

# Investor Guidance on Occupational Health and Safety in Canada: *An Overview of Corporate Best Practices*



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### About SHARE:

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## TABLE OF CONTENTS

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Introduction .....	1
<b>1. OHS in Canada: Challenges for Investors .....</b>	<b>1</b>
<b>2. Methodology &amp; Key Considerations .....</b>	<b>3</b>
<b>3. Corporate Best Practice in OHS Governance, Management, and Performance .....</b>	<b>4</b>
3.1 Health and safety policy .....	5
3.2 Board-level Leadership on OHS.....	6
3.3 OHS Management System.....	8
3.4 OHS training, communication, and documentation .....	10
3.5 Worker representation through Joint Health and Safety Committees .....	11
3.6 Accountability & Continual Improvement.....	11
<b>4. Conclusion .....</b>	<b>12</b>
<b>Bibliography.....</b>	<b>14</b>
<b>Appendix A: Key Research Findings and Interview Results .....</b>	<b>17</b>

## INTRODUCTION

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Occupational Health and Safety (OHS) is one of the most widely recognized human and labour rights issues by companies and investors alike, and an important indicator of how organizations invest in human capital. Many corporate Boards of Directors have a standing health and safety committee, implement management and monitoring systems to prevent and control hazards in the workplace, and report on workplace fatalities and lost-time in accordance with legal and regulatory requirements. Furthermore, recent research has indicated that corporate disclosure of OHS efforts may serve as a proxy for management competency, intangible asset management, and awareness of primary financial risk.<sup>1</sup>

In an increasingly globalized world of work, which includes managing progressively complex supply chains, the rise of shift work, and keeping pace with constantly evolving health and safety concerns associated with new technology, companies may face great risks from failing to manage OHS issues throughout its operations. Such concerns include worker injury, disability, poor mental health, stress, precarious employment, and occupational disease. These issues have important, far-reaching, and long-term implications for employers, workers and their facilities, the economy, investors, and society at large.

This document briefly outlines general best practice principles for Canadian companies to move beyond basic legal and regulatory compliance of OHS in order to implement a comprehensive framework to protect and promote worker health and safety. Its overall purpose is to help investors assess how well a company is managing OHS throughout their operations.

### 1. OHS IN CANADA: CHALLENGES FOR INVESTORS

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In Canada, every year, more than 300,000 workers suffer injuries serious enough to warrant time off work.<sup>2</sup> Over the period 1996-2008, an average of almost one million injury claims were reported each year by provincial or territorial workers compensation boards.<sup>3</sup> According to the Association of Workers' Compensation Boards of Canada (2006), 799,296 workers compensation claims were reported for injuries sustained at work in 2009, of which 260,284 were accepted.<sup>4</sup> These numbers represent only a portion of occupational injuries and exclude figures from the agricultural sector, which is largely uncovered by workers' compensation.<sup>5</sup> These statistics also do not adequately capture the extent of occupational illnesses that are caused or exacerbated by exposure to poor workplace conditions, especially in the case of chronic illness, nor are deaths attributable to occupational illnesses typically accounted for in the statistical analysis of occupational fatalities. Statistics from the International Labour Organization show that between 1998-2003, the Canadian workplace fatality rate was the only

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<sup>1</sup> Westpac Investment Management, "Position Paper: Workplace health and safety governance", 2005, accessed at: [http://www.csc.gov.au/about/governance/i\\_RE\\_Position\\_Paper\\_WHS\\_BT.pdf](http://www.csc.gov.au/about/governance/i_RE_Position_Paper_WHS_BT.pdf)

<sup>2</sup> Allan Walker, "Workplace Health: Changes and Challenges," *Saskatchewan Institute of Public Policy*, Issue 23, June 2008, accessed at: [http://www.uregina.ca/sipp/documents/pdf/BN\\_23\\_Walker\\_online.pdf](http://www.uregina.ca/sipp/documents/pdf/BN_23_Walker_online.pdf)

<sup>3</sup> Human Resources and Development Canada (HRSDC), "Occupational injuries and diseases in Canada, 1996-2008: Injury rates and cost to the economy," July 2010, accessed at: [http://www.hrsdc.gc.ca/eng/labour/publications/health\\_safety/PDF/oidc\\_10.pdf](http://www.hrsdc.gc.ca/eng/labour/publications/health_safety/PDF/oidc_10.pdf)

<sup>4</sup> Association of Workers' Compensation Boards of Canada, "Key statistical measures – National work injuries statistics program," August 15 2011, compiled from: <https://aoc.awcbc.org/KsmReporting/ReportDataConfig>.

