


# Health and Safety Governance – Quick Guide

Good Governance  
for Directors



An aerial photograph of a boat pulling a large, circular green net in the ocean. The net is spread out in a wide circle, and the boat is at the center, pulling it in. The water is a deep blue color. The net is a vibrant green color, and the boat is a small orange and white vessel.

→ Good governance of health and safety increases the likelihood of your workers returning home healthy and safe at the end of each day. This involves understanding how risks are being managed as well as what is required to make successful work happen; asking insightful questions to find out if that is occurring in your organisation, and supporting improvements where required.

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## Introduction

We have produced this quick guide to health and safety governance to help people and organisations that are at an early stage of their governance journey. It provides information on the core components of good health and safety governance. It also acts as a short refresher to the more detailed and comprehensive full guide, which expands on the approaches described here.

The guides have been written by the Institute of Directors in New Zealand in association with WorkSafe New Zealand, the Business Leaders Health and Safety Forum and the General Manager Safety Forum. These are guides to good health and safety governance and include discussion of the legal obligations of due diligence but that is not their core purpose. If you have concerns about your legal position, you should seek expert advice.

All organisations have different needs based on their context. The information here may need to be adapted for your circumstances.

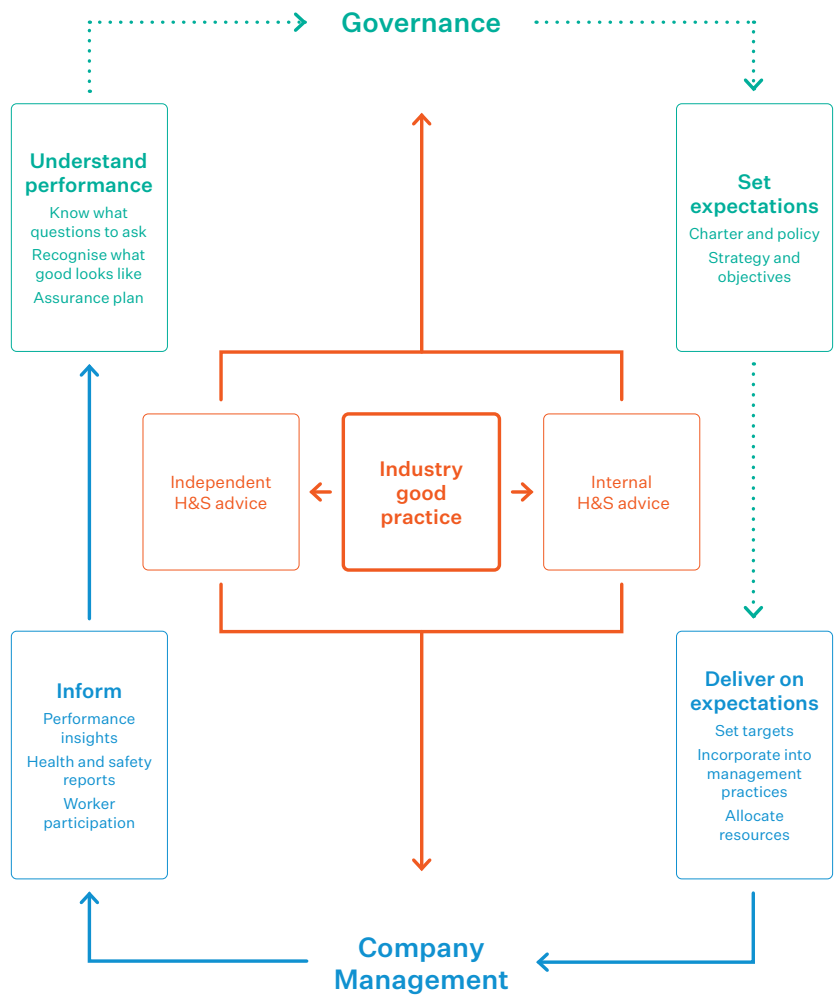
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## What does governance look like?

Governance is not about managing an organisation – it is about keeping an overview and holding management to account so that it operates in a productive, ethical and legal manner to achieve strategic objectives. Health and safety governance is simply one component of overall governance and requires a similar level of effort, understanding and focus as any other. It is important to recognise that it is inter-woven with all those other components and cannot be viewed as a standalone process.

