

**ICGN**International Corporate Governance Network
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ICGN Viewpoint

Occupational Safety and Health: The Pandemic, the Changing World of Work and How Investment Stewards Can Engage to Enhance Corporate Performance

18 October 2022

In growing numbers, investors believe human capital management leads to enhanced corporate performance, and supports efforts to deliver long-term sustainable value creation.¹ As a core component of this belief, effective occupational safety and health (OSH) programs designed to protect workers from sickness, disease, and injury arising from their employment, are viewed as central to human capital management.² There is no effective human capital management without robust OSH performance. Failure to establish and implement strong OSH programs leads to lost productivity, strikes, fines and legal challenges, diminished worker trust and performance, increased costs, reputational damage, reduced company performance, and possible corporate dissolution.³

In this context, this ICGN Viewpoint aims to: (1) highlight ongoing challenges to workplace safety and health and how these have been altered, amplified, and accelerated by the Covid-19 pandemic; (2) raise awareness of rising OSH expectations as contained in widely-promulgated international conventions and commitments that target business and finance; and (3) describe how investment institutions can respond to these developments through their stewardship practices. It concludes with a call to action with a focus on both companies and government to improve overall OSH disclosure and performance and better prepare ourselves for the next pandemic.

The Issue: An Unacceptable Track Record

Prior to the Covid-19 pandemic the International Labour Organization (ILO) estimated that 2.78 million work-related deaths were being recorded every year, of which 2.4 million were related to occupational disease. This equates to 7,500 deaths from unsafe and unhealthy working conditions every day.⁴

¹ Faith-based investors have focused on worker issues for decades. See <https://www.iccr.org>. Increasingly, 'mainstream' investment institutions are linking corporate performance to human capital management. For example, see the [Human Capital Management Coalition](#), 36 major asset owners with US\$8 trillion created to elevate human capital management as a critical component of corporate performance.

² International Corporate Governance Network (ICGN), *Global Governance Principles*, 2021. Principle 4.8 on workplace safety states: "The board should ensure transparent reporting and disclosure of how a company identifies, prevents and mitigates workplace safety risks in its operations and supply chains, particularly in terms of the risk assessment processes, policies and procedures." See also the ICGN Viewpoint, *Human Capital Management: Why Investors Should Care and What They Should Look for in Corporate Disclosure*, October 2018.

³ See the overview provided in Guy Williams, "Company Guidance, Health & Safety", *Workforce Disclosure Initiative*, June 2022.

⁴ ILO, *International Labour Standards on Occupational Safety and Health*, Occupational diseases are chronic ailments that result from work or occupational activity. Safety incidents can describe discrete adverse events that lead to injury or death.

Beyond these brutal numbers, hundreds of companies pay fines for breaches of safety and health regulations every year. Poor safety practices can be disastrous not just for workers but also their families, communities, and the environment.⁵ In extreme cases, poor OSH can threaten a company's social licence to operate: that is, the ongoing acceptance of a company's business practices and operating procedures by its employees, customers, regulators, and communities of interest. Acquiring and maintaining a social licence to operate typically recognises that companies often need to go beyond their strict legal obligations to meet societal expectations and avoid the activities that society deems unacceptable.⁶

Rapid Change: How the Pandemic is Impacting the Workplace

Although the requirement for good OSH management is far from new, the Covid-19 pandemic has amplified and accelerated at least four key changes to the workplace, many of which enabled by digital transformation of business.

First, the pandemic has accelerated the growth of the gig economy. Gig work is characterised by short-term working relationships where services are delivered to customers on task-by-task basis. At the centre, in many, cases lies a company with an online platform driven by a proprietary algorithm. The platform allocates, monitors, evaluates, and delivers payment for the work performed. The workers' behaviour and performance are constantly monitored via task completion tracking, geolocation, video surveillance, and customer rating mechanisms. Platform work, provided by companies such as TaskRabbit, can be on-location (e.g. cleaning services, delivery, furniture assembly), or desk-based, such as Amazon's Mechanical Turk on-line business (e.g. data validation, survey participation, content moderation).⁷

On-location gig work can bring OSH risks similar to more traditional workplaces, characterised by physical work (injury, exposure to workplace hazards, etc.) but often lack OSH programs and effective training. Desk-based gig work carries OSH risks typical of office work environments (poor ergonomics, sedentary lifestyle) but without the kind of OSH/human resources support that typically seeks to ensure the office environment is properly set. Both forms may be increasing OSH risks related to mental health as work becomes unpredictable, irregular, contingent, and temporary. Tight deadlines, lack of sick pay and job security, constant surveillance, and interaction with a system that does not allow for negotiation — all this can contribute to fatigue, isolation, stress, anxiety and depression.⁸