<sup>5</sup> Walker, 2008.

one to increase when compared to the US, Britain, Norway, Sweden, Germany and France. At 2.9 per 100,000 workers, this rate was also well above the fatality rate of the aforementioned countries.<sup>6</sup>

For investors, corporate failure to manage OHS can destroy shareholder value through increased workers' compensation premiums, decreased productivity, absenteeism, higher healthcare costs, potential lawsuits, negative publicity, and a loss of investor and consumer trust<sup>7</sup> (see Table 1). In Canada, the financial costs of poor OHS include the following:

- According to Health Canada's most recent analysis of the economic burden of illness in Canada, in 1998, the value of lost production due to premature mortality was an estimated \$33.5 billion; the value of lost production due to long-term disability was estimated at \$32.3 billion, and the value of production lost due to short-term disability was estimated at \$9.8 billion;<sup>8,9</sup>
- Mental health problems cost Canadian businesses approximately \$33 billion a year if non-clinical diagnoses are included;<sup>10</sup>
- Stress-related absences cost Canadian employers an estimated \$3.5 billion a year<sup>11</sup>. More than 20% of Canadian workers experience a stress-related illness each year;<sup>12</sup> and
- The cost of absenteeism for Canadian businesses is approximately \$5.48 billion a year.<sup>13</sup>

Consequently, Canadian institutional investors have an objective interest in understanding how companies manage OHS risks and in ensuring sufficient corporate disclosure of OHS information.

Due to regulatory and legal requirements, OHS measures and metrics are better developed and more widely reported than other corporate social performance information. However, most companies, workers compensation boards, and governmental regulators currently rely on a few set injury/illness metrics to assess the effectiveness of their OHS programs which, taken by themselves, are not sufficient to develop proactive health and safety programs that respond to the challenges of such a changing world of work.<sup>14</sup>

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<sup>6</sup> Susan Margaret Hart, "Self-regulation, Corporate Social Responsibility, and the Business Case: Do they work in achieving workplace equality and safety?" *Journal of Business Ethics*, 92(4): 585-600, 2010. See also Andrew Sharpe and Jill Hardt, "Five deaths a day: Workplace fatalities in Canada, 1993-2005," Centre for the Study of Living Standards Research Paper 2006-04, December 2006, accessed at: <http://www.csls.ca/reports/csls2006-04.pdf>

<sup>7</sup> For a more detailed outline of the financial, legal, regulatory, and reputational risks associated with poor OHS, please see the larger accompanying document by the Committee on Workers' Capital (CWC), *Investing in Decent Work: Leveraging workers' capital for healthy and safe workplaces*, 2012, Vancouver: BC.

<sup>8</sup> Health Canada, "Economic burden of illness in Canada, 1998," 2002, accessed at: <http://www.phac-aspc.gc.ca/publicat/ebic-femc98/pdf/ebic1998.pdf>

<sup>9</sup> The statistics provided in this section are the most recent available and are consistent with our understanding of the OHS landscape in Canada today.

<sup>10</sup> Georgia Pomaki, Renée-Louise Franche, Noushin Khushrushahi, Eleanor Murray, Thomas Lampinen, and Phil Mah, "Best practices for return-to-work/stay-at-work interventions for workers with mental health conditions," Vancouver: OHSAM, May 2010, accessed at: [http://www.ccohs.ca/products/webinars/best\\_practices\\_rtw.pdf](http://www.ccohs.ca/products/webinars/best_practices_rtw.pdf)

<sup>11</sup> Joan Burton, "The business case for a health workplace," *Industrial Accident Prevention Association*, July 2008, accessed at: [http://www.iapa.ca/pdf/fd\\_business\\_case\\_healthy\\_workplace.pdf](http://www.iapa.ca/pdf/fd_business_case_healthy_workplace.pdf)

<sup>12</sup> Great-West Life Centre for Mental Health in the Workplace, "Mental health – facts and figures," March 2011, accessed at: <http://www.workplacestrategiesformentalhealth.com/display.asp?l1=2&d=2>

<sup>13</sup> Burton, 2008, p. 4.

<sup>14</sup> Steve Wurzelbacher and Yan Jin, "A framework for evaluating OSH program effectiveness using leading and trailing metrics," *Journal of Safety Research* 42: 199-207, 2011.

