/2010/08/massey-energy-takes-steps-to-improve-governance.html

[116] Forbes. 2012. Former Massey Energy Security Chief Sentenced to 36 Months in Prison. Article by Walter Pavlo. Accessed at: http://www.forbes.com/sites/walterpavlo/2012/02/29/former-massey-energy-security-chief-sentenced-to-36-months-in-prison

[117] RepRisk. 2012. *Most controversial mining companies of 2011*. Accessed at: http://www.reprisk.com/downloads/mccreports/23/150312%20Top%2010%20Most%20Controversial%20Mining%20Companies_RepRisk.pdf

[118] It should be noted that Insight's support is grounded in an expressed preference for non-regulatory measures. However, labour advocates would stress the importance of regulation to ensure the highest possible OHS standards in the workplace. For example, Rory O'Neill, editor of the independent union-friendly magazine Hazards, provides an insightful critique of the UK government's 2005 strategy *Health, work and well-being – Caring for our future*.

[119] Insight Investment. About Insight: Our Clients. Accessed at: http://www.insight-investment.co.uk/uk/aboutinsight/ourclients

[120] Insight Investment. 2006. Investor Responsibility Briefing. Accessed at: http://www.insightinvestment.com/global/documents/riliterature/821056/HS_top_of_agenda.pdf

[121] Sowden, Philip and Sinha, Sunil. 2005. *Promoting health and safety as a key goal of the Corporate Social Responsibility agenda*, Health and Safety Executive, Research Report, 339, p.14. Accessed at: http://www.hse.gov.uk/research/rrpdf/rr339.pdf

[122] Goetzel RZ, Juday TR and Ozminkowski RJ, "What's the ROI? A Systematic Review of Return on Investment Studies of Corporate Health and Productivity Management Initiatives," *American Journal of Health Promotion*, 2001; Aldana, SG, "Financial Impact of Health Promotion Programs: A Comprehensive Review of the Literature," *American Journal of Health Promotion*, 2001 May-June, 15(5): 296-320.

[123] Business News Daily. 2010. Employee Wellness Programs Have Healthy ROI. Article by Ned Smith. Accessed at: http://www.businessnewsdaily.com/419-employee-wellness-programs-have-healthy-roi.html

[124] Forbes. 2006. The ROI of Wellness. Article by Tony Zook. Accessed at: http://www.forbes.com/2006/ 04/21/wellness-programs-gold-standards-cx_tz_0424wellness.html

[125] Bevan, Stephen. April 2010. *The business case for employees health and well-being: A report prepared for the Investors in People UK*. Accessed at: http://www.theworkfoundation.com/DownloadPublication /Report/245_245_iip270410.pdf

[126] Lydenberg, Steve, Rogers, Jean and Wood, David. 2010. *From transparency to performance: Industry-based sustainability reporting on key issues*, The Hauser Centre for Nonprofit Organizations and the Intiative for Responsible Investment. Accessed at: http://hausercenter.org/iri/wp-content/uploads/2010/05/IRI_Transparency-to-Performance.pdf

[127] Mansley, Mark. 2002. *Health and safety indicators for institutional investors: A report for the Health and Safety Executive*. Accessed at: http://www.hse.gov.uk/revitalising/csr.pdf

[128] Cornish, Mary. 2008. *Realizing the right of women to safe work – building gender equality into occupational health and safety governance*. ILO Concept Note for presentation at the XVIII World Congress on Occupational Health and Safety. Accessed at: http://www.cavalluzzo.com/publications/newsletters/Realizingtheright ofwomentosafework_ILO_sept12_08.pdf

[129] Bernstein, Aaron. 2008. *Incorporating labour and human rights risk into investment decisions*. Capital Matters, Occasional Paper Series No. 2. Accessed at: http://www.law.harvard.edu/programs/lwp/pensions/publications/occpapers/occasional_paper2.pdf

[130] EHS Safety News America. 2012. Update!- OSHA's Vision for the Future and Opinion on « Safety Incentive Programs ». Article by Jack Benton. Accessed at: http://ehssafetynews.com/2012/03/23/update-oshas-vision-for-the-future-opinion-on-safety-incentive-programs