⁵ The Deepwater Horizon disaster has been attributed to a variety of factors with cost-cutting and inadequate safety systems topping the list. See [US Chemical Safety & Hazard Investigation Board, Investigative Report Overview: Explosion and Fire at the Macondo Well, Report No. 2010-10-1-0S](#), 6/5/2014, BP pled guilty to 11 counts of manslaughter (7 other workers were seriously injured), 4 years of government OSH monitoring and US\$65 billion in clean-up, charges and penalties. [Ron Bousso, "Deepwater Horizon Costs Balloon to \\$65 Billion", Reuters, 16 January 2018](#). The 2013 Rana Plaza disaster provides another severe example of the price to be paid for poor workplace safety practices. Even lower profile cases can be deeply impactful for senior executives and boards. Abinya V and Nia Williams, "CEO of Canada's Suncor Steps Down After Latest Site Fatality", 8 July 2022.

⁶ Institution of Occupational Safety and Health (IOSH), *Health and Safety in a Shifting Landscape: Programme Report*, 2016.

⁷ See for example, <https://www.taskrabbit.ca/ca/en/>, <https://www.mturk.com>, <https://deliveroo.co.uk>, <https://www.uber.com>. For an in-depth revealing account of Uber, see Mike Isaac, *Super-Pumped: The Battle for Uber*, (New York: WW Norton & Company, 2019).

⁸ See [European Agency for Safety and Health at Work, Digital Platform Work and Occupational Safety & Health: Overview of Regulation, Policies, Practices and Research](#), 18 March 2022, and Health and Safety Executive, *Understanding the Health & Safety Implications of the Gig Economy*, RR1143 Research Report 2019, <https://www.hse.gov.uk/research/rrhtm/rr1143.htm>. Some celebrate the rise of the gig economy. See [The Economist](#), "Worries About the Rise of the Gig Economy Are Mostly Overblown", 4 October 2018.

Second, more conventional workplaces are also experiencing digital transformation and the adverse OSH impacts these technologies present. In the warehouse or factory, for example, workers are interconnected with task assignment and task completion algorithms, surveillance technologies (closed-circuit cameras or wearable tech), robotics, and artificial intelligence — all designed to accelerate efficient production. These workplaces may exacerbate existing safety risks as workers are required to work at an unrelenting pace without breaks, while also introducing mental health risks similar to those experienced by gig workers.⁹

Third, for businesses characterised by the conventional office environment, the pandemic has accelerated the adoption of communication technologies that allow for remote work. The future of the centralised office familiar to previous generations is now an open question. Some companies are demanding a return to the office; others are making accommodation for remote work and expect this to remain a permanent feature of the twenty-first century workplace.¹⁰ The impacts, thus far, are unclear. Some people have embraced working from home. Others are experiencing increased stress brought on by increased isolation from co-workers, reduced opportunities for learning on the job, lack of mentoring opportunities, and the family conflicts that can result when the home cannot accommodate an office.¹¹

Finally, along with these new workplace arrangements, the pandemic itself has increased the prevalence of anxiety and depression and given rise to significant anti-vaccination sentiments.¹² Many workplaces have become battlefields with potentially deep divisions negatively impacting morale, teamwork, collaboration and target culture, as many workers strongly favour mandated vaccinations while others strongly oppose both the mandate and receiving their own jab.¹³ Further, healthy workplaces in the future may face increasing threats as the pandemic and misinformation campaigns have interrupted childhood vaccination programs that target a wide range of debilitating diseases.¹⁴

At this stage, the full range of implications of these developments for OSH are not fully known, and may not be known for a generation. But they are emerging in the context of an existing regime of law, standards, expectations, cultural norms, and rising expectations.

Rising Expectations

Global concerns about inadequate workplace conditions have been expressed for more than a century by the ILO.¹⁵ Significantly, in June 2022, the ILO formally adopted a safe and healthy working environment as a *Fundamental Principle and Right at Work*, joining the four

⁹ Amazon has led these developments and has come under criticism for its OSH practices. See the description of the Amazon workplace in Kate Crawford, *The Atlas of AI*, Yale University Press, 2021. See also <https://www.workerslaw.com/posts/amazon-workplace-conditions/>. At the time of the publication of this viewpoint, Amazon was under investigation in the US by the Occupational Health & Safety Administration.