**TABLE 1. SUMMARY OF CORPORATE OHS STRATEGIES & FIRM VALUE<sup>15</sup>**

	Franchise Protection through Legal and Regulatory Compliance	Process Changes To Improve OHS Performance	Investments in OHS
Business Value	✓ Right to operate	✓ Cost and liability reduction	✓ Increased productivity and profitability through improved human capital management and investments in appropriate OHS interventions resulting in improved employee satisfaction, retention, commitment ✓ Market share through customer loyalty and reputation
Focus	✓ Compliance	✓ Efficiency	✓ Innovation ✓ Value Chain
Material Impacts	✓ Reduces earnings ✓ Reduces risks	✓ Increases margins ✓ Reduces risks ✓ Increases return on equity through use of less capital	✓ Increases competitive advantage
Barriers to Integration of OHS	✗ Indirect risks, especially with respect to occupational health hazards, are not explicitly analyzed or easily quantifiable	✗ Variations in interpreting OHS guidelines ✗ Difficulties in developing and implementing corrective action measurements	✗ Difficulties in quantifying competitive advantage

As a result, investor barriers to obtaining robust, audited data include:

- The widespread belief that corporate investment in health and safety interventions and structures is an operational issue, not a strategic and material issue that contributes to business performance and lessens reputation risk;
- Inconsistency in the methodology and use of OHS indicators; and
- Poor corporate disclosure on pertinent OHS outcomes and management practices, including gender-based information and OHS outcomes for and management practices related to migrant workers, and other vulnerable employees.

## 2. METHODOLOGY & KEY CONSIDERATIONS

This document is based on the following research:

- a. A review of current evidence on OHS governance and management, aimed at understanding the risks of poor OHS on corporate financial performance. A more detailed analysis of the review

<sup>15</sup> This table has been adaptation of a similar table on corporate environmental risk found in Donald Reed, “Green shareholder value: Hype or hit?” Sustainable Enterprise Perspective, World Resources Institute, September 1998, accessed at: <http://www.greenbiz.com/sites/default/files/document/O16F3346.pdf>

findings can be found in *Investing in Decent Work: Leveraging workers' capital for healthy and safe workplaces*, by the Global Unions Committee on Workers' Capital;<sup>16</sup> and

- b. Interviews with six experts in the area of OHS in Canada. These semi-structured interviews were informed by the above-mentioned research review and helped to clarify OHS challenges facing workers across Canada, describe good practice and key considerations related to corporate OHS implementation, and identify strategic measures and key performance indicators for shareholders to consider when assessing the health and safety culture of an organization.

A brief summary of our research findings is provided in Appendix A.

### 3. CORPORATE BEST PRACTICE IN OHS GOVERNANCE, MANAGEMENT, AND PERFORMANCE

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Companies should use a mixture of strategic measures, outcome-oriented measures, and process-oriented measures to evaluate OHS performance, and these measures should be linked to the overall vision, goals, and objectives of the business.<sup>17</sup> Best practices in the reporting of OHS information through scorecards, performance frameworks, and Corporate Social Responsibility (CSR) reports distinguishes between these three types of measures:

- Strategic measures: Refer to measures aimed at achieving a safer and healthier organizational culture. Strategic OHS measures are rarely monitored on a daily basis and do not change very often;
- Outcome-oriented measures: These are after-the-fact measures that include reactive or lagging indicators, which measure past or current OHS performance. Common examples include injury or illness incident rates and workers' compensation claims data.
- Process-oriented measures: Process-oriented measures refer to measures indicative of action or activities performed. Such measures can include proactive or leading indicators, which anticipate the extent to which an activity or process has been implemented. Common examples include OHS training measurement, employee perception surveys, and safety audits.

According to an investigation of health and safety indicators for institutional investors in the UK, investors and analysts are aware of the need to focus on process as much as outcomes, assess major risks, and use multiple measures to assess OHS performance.<sup>18</sup> All of the OHS experts to whom we spoke highlighted the importance of workplace culture and process in assessing corporate OHS performance.

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<sup>16</sup> For a more detailed outline of the financial, legal, regulatory, and reputational risks associated with poor OHS, please see the larger accompanying document by the Global Unions Committee on Workers' Capital (CWC), *Investing in Decent Work: Leveraging workers' capital for healthy and safe workplaces*, 2012, Vancouver: CWC, available online at [www.workerscapital.org](http://www.workerscapital.org)

<sup>17</sup> Jerome E. Spear, "Measuring safety and health performance: A review of commonly-used performance indicators," JE Spear Consulting, 2010, accessed at: [http://www.iespear.com/articles/10-01-article-safety\\_metrics.pdf](http://www.iespear.com/articles/10-01-article-safety_metrics.pdf). See also Health and Safety Executive (HSE), "A guide to measuring health and safety performance," December 2001, accessed at: <http://www.hse.gov.uk/opsunit/perfmeas.pdf>