Health and safety governance requires input from officers, from management and from health and safety specialists when necessary. Officers set expectations and managers deliver on those expectations with input from workers. Health and safety specialists provide advice to ensure that the right activities are undertaken and done effectively. All parties need to work together to make it happen.

Key components within these relationships are laid out below.



→ The quality of governance is directly linked to the quality of conversations.

The quality of your health and safety governance is based on conversations between officers, management<sup>1</sup> and other stakeholders, including workers and health and safety leads. You need to think about:

- What is happening in your organisation?
- What are your critical risks?
- What key controls are in place to manage those risks?
- Are you confident those controls are working?
- What do you base your confidence on?

To do this well requires a thoughtful, open and positive approach asking good questions, supported by good systems.

A vision for good health and safety governance that you can use to guide your efforts is:

*Capable leaders integrating health and safety into curious and courageous governance discussions and decisions, that are context-rich and demonstrate care for workers.*

<sup>1</sup> Management in this context means the executive management roles being carried out on behalf of the organisation. In some cases, an executive member may also be an officer – see ‘The role of the officer.’

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## The role of the officer

Health and safety governance responsibilities sit with officers of the organisation. Officers include directors of companies (or people holding comparable positions in other entities), partners, and any other senior people in a position that allows them to exercise significant influence on the management of activities being carried out by the organisation (for example a CEO). In most formal governance structures, officers meet and conduct business as a Board of Directors, but this is not the case for many organisations, particularly smaller ones.

The obligation to keep workers and other people safe lies primarily with the organisation (PCBU – person conducting a business or undertaking). In contrast, the officers’ role is to exercise due diligence to make sure that the organisation complies with its health and safety duties. This is a personal obligation for each officer and not a collective responsibility and is clearly separate from the PCBU’s obligations.

Due diligence includes finding out about how work is done and understanding how risks are managed within the organisation, as well as considering other obligations on the PCBU such as worker engagement and overlapping duties. It is not enough to simply rely on what you are being told. You need to be proactive and curious, ask questions, confirm your understanding and seek to validate information received.

There are six key areas of due diligence specified in law, although due diligence is not limited to these. They are summarised below.



### **Enabling (personal)**

1. Acquire and update knowledge of health and safety matters
2. Understand the nature of business’ operations and its risk profile



### **Supporting (organisational)**

3. Ensure access to resources and systems to eliminate or minimise risk
4. Ensure information about hazards, risks & incidents gets to the top and is actioned



### **Assuring**

5. Ensure the PCBU complies with its obligations
  6. Verify that resources and systems are in place and effective
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## What defines good health and safety?

→ Health and safety thinking is now more work-focused and takes more account of the complexity and variability of workplaces.

Traditionally, organisations often counted the number of injuries to decide how safe their work was. This has followed through into governance reporting, with most reports focusing on accident rates, such as total recordable injury frequency rates (TRIFR) and lost time injury frequency rates (LTIFR). But people can escape unhurt from very unsafe activities, so the lack of an accident does not provide much insight into how safe the work was. Research<sup>2</sup> has also shown that such measures can be random, non-predictive and not helpful as a measure of health and safety.

Focus on health and safety performance, and governance reporting about it, should centre on those areas that genuinely contribute to safer outcomes, such as providing enough resources, designing work well, training people, testing key health and safety controls and so on. You should consider your reporting systems and move away from measures like TRIFR and LTIFR to those that are more insightful. Further information on reporting is provided in Appendix 2 of the full guide.

Good health and safety governance can also impact other areas of your organisation – leading to better work, a positive working environment and engaged, supportive workers.