¹⁰ McKinsey, *The Future of Work After Covid-19*, February 2021.

¹¹ American Psychiatric Association, “As Americans Return to the Office, Views on Workplace Mental Health Are Mixed, 20 May 2021. See also <https://iosh.com/health-and-safety-professionals/improve-your-knowledge/occupational-health-toolkit/mental-health/>; <https://www.corporatewellnessmagazine.com/article/the-2022-state-of-workforce-mental-health>.

¹² World Health Organisation, “Covid-19 Pandemic Triggers 25% Increase in Prevalence of Anxiety and Depression Worldwide”, 2 March 2022.

¹³ Emily Douglas, “How to Deal with Anti-Vaxxers in Your Workplace”, *Human Resources Director*, 6 December 2021. For a taste of the legal battle emerging in the US workplace see Karla Grossenbacher, “Addressing Workplace Discrimination Over Vaccination Status”, *Law 360 Employment Authority*, 12 March 2021,.

¹⁴ Stephanie Nolen, “Sharp Drop in Childhood Vaccinations Threatens Millions of Lives”, *New York Times*, 14 July 2022.

¹⁵ The ILO charter was drafted in 1919. In the previous century, deep concern about workplace conditions were expressed in fiction (e.g. Charles Dickens), by governments (Factory Act of 1933 in England; first safety legislation in the US in Massachusetts in 1877) and political economists (Karl Marx, *Capital*).

existing principles (freedom of association and the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour, and the elimination of discrimination).¹⁶ This development significantly reinforces 20 existing industry-specific conventions and 21 recommendations promulgated by the ILO.¹⁷ It also impacts other business-oriented international instruments that directly reference the ILO Fundamental Principles. This includes:

- The *UN Global Compact* is a non-binding pact to encourage businesses to work towards more sustainable practices. The current version directly references the four original ILO fundamental rights. Created in 2000, the UN Global Compact's 13,000 signatories should anticipate an updated version to include safety and health.¹⁸
- The *Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises*, advances responsible business conduct for multinational companies operating in 50 countries and includes specific reference to worker health and safety. Each signatory country maintains a National Contact Point with a mission to promote the Guidelines through grievance mechanisms.¹⁹
- The *UN Guiding Principles on Business and Human Rights* are internationally-accepted global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. The Principles directly reference and call upon companies to uphold the ILO Fundamental Principles. As with the Global Compact, market participants should anticipate an update to include specific reference to safety and health.²⁰ See also ICGN's 2015 Viewpoint on human rights through a corporate governance lens²¹
- The *UN Sustainable Development Goals (SDGs)*, 17 goals and 169 targets adopted by the UN General Assembly in 2015, and which are designed to be a "shared blueprint for peace and prosperity for people and the planet" to be achieved by 2030. Though not the initial focus for the SDGs, investment institutions are taking up the challenge.²² In this context, OSH can be linked to SDG 3 (ensure health lives and promote well-being with specific reference to 3.9: reduce illnesses and deaths from hazardous chemicals and pollution), SDG 8 (decent work including a safe and secure workplace with specific reference to 8.8: protect labour rights and promote safe working environments) and SDG 16 (promote peace, justice and strong institutions with specific reference to 16.6: develop effective, accountable and transparent institutions).²³

There may be evidence to suggest that expectations regarding a healthy workplace are rising among rank-and-file workers too. This is potentially evidenced by the "Great Resignation", "Quiet Quitting", and increased support for labour unions in the US.²⁴ Some sources have expressed the view that the pandemic has led to profound labour shortages as

¹⁶ ILO, *ILO Declaration on Fundamental Principles and Rights at Work*, webpage.

¹⁷ https://www.ilo.org/global/topics/safety-and-health-at-work/areasofwork/national-occupational-safety-and-health-systems-and-programmes/WCMS_346452/lang-en/index.htm

¹⁸ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

¹⁹ <https://mneguidelines.oecd.org/mneguidelines/>

²⁰ https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

²¹ [https://www.icgn.org/sites/default/files/2021-](https://www.icgn.org/sites/default/files/2021-05/1.%20Human%20Rights%20through%20a%20corporate%20governance%20lens.pdf)

[05/1.%20Human%20Rights%20through%20a%20corporate%20governance%20lens.pdf](https://www.icgn.org/sites/default/files/2021-05/1.%20Human%20Rights%20through%20a%20corporate%20governance%20lens.pdf)

²² See for example, Global Investors for Sustainable Development Alliance, <https://gisdalliance.org/about>.