<sup>18</sup> Mark Mansley, "Health & safety indicators for institutional investors. A report to the Health and Safety Executive," HSE, February 2002, accessed at: <http://www.hse.gov.uk/revitalising/csr.pdf>

This section provides some key principles and considerations of corporate best practice of OHS in Canada. While these principles are relevant to all companies regardless of sector or applicable legislative frameworks, the following caveats are also important in considering their application:

- Analysis of company size, sector, geography of operations, history of labour management, and OHS activities in relation to a company's peers help effectively benchmark labour and human rights performance for investor expectations and engagement. Consequently, investors and analysts should use this information to perform a detailed analysis of individual companies, assessing corporate performance based on industry peers, and select key performance indicators to the sector of operation;
- In addition to federal regulation, each Canadian province and territory publishes its own regulation. Employers and workers who operate in one jurisdiction are typically required to comply with one set of safety standards. As a result, the scope of OHS legislation differs from jurisdiction to jurisdiction; and
- This investor guidance is intended to supplement current efforts to improve health and safety in the workplace. It is not a substitute for regulatory enforcement. Achieving systemic improvements to health and safety requires that regulators, companies, employees, and investors all act within their spheres of influence in order to improve health and safety in the workplace.

In addition to our interview findings, a bibliography of references used to support each Best Practice is listed at the end of the report.

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### 3.1 HEALTH AND SAFETY POLICY

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A written health and safety policy is an important means by which companies express their commitment to worker health and safety. This policy is most effective when it has been developed or updated with worker participation and when workers and their safety representatives are allocated sufficient time and resources to participate actively in its development and implementation. This policy should incorporate a gender-based framework in order to analyze and respond to occupational hazards and dangers more specific to female employees<sup>19</sup>. A comprehensive OHS policy should:

- Clearly outline the organization's commitments with regards to occupational safety and occupational health;
- Define the organization's health and safety objectives and how these objectives can be achieved;
- Demonstrate a belief that occupational hazards exist but can be prevented through strong OHS management;
- Comply with relevant federal and provincial regulation, voluntary programs, collective agreements on OHS and other requirements to which the organization subscribes;
- Commit to ensuring that health and safety issues will be incorporated when planning new work methods, processes, or general structural changes;
- Acknowledge health hazards related to work organization, including hazards related to occupational disease and occupational stress;

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<sup>19</sup> Common examples of occupational hazards that disproportionately impact women include exposure to reproductive toxins, embryotoxins, and teratogens which impact pregnant women; structural frameworks that dismiss women's OHS concerns in particular, including occupational stress and the acknowledgement of women's double burden at the workplace and at home, as well as the failure to provide an environment within which women can safely report sexual harassment.



- Provide immunity from disciplinary action for employees that report safety deficiencies, hazards, or occurrences;
- Outline a commitment to annually review, including updating based on the changing needs of the organization;
- Commit to providing adequate funds to support the policy;
- Clearly define who is responsible for the implementation of this policy, and who is accountable for health and safety in the organization;
- Is appropriate to the size and nature of the organization; and
- Have sign-off from the president and/or CEO.

#### Investor Checklist

- ✓ *Is there a health and safety policy in place that incorporates the key principles as outlined above?*
- ✓ *Were the views of employees, worker representatives, and joint occupational health and safety committees incorporated in the development of the policy?*
- ✓ *Is the policy reviewed and updated periodically? If so, does the policy outline procedures and timelines for worker participation in the reviews?*
- ✓ *Does the policy state that it applies equally to contractors and sub-contractors if a large number of contractors are employed by the company?*
- ✓ *Does the policy emphasize that the ultimate responsibility for health and safety rests with corporate management?*

### 3.2 BOARD-LEVEL LEADERSHIP ON OHS

A board-level committee responsible for OHS better ensures a long-term and sustainable focus on improving workplace health and safety. To be most effective, a board OHS committee should have a majority of independent members and be supported by accurate and relevant performance monitoring information and adequate resources. Board members serving on the committee must be competent in OHS issues and motivated to establish a strong OHS culture where workers feel that their health and safety is a priority. Shareholders need to be confident that the companies in which they have invested have competent directors to effectively manage and promote health and safety, and oversee overall company management. Key considerations in assessing the effectiveness and value of an OHS committee at the board level include:

- Independence:** A committee that is predominantly independent is more likely to be able to make decisions that improve a company's overall OHS performance, including implementing the corporate OHS policy, and being accountable for identifying and understanding the risks and opportunities associated with OHS;
- Integration:** The board should integrate the OHS committee's process into corporate governance structures including activities of the main board and sub-committees, including risk, remuneration and audit committees;
- Competence:** Directors should have a clear understanding of key OHS issues for their business, their legal responsibilities and their role in governing relevant OHS matters. They should also

establish processes to ensure they receive up-to-date information on changing regulatory requirements and that these regulatory requirements are incorporated into performance management criteria and reviewed during auditing processes. Director roles should be supported by formal terms of reference that relate specifically to OHS;

- d. **Performance management:** The committee should establish key objectives and targets for OHS management based on business needs and worker concerns, documenting both leading and lagging indicators and capturing both tangible and intangible factors such as employee satisfaction and motivation. The committee must also ensure that OHS responsibilities and expectations have been established for and communicated to all levels of the organization;
- e. **Resources:** The committee should be supported with adequate resources to ensure that they are able to carry out their OHS mandate. These resources include ensuring sufficient funds for necessary tools, training and staffing to achieve expected results; and
- f. **Role in fostering culture:** The committee should take ownership for key OHS issues by upholding core values and standards. By ensuring that governance structures enable management systems and actions to be challenged, the committee can help drive an open culture across the organization with a high level of free and substantive communication both internally and externally on OHS considerations. For example, a willingness to sign off on a more holistic employee health benefits package is considered to be a good indication of the company's willingness to recognize the range of health challenges impacting workers and promote a stronger health culture.

#### **Good Practice: Preventing stress through employer-paid backup childcare at CIBC**

Balancing work and childcare can be challenging for employees, especially when there is an interruption in regular child care arrangements. Missing work obligations can be stressful for employees and the resulting work-life conflict can be disruptive for co-workers and managers who experience the burden of added workloads. Recognizing the need to prevent increased workplace stress in this regard, the Canadian Imperial Bank of Commerce (CIBC) began to provide employer-paid back up child care for its 12,000 employees in Toronto in 2002. It was the first company in Canada to offer such a program. In smaller urban areas outside of Toronto, CIBC has also contracted select childcare companies to reserve spaces for emergency backup care for CIBC employees.

Employee surveys have indicated the importance of this program in recruiting and retaining employees. Employees generally experience less work-life conflict as a result of childcare worries, and are confident that their co-workers will meet their commitments as a result of not missing work. CIBC has reported more than 2500 days of absenteeism saved by its centre in 2003, and approximately \$1.5 million direct savings in productivity costs.

*Sources used: Elaine Low, "CIBC setting a new industry standard in Canada," Social Innovations, October 2005, accessed at: <http://www.vanierinstitute.ca/include/get.php?nodeid=1332>; John Marvin and Nora Spinks, "Backup child care: Canada's new employee benefit: Alternative to investing in full-time regular child-care centres," Canadian HR Reporter, November 2004, accessed at: <http://www.worklifeharmony.ca/include/get.php?nodeid=35>. For more information, see also CIBC, "2011 Corporate Responsibility Report and Public Accountability Statement," 2012, accessed at: <https://www.cibc.com/ca/corporate-report/eesq-social-our-health.html>*

### Investor Checklist

- ✓ *Does the company have an independent committee at the board-level dedicated to OHS oversight?*
- ✓ *Have the members of this committee established a process to identify workplace stressors, and hazards?*
- ✓ *Has the committee established a steering committee or working group, which includes workers and their representatives, in order to establish OHS priorities?*
- ✓ *Does the committee have a process to identify market or regulatory pressures that may impact corporate OHS standards and objectives?*

## 3.3 OHS MANAGEMENT SYSTEM

A clear, detailed, and well-communicated OHS management system is essential to ensuring that identified OHS goals and objectives are met. Key components of such a safety management system include:

- i. **Hazard prevention:** Preventive and protective measures should be designed to identify, anticipate, and manage hazards and risks to worker health and safety. These measures should:
  - Include the provision of appropriate personal protective equipment at no cost;
  - Minimize hazards and risks through the design of safe work systems;
  - Involve workers and their representatives in order to ensure that hazards at all levels of the work environment are identified and accounted for; and
  - Include an assessment of psychosocial hazards in the workplace.
- ii. **Performance measurement and monitoring:** Companies should monitor, measure and record OHS performance. These measures should be both quantitative and qualitative in nature and based on worker feedback and organizational needs. Critical assessments must be made of the following common measures of performance:
  - a. *Reduced absence from work:* Measuring costs of absence needs to take account of indirect costs, such as employing and training temporary replacement staff, as well as the impact of such absenteeism on lost sales, lost customers, inability to fulfill existing contracts and inability to take on new contracts. To be effective, such measurement should be sufficiently sensitive to gender, sectoral, occupational or regional differences in absence patterns and costs, differentiate between short and long-term absence costs, and tease out the factors that may impact variations in the cost of absence and, consequently, impacts on measurement, monitoring, prediction, management, and control;
  - b. *Reduced accidents at work:* The reduction of accidents at work can demonstrate that a company is focused on getting rid of hazards in the workplace. However, to be effective, these numbers should reflect the actual implementation of hazard prevention versus non-reporting of accidents as a result of safety incentive programs, where workers are given rewards, prizes, and bonuses if there are no reported accidents or injuries, or if a company has a history of disciplining workers who report accidents;
  - c. *Injury and illness rates:* While injury and illness data are easy to use and readily available, placing too much emphasis on injury and illness rates may result in under-reporting of injuries,

especially if rewards are given for achieving such targets. Rewards may also obscure the true nature of hazards in the workplace.

- d. *Severity of injuries:* Injury and illness data often do not reflect the potential severity of an event. Reporting on injury severity provides substantial feedback for safety improvement and information on how OHS performance may be improved.
- e. *Near-miss reporting:* A near-miss is a condition or incident that may have led to a more serious occupational health and safety condition or incident. Near-miss reporting contributes to accident prevention.

iii. **Emergency prevention, preparedness, and response:** Arrangements should be made to identify potential accidents and emergency situations and address the prevention of associated OHS risks. These arrangements must:

- Be tailored to the size and special needs of the organization and must be established in cooperation with external emergency services and other applicable bodies;
- Ensure the necessary information, internal communication and coordination to protect all people in the event of a worksite emergency including naturally occurring, such as earthquakes, blizzards, tsunamis, disease epidemics (such as H<sub>1</sub>N<sub>1</sub> and SARS), and human caused, either through human error in explosions, riots, civil disorder, terrorism or acts of workplace violence;
- Provide information to, and communicate with, relevant competent authorities, the neighbourhood, nearby communities and emergency response services;
- Address first-aid and medical assistance, firefighting and evacuation of the worksite; and
- Disseminate relevant information and training to all members of the organization at all levels, including regular exercises in emergency prevention, preparedness and response procedures.

iv. **Contracting:** While most OHS regulation dictates that contractors be trained in OHS requirements, all contractors and piece workers should be provided with adequate training and supervision to ensure safety compliance. Apprentices should receive specialized training and supervision. Additionally, continuity of contractors for a project life benefits health and safety through familiarity with processes, objectives and deliverables.

#### **Investor Checklist**

- ✓ *Is there an established OHS management system? Has the organization based its health and safety management system on its OHS policy?*
- ✓ *Has the company conducted an initial review to assess and document the hazards to workplace health and safety? Is there a process to regularly evaluate current or planned controls to eliminate identified hazards?*
- ✓ *Does the company have a process in place to address the OHS impacts of changes in staff, new working procedures, and downsizing or corporate acquisition?*
- ✓ *If applicable, are processes in place to review all chemicals and materials for their hazards and regulatory compliance prior to arriving at the workplace?*
- ✓ *How often is preventive maintenance conducted?*
- ✓ *What is the company's safety record?*
- ✓ *Is management committed to emergency prevention, preparedness, and response?  
Is there a means to engage employees across the organization?*
- ✓ *Have performance goals been identified? Are there strategies to measure performance?*

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## 3.4 OHS TRAINING, COMMUNICATION, AND DOCUMENTATION

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Adequately training workers to perform their jobs in a safe manner is integral to ensuring that employers are meeting their duty to respect employee health and safety. Furthermore, communicating OHS information, including the corporate OHS Policy, is important to ensure that all employees, including contractors and sub-contractors, are made aware of corporate OHS objectives and the requirements of the OHS management system.