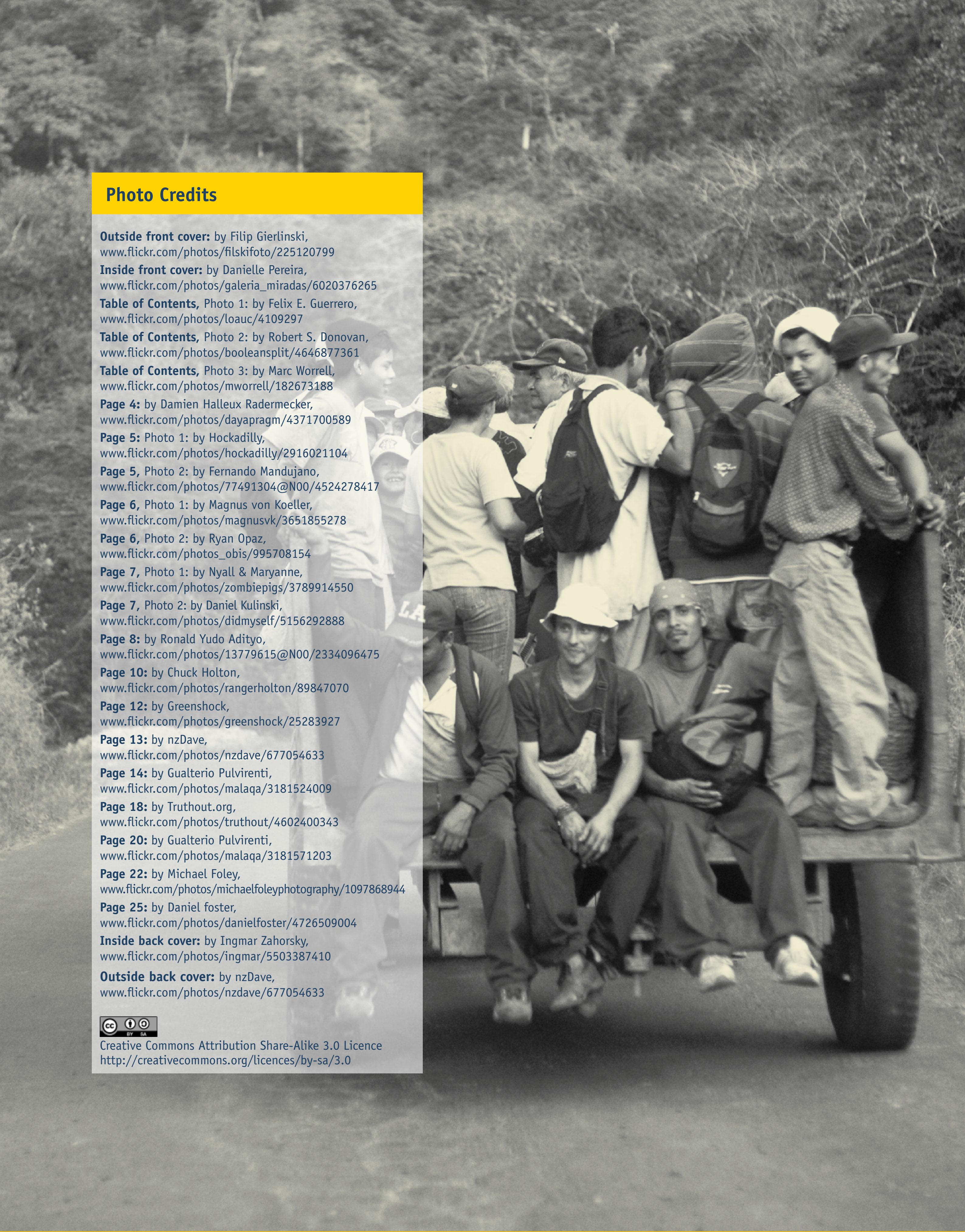


Photo Credits

Outside front cover: by Filip Gierlinski, www.flickr.com/photos/filskifoto/225120799
Inside front cover: by Danielle Pereira, www.flickr.com/photos/galeria_miradas/6020376265
Table of Contents, Photo 1: by Felix E. Guerrero, www.flickr.com/photos/loauc/4109297
Table of Contents, Photo 2: by Robert S. Donovan, www.flickr.com/photos/booleansplit/4646877361
Table of Contents, Photo 3: by Marc Worrell, www.flickr.com/photos/mworrell/182673188
Page 4: by Damien Halleux Radermecker, www.flickr.com/photos/dayapragm/4371700589
Page 5: Photo 1: by Hockadilly, www.flickr.com/photos/hockadilly/2916021104
Page 5, Photo 2: by Fernando Mandujano, www.flickr.com/photos/77491304@N00/4524278417
Page 6, Photo 1: by Magnus von Koeller, www.flickr.com/photos/magnusvk/3651855278
Page 6, Photo 2: by Ryan Opaz, www.flickr.com/photos_obis/995708154
Page 7, Photo 1: by Nyall & Maryanne, www.flickr.com/photos/zombiepigs/3789914550
Page 7, Photo 2: by Daniel Kulinski, www.flickr.com/photos/didmyself/5156292888
Page 8: by Ronald Yudo Adityo, www.flickr.com/photos/13779615@N00/2334096475
Page 10: by Chuck Holton, www.flickr.com/photos/rangerholton/89847070
Page 12: by Greenshock, www.flickr.com/photos/greenshock/25283927
Page 13: by nzDave, www.flickr.com/photos/nzdave/677054633
Page 14: by Gualterio Pulvirenti, www.flickr.com/photos/malaqa/3181524009
Page 18: by Truthout.org, www.flickr.com/photos/truthout/4602400343
Page 20: by Gualterio Pulvirenti, www.flickr.com/photos/malaqa/3181571203
Page 22: by Michael Foley, www.flickr.com/photos/michaelfoleyphotography/1097868944
Page 25: by Daniel foster, www.flickr.com/photos/danielfoster/4726509004
Inside back cover: by Ingmar Zahorsky, www.flickr.com/photos/ingmar/5503387410
Outside back cover: by nzDave, www.flickr.com/photos/nzdave/677054633

Contact the CWC
CWC Secretariat
Shareholder Association for Research and Education (SHARE)
1200 - 1166 Alberni Street
Vancouver, B.C., V6E 3Z3, Canada

Email **workerscapital@workerscapital.org**
Web **www.workerscapital.org**
Tel **+1 604 695 2026**
Fax **+1 604 408 2525**

committee on workers' capital