²³ <https://sdgs.un.org/2030agenda>

²⁴ Lily Yuan, "The Great Resignation: What It Is, Why Its Happening, *The Career Project*, 29 March 2022., Neil Hare, "What is 'Quiet Quitting' and How Should Leaders Respond?", *Forbes*, 1 September 2022, , Megan Brenan, "Approval of Labor Unions at Highest Point Since 1965, *Gallup*, 1 September 2021,.

people exit the workforce.²⁵ Regardless of the durability of these trends, CEOs regard a labour skill shortage as one of the top external threats facing their company.²⁶

The Investor Response: Stewardship for OSH

In recognition of these developments, investment institutions, as stewards, may consider ramping up efforts to sharpen their understanding of existing and new OSH risks to workers, the potential impacts on corporate performance and the role of the board in implementing robust OSH programs to mitigate these risks.²⁷ In this section, we offer some ideas on how investors might frame their engagements with investee companies on the subject and suggest key questions to be posed.

Framing the Engagement

When entering into dialogue with a company on OSH, investors may consider emphasizing the benefits of a sound program, presenting how a focus on safety and employee wellness can reduce absenteeism and employee turnover, increase retention and help to attract and retain a workforce that has become more demanding of the workplace environment over the course of the Covid-19 pandemic.²⁸ If thought appropriate to the circumstances, framing could also include a description of the emerging developments in international conventions (ILO principles, OECD, Global Compact, UN Guiding Principles, SDGs) to present a picture of a rising tide of concern. Only if dealing with 'hard cases' might investors reference the harsh evidence of worker deaths provided by the ILO evidence of OSH, the more tragic and high-profile cases referenced in this ICGN Viewpoint and, if accurate, the challenges that the company has experienced itself.

Questions for engaging with management and the board

1. How does the company and its board integrate OSH into governance structures? How has the board been briefed on, expressed concern about or interest in new OSH challenges, particularly in light of the pandemic?
2. How is the board informed about OSH? Is there an Employee Health and Safety or Human Resources Committee to report to the full board? How often is this addressed and how much time is typically allocated to these reports?
3. Does the company have an OSH policy covering all risks and hazards, including mental health? Do staff have access to wellness resources? How are such physical and mental health risks identified and how often is this risk assessment reviewed and updated?
4. Has the company and its board considered how its business model and strategy are connected to new forms of work (gig, platform, remote) and, if relevant, incorporated into the OSH program?

²⁵ Michael Wolf, "The Global Labor Shortage: How Covid-19 Has Changed the Labor Market", *Deloitte Insights*, 23 August 2021.

²⁶ Summer 2022 Fortune/Deloitte CEO Survey. <https://www2.deloitte.com/us/en/pages/chief-executive-officer/articles/ceo-survey.html>

²⁷ ICGN, *Global Stewardship Principles*, 2020, <https://www.icgn.org/icgn-global-stewardship-principles>.

²⁸ IOSH, OSH as an Enabler, webpage, <https://iosh.com/businesses/iosh-for-business/health-and-safety-as-an-enabler/>.

5. Does the board have sufficient OSH expertise? What adjustments have been made in response to the pandemic to ensure appropriate expertise has been tapped by both board and line management to ensure appropriate actions are taken?
6. What role does OSH have, if any, in setting target culture for the company? In assessing the OSH program, how does the company engage workers in design, execution, reporting and revision?
7. Does the CEO take a lead role in communicating OSH priorities? Has the board appointed an OSH champion to demonstrate corporate commitment at the highest level?
8. How does the company's whistleblower program incorporate OSH issues? How many times has this been used? What are the best and worst cases and how have these experiences led to improvements?
9. Has the company considered integration of OSH performance metrics into executive compensation? What has been the experience, good and/or bad, of incorporating OSH performance metrics into executive compensation (for cases where OSH metrics are in use)?
10. How does the company's crisis management program ensure prompt and effective action in the event of severe injury or death? Are there any example of when this has occurred?
11. What OSH performance indicators are most useful and what are the challenges of gathering this data and ensuring its value? Do these include lost time incidence rates, injury frequency rates, recordable incident rates, fatalities? How are leading indicators of safety performance such as worker participation in training programs or hazard identification used and prioritized?
12. Does the company subject its OSH program to external review an audit and, if so, what were the main findings? How could the current program be improved?
13. How does the company report on its OSH program and performance? Is this aligned with standards such as the Global Reporting Initiative 403, Occupational Health and Safety²⁹, the Sustainability Accounting Standards Board Human Capital Framework,³⁰ or the NASDAQ ESG Reporting Guide?³¹ Has the company been subject to (or reviewed responses of companies addressed by) the Workforce Disclosure Initiative?³²
14. How does the company stay apprised of updates in the OSH regulatory environment?³³ To what extent does the company engage regulators on OSH regulation? What are the main steps governments should take to improve regulation, particularly in protecting the economy and the workforce against future pandemics?