- i. **Training:** Companies need to provide training to all workers and ensure that all persons are competent to carry out the safety and health aspects of their duties and responsibilities.
- ii. **Communication:** Companies should have arrangements and procedures in place to receive, document and respond appropriately to internal and external communications related to OHS. Such communication should be between relevant levels and functions of the organization and ensure that the concerns, ideas and inputs of workers and their representatives on OHS matters are received, considered and responded to.
- iii. **OHS management system documentation:** Companies should have measures in place to ensure that an appropriate system of documentation on OHS matters is established and maintained. Clearly written and presented OHS documentation should be periodically reviewed, revised as necessary, communicated and readily accessible to all appropriate workers, and include:
  - a. Written OHS policies and objectives of the organization;
  - b. Documentation communicating the allocated key OHS management roles and responsibilities for the implementation of the OHS management system;
  - c. Written material about significant OHS hazards/risks arising from the organization's activities, and the arrangement for their prevention and control;
  - d. Records of the arrangements, procedures, instructions or other internal documents used within the framework of the OHS management system; and
  - e. Include records arising from the implementation of the OHS management system, work-related injuries, accidents, diseases and ill health; national laws or regulations dealing with OHS, workers' exposures, working environment surveillance and monitoring.

### Investor Checklist

- ✓ *Is the health and safety policy communicated to all employees, either through staff meetings, notice boards, emails, and brochures? Is this information available in all working languages, and is the OHS policy included as part of the employee orientation package?*
- ✓ *Is OHS training provided at no cost to employees? Is this training provided during working hours?*
- ✓ *Does the company provide effective and timely refresher training at appropriate intervals, including employee perception surveys about the comprehensiveness of the training?*
- ✓ *Does OHS training incorporate lessons learned from incidents and accidents?*
- ✓ *Is there communication and coordination with contractors prior and during work, including arrangements for reporting work-related injuries, ill health, diseases and incidents among the contractors' workers while performing work duties?*

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### 3.5 WORKER REPRESENTATION THROUGH JOINT HEALTH AND SAFETY COMMITTEES

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There is strong evidence that more organized workplaces, where workers are able to take ownership for their work decisions, feel safe bringing forward challenges or concerns, and have an outlet for questions and support, are more likely to perform better when it comes to workplace health and safety. In particular, joint OHS Committees provide a space for discussing worker concerns, a structure for decision-making, and a forum through which workers and employers can discuss their common interest in ensuring the sustainability, efficiency, and profitability of the company while outlining practical solutions to health and safety concerns. Specifically:

- Companies with effective joint OHS committees are in a position to discuss how to improve the working environment of employees in areas where the company could be lagging;
- Joint OHS committees play an important role in raising awareness about current OHS concerns and in securing the rights and benefits for workers who have incurred injury, illness or disease.

#### Investor Checklist

- ✓ *How often do joint OHS committees meet? How well versed are these committees on OHS regulation and responsibilities?*
- ✓ *What is the information and scope of the joint OHS committees' responsibilities?*
- ✓ *How active is the committee?*
- ✓ *How many recommendations from the joint OHS committee has the company acted on?*
- ✓ *Is the joint OHS committee able to bring recommendations directly to the board?*

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### 3.6 ACCOUNTABILITY & CONTINUAL IMPROVEMENT

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- i. **Incident Investigation:** The investigation of root causes of work-related injury, ill health, diseases and incidents should help to identify any failures in the OHS management system. All findings should be documented and the results, including any recommendations from the joint OHS committee, should be communicated to appropriate persons for corrective action, management review and continual improvement activities. Corrective action should be implemented in order to avoid repetition of work-related injuries, ill health, diseases and incidents. External reports produced by investigative agencies should also be acted upon in the same manner as internal investigations, taking worker confidentiality into account.
- ii. **Audit:** Audit policies and programs should include a designation of auditor competency, the audit scope, audit frequency, audit methodology and reporting. Arrangements to conduct audits should be established to ensure that the OHS management system and its elements are in place, adequate, and effective in protecting the safety and health of workers and preventing accidents. Audits should cover the OHS governance and management elements identified in this report. Internal audits are undertaken by company employees. External audits are conducted by personnel outside the organization. A combination of internal and external OHS auditing is best practice.
- iii. **Management review:** A review process conducted by senior management to determine the effectiveness of the OHS management system, and whether it meets organizational needs and

performance objectives, is important for continual improvement in OHS. Management review will also help to identify what action is necessary to remedy any deficiencies in a timely manner, provide feedback direction and evaluation progress. The frequency and scope of reviews should be defined in accordance with organizational needs and should consider the results of reactive indicators, such as injury/illness rates, incident investigations, performance measurement and monitoring activities and audit activities as well as any required management of change. The findings of the review should be communicated to the Board, responsible senior management and line managers, Joint OHS committees, workers and their representatives.

