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REPUTATIONAL RISK

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Thursday 13th March 2008
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Texaco Refinery Pembroke – explosion

24th July 1994

- Failure of system caused release of 20t of flammable hydrocarbon
- Subsequent explosion = greater than site of high explosive
- Sunday = injuries no fatalities
- HF nearby
- Property damage 3km away
- Burned for 60 hours
- 10% reduction in national GDP

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Exercise A - Texaco

- Consequences
- Reputational threats / consequences

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Consequences

- Injuries
- Environmental damage
- Enforcement
- Loss of morale
- Downtime
- Financial (rebuild, loss of market, insurance, compensation)

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Reputational threats / consequences

- Image - publicity
- Competence
- Safety
- Environmental
- Stock market
- Due diligence
- Tendering
- Lose key staff

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Exercise B


- Fatal fall of contractor at local authority premises
- Consequences
- Reputational threats / consequences

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Post Incident Management


- Take Control
 - From when?
- Effective Document Control System
 - Document handover
 - Effective logging
 - Production of accident reports

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Reputational Management - Reactive


- Information management
- Information management
- Information management
- Investigation / crisis management

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Reactive


- Dealing with the authorities HSE/EA/LA – who? Plan.
- Document management – essential (RIDDOR, Investigation reports, policies, training, procedures etc.)
- Publicity management – gulp!
- Investigation / crisis management – what does this mean?

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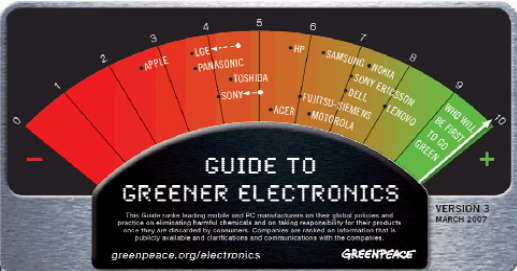
Good Bad Examples


- Network rail (Kings Cross, Paddington, Hatfield)
- Lord Brown - BP
- Piper Alpha
- Herald of Free Enterprise
- Hospitals
- Heathrow tunnel collapse
- Nestle
- Nike

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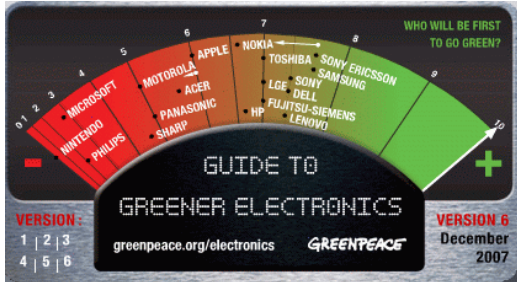
Reputational Risk – In the Red




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Reputational Risk – In the Red



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Building a reputation – Proactive steps

- Management systems e.g. ISO 14001
- Environmental Reporting (Companies Act)
- HS(G) 65 - Successful Health & Safety Management

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Building a reputation – Proactive steps

- IOD/HSC guidance
- Environment Agency's 'ten steps to compliance'
- Business continuity plan
- Local community liaison
- Drills
- Training

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Building a reputation – Proactive steps

- Two tests for prosecution: evidential, public interest
- Corp Manslaughter Act and Culture
- HTM case
- BAA – Terminal 5

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ISO 14001

International Standard

- Environmental Management System

Reputation

- Local and National Governments & Regulators
- Stakeholders
- Customers
- Prospective / Current Employees
- Business Partners
- NGO's
- PPC

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Headless Turtles

or making decisions without knowing all of the facts

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Headless Turtles

or making decisions without knowing all of the facts

- Plastic bags kill 100,000 marine animals pa. (2006)



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Headless Turtles

or making decisions without knowing all of the facts

- Plastic bags kill 100,000 marine animals p.a. (2002)
- Plastic debris causes the death of 100,000 marine animals p.a. (2002)



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Headless Turtles

or making decisions without knowing all of the facts

- Plastic bags kill 100,000 marine animals p.a. (2006)
- Plastic debris cause the death of 100,000 marine animals p.a. (2002)
- Discarded fishing tackle caused the death of 100,000 marine animals over a 4 years (1987)



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Headless Turtles

or making decisions without knowing all of the facts

- Decisions made without reference to the correct facts results in poor choices.
- The correct advice is essential.
- Your reputation is at risk

- Brent Spar debacle



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Freedom of Information Act 2000

- Allows members of the public to access information obtained by the HSE.
- There is exempted information that need not be disclosed.
- Split into absolute and qualified exemptions



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Freedom of Information Act 2000

Absolute exemptions include:

- Information already in the public domain (section 21)
- Personal information (section 40)
- Information provided in confidence (section 41)
- Where there is a prohibition on disclosure (section 44)



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Freedom of Information Act 2000

Qualified exemption are more numerous and include:

- Information obtained for the purpose of criminal investigations/proceedings (section 30)
- Disclosure will lead to prejudice of those investigations (section 31)
- Information that constitutes a trade secret (section 43)

Must pass the public interest test as well



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Health and safety gone mad

Conkers
Banned parake races
School Trips
HSE myth of the month