Conclusion

²⁹ <https://www.globalreporting.org/standards/media/1910/gri-403-occupational-health-and-safety-2018.pdf>,

³⁰ https://www.sasb.org/wp-content/uploads/2020/12/Human-Capital_Executive-Summary_2020-December_FINAL.pdf

³¹ <https://www.nasdaq.com/docs/2019/11/26/2019-ESG-Reporting-Guide.pdf>

³² Guy Williams, "Company Guidance, Health & Safety", *Workforce Disclosure Initiative*, June 2022.

³³ The ILO's database on legislation in occupational safety and health (LEGOSH) describes snapshot current major national legislation requirements around the globe.

Investor engagement with companies on these questions can provide insights about the company's OSH practices and the quality of its human capital management more broadly. Insights gained from these discussions can help influence investment decision making as well as highlight themes for further engagement.

As with other sustainability-related issues, integrating OSH data into investment decision-making models is a challenge that will vary from investor to investor and will likely remain largely proprietary. Stewardship efforts, however, may benefit from joint action, such as that characterised by the Workplace Disclosure Initiative.

In addition, investment stewards may wish to join forces to engage governments on the adequacy of existing regulation. In many countries, OSH has suffered for a backlash against labour unions and inattention from government.³⁴ In almost all places, legislation needs to catch up to new workplace conditions as workers experience both the physical and mental stress brought on by the digitalisation of the workplace and the pandemic.³⁵

Finally, investment institutions may wish to consider working with each other and governments to plan for future systemic events, such as a potential further pandemic.³⁶ In less than three years since the onset of the Covid pandemic, more than 17 million people have died globally and the toll continues to rise. The future of the workplace is unclear. A whole society approach is needed to mitigate the impact of future pandemics and investors can play an essential role in a way that supports good corporate governance and sustainable value creation.³⁷

About ICGN Viewpoints

ICGN Viewpoints provide opinion on emerging corporate governance issues and are intended to generate debate, whilst not defining a formal ICGN position on the subject. ICGN Viewpoints are produced by our member-led Policy Committees and we encourage dialogue by contacting Committee chairs directly or the ICGN Secretariat as follows:

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³⁴ France Ncube, Artwell Kanda, "Current Status and the Future of Occupational Health and Safety Legislation in Low- and Middle-Income Countries, 21 February 2018, *Safety and Health at Work*, Volume 9, Issue 4 December 2018. <https://www.sciencedirect.com/science/article/pii/S2093791117302299?via%3Dihub>. See also studies referenced in Trade Union Congress, *The Union Effect*, 11 May 2011, https://www.tuc.org.uk/sites/default/files/tucfiles/union_effect_2011.pdf.

³⁵ Emily Baumgartner, "Health Panel Recommends Anxiety Screening for All Adults Under 65", *New York Times*, 20 September 2022. <https://www.nytimes.com/2022/09/20/health/anxiety-screening-recommendation.html?smid=nytcore-ios-share&referringSource=articleShare>

³⁶ Scientists predict that because of climate change and biodiversity loss, the world is likely to experience more frequent pandemics in future. <https://www.weforum.org/agenda/2020/03/biodiversity-loss-is-hurting-our-ability-to-prepare-for-pandemics/>. See also, IPBES, "The Global Assessment Report on Biodiversity and Ecosystem Services: Summary for Policymakers," 2019. <https://zenodo.org/record/3553579#.Yyo35C9Q0nU>.

³⁷ These efforts will include public and private investment in basic record-keeping. See Sharon LaFraniere, "'Very Harmful' Lack of Data Blunts US Response to Outbreaks", *New York Times*, 20 September 2022.