- iv. **Continual improvement:** The OHS management system as a whole should take into account the results of hazard and risk identifications and assessment, performance monitoring, recommendations from workers, any external changes, new relevant information and the results of preventive and protective measures.
- v. **Criminal liability:** In March 2004, passage of the “Westray Bill” significantly strengthened provisions in the Criminal Code of Canada regarding workplace safety by making corporations and their executives more accountable when workers are killed or injured on the job because of management negligence. Employers may now face charges of criminal negligence if they fail to implement an appropriate standard of OHS in workplace, resulting in the injury or death of an employee.<sup>20</sup> This legislation has serious implications for corporations that fail to conduct their due diligence in ensuring that all employees are aware of workplace OHS rules and working procedures, as well as ensuring that employees follow regulations.

#### Investor Checklist

- ✓ *Are formal safety audits conducted at regular intervals?*
- ✓ *Does the company have a history of poor labour relations?*
- ✓ *How many workers have exercised their right to refuse dangerous work?*
- ✓ *Does the company report on regulatory warnings, penalties, or fines?*
- ✓ *Does the company communicate OHS performance targets to shareholders?*
- ✓ *Does the company outline ongoing OHS risks and special considerations on its website or in its annual reporting?*

## 4. CONCLUSION

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The best practice principles outlined in this investor guidance provide shareholders with a framework for assessing company performance in the area of OHS. While the issues around corporate OHS are complex, investors have the opportunity to engage companies to implement programs and policies

<sup>20</sup> Section 217.1 in the Criminal Code of Canada states: “Every one who undertakes, or has the authority, to direct how another person does work or performs a task is under a legal duty to take reasonable steps to prevent bodily harm to that person, or any other person, arising from that work or task.” The Crown must prove the breach of the “duty to take reasonable steps” beyond a reasonable doubt. After a violation has been demonstrated beyond a reasonable doubt, the employer must demonstrate that it took all the precautions reasonable in the circumstances to prevent the accident or injury in question. For more information, see Canadian Centre for Occupational Health and Safety (CCOHS), “Bill C-45 Overview,” available online at <http://www.ccohs.ca/oshanswers/legisl/billc45.html>; see also Darren Williams, “Workplace Safety and the Law,” December 2004, available online at: <http://www.williamsandcompany.ca/Articles/New%20Law%20of%20Criminal%20Negligence.pdf>

that protect and promote worker health and safety. Looking ahead, investors should also consider corporate ability to ensure that health and safety research, policies and practices keep pace with technological advancements. In doing so, investors can better identify and invest in companies that maximize competitive advantage through workforce loyalty, improved productivity, lower workers compensation premiums, and recognition of corporate reputation as an “employer of choice.” They also have the opportunity to mitigate long-term risks associated with poor OHS impacts, thereby safeguarding investor interests and promoting long-term shareholder value.



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## APPENDIX A: KEY RESEARCH FINDINGS AND INTERVIEW RESULTS

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### Overview of research findings

- While some sectors are at higher risk of poor workplace health and safety, OHS hazards exist across all sectors.
- OHS factors are relevant and material as investment considerations and poor OHS can impact shareholder value through decreased revenue as a result of reduced productivity, higher turnover, increased attendance at work while sick, increased absenteeism, rising healthcare and workers' compensation costs, regulatory penalties and fines, litigation and lawsuits, and potential bankruptcy;
- A growing number of studies discuss the benefits of providing a healthy and safe working environment. However, this evidence is difficult to quantify and it is not known if these benefits are long or short term;
- Links tend to focus on occupational safety, and not so much on occupational health. Although there is a growing amount of literature on mental health conditions and cancer, they are not as well-developed as the literature on ergonomics; and
- There is a dearth of literature on gender-based considerations and frameworks for occupational health and safety.

### Interview results:

In general, participants emphasized:

- a. The importance of workplace culture in valuing employees' participation, involvement, feedback, and concerns;
- b. The importance of ensuring that companies do their due diligence in OHS training, as well as in ensuring proper maintenance of equipment and communication about OHS policies and emergency procedures;
- c. The importance of effective Joint Occupational Health and Safety Committees (JOHS) and worker representatives in bringing OHS concerns to the table. In general, participants believed that more organized workplaces, including workplaces supported by collective bargaining and where strong and effective union involvement were present, tended to do perform better in OHS;
- d. The lack of OHS enforcement in Canada, wherein the discourse in most jurisdictions is about compliance instead of enforcement;
- e. The increased burden on workers in a more globalized world, including the challenges and pressures associated with poor work organization, downsizing, and a lack of workplace infrastructure to support workers;
- f. Work environments generally discourage reporting of OHS concerns and hazards; and
- g. A strong health and safety culture beings at the top, with supportive leadership and a champion that works on behalf of workers.