

Occupational Health and Safety must be brought back to the forefront of ESG

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We've recently entered into an era wherein sustainability has become a top priority as the world becomes more conscious of the impact we have on people, communities, and the environment around us. This has now <u>evolved</u> into Environmental, Social, and Governance (ESG), which focuses on do no harm, and Impact.

Long before CSR, ESG and Impact, became the practices and policies by which we capture a company's commitment to positive impact, it was all about Occupational Health and Safety (OHS). As such, every evolution of these initiatives by businesses, intended to have a positive influence on the world, has had OHS at their core.

But, because health and safety is such a standard and obvious factor in any organisation's approach to risk, it often goes unattended or overlooked, with practices and policies remaining outdated and the importance of health and safety not being reinforced among employees. That's why, as organisations continue to embed ESG into their businesses, it is vital that they revisit OHS and bring it back to the forefront of conversations around managing risk and ensuring positive impact.

"The ideology around ESG today is essentially to do no harm. That's why health and safety is a fundamental element of ESG because it ensures that everyone's right to an environment that is safe to live and work in is protected," says Brondwyn Douglas, senior ESG officer at Spear Capital. "Although health and safety hasn't necessarily taken a back seat in considerations around ESG and Impact, people have become increasingly complacent around the subject and this needs to change."



Brondwyn Douglas, senior ESG officer at Spear Capital

This is particularly true in Africa, Douglas notes, as the continent is not only highly industrialised but, also, many of its

economic-driving industries are highly labour intensive, increasing the risk of occupational incidents and injuries if health and safety is not prioritised.

The World Health Organisation estimates that over 1.1 million people die of occupational injuries and work-related diseases worldwide each year while the risks that foster ill-health in the workplace are approximately 10 to 20 times higher in developing economies as only 10% of workers have access to occupational health services.

"While many of the geographies we operate in across Africa have quite robust health and safety systems in place, there isn't really a consistent approach to enforcement of these policies," adds Douglas. "The challenge is that emerging economies, as well as small and mediums-sized enterprises (SMEs) operating within those economies, are often running low on working capital, so spending money on health and safety mitigating measures is not always a priority when working in cash-strapped industries and sectors."

Douglas notes that private equity has a significant role to play in helping to enforce compliance to health and safety standards by stipulating strict adherence to OHS requirements in order to access any finance. This would ensure that organisations with a high number of reported fatalities, injuries and incidents would lose out on much needed funding thereby incentivising their improvement of health and safety practices.

"It's important, however, to ensure that in doing so you're not just punishing companies, especially SMEs, that are simply lacking the resources they need to improve their OHS policies and practices," says Douglas. "As long as a business has the potential and willingness to improve, you have the ability to make a much greater long-term impact by supporting them in improving their safety record and on-the-ground performance through an injection of funding."

Barriers such as a lack of capital, education, and even training resources are negatively impacting the improvement of worker access to OHS services which is leading to higher risk of occupational fatalities, injuries and incidents. While the development of OHS services, support and infrastructure is critical in the advancement of occupational health and safety across the continent, it is also vital that organisations create a culture of health and safety that enables employees to live with health and safety both inside and outside of the workplace.

A recent case study conducted by Occupational Health and Safety Advisor at fuel logistics company, FML (a Spear Capital portfolio company), Yevonne Mutengwa, found that, while 72% of organisations surveyed had implemented OHS culture programmes, only 41% were aware of how they stood against the Global Safety Culture Index (a multi-category survey instrument designed to categorise individual perceptions, beliefs, experiences and behaviours concerning safety within an organisation). Additionally, the study revealed that, although 56% of organisations were certified to standards which recommend a participative management style, only 42% actually employed this approach with the majority employing either a 'dictatorship or laissez-faire' style.

"These results showcase just how vital it is that we compel organisations to adopt a culture of health and safety in order to enable employers to be held accountable," says Mutengwa. "This needs to be done by establishing legal frameworks that urge organisations to identify, manage and report their OHS culture; creating a standardised OHS culture framework which can be deployed against each market's unique landscape; and investing in the increase of knowledge and skills around safety, health, environment and quality (SHEQ) practitioners, particularly in light of new and emerging risks such as Covid-19."

Health and safety is one of the oldest business practices concerned with protecting employees and organisations, evolving and improving over the past 200 years into the laws and practices we use today. Because the health and safety of any business can lead to reputational and financial damage if not protected, there's often a real commitment by companies to mitigate and manage those risks by safeguarding the health and safety of employees. But, if we truly want to have a positive impact on the people and communities around us, we need to bolster our commitment to occupational health and safety once again.

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15

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