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<sup>2</sup> Hallowell et al, (2020), The Statistical Invalidity of TRIR as a Measure of Safety Performance, Construction Safety Research Alliance

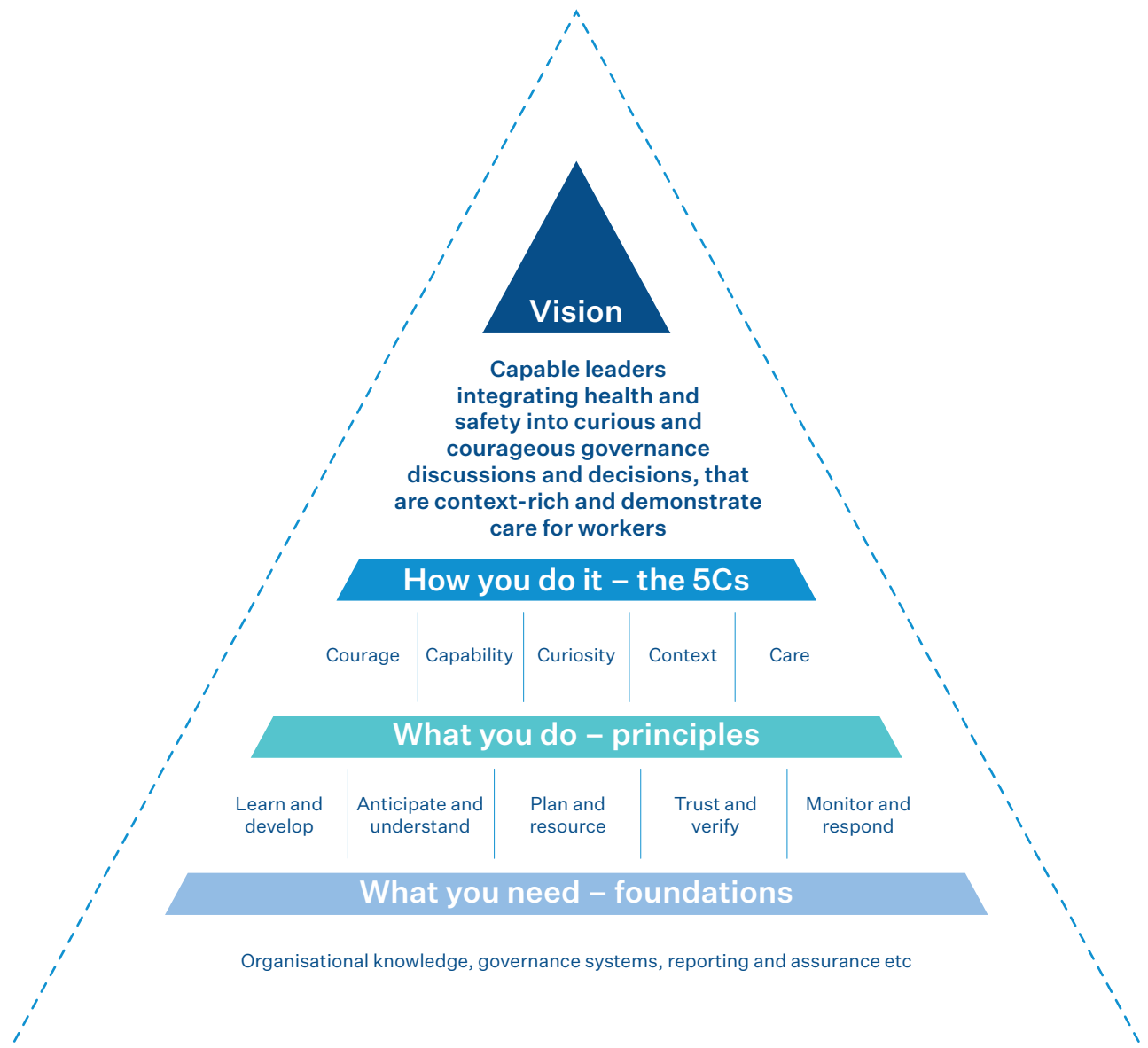
## What to focus on

To put this structure in place and to make it work as well as it can to achieve this vision, there are some key areas where your effort should be focused:

**What you need. Put the foundations in place** – make sure that the basic systems and building blocks are there to support governance work.

**What you do. Undertake the right activities** – carry out tasks that support the core principles of better health and safety governance.

**How you do it. Adopt the right mindset to take a supportive personal approach** – carry out your governance role in a way that supports and encourages better performance.





## What you need – foundations

→ “We sought external advice to make sure our systems were at the right level for our risk and scale.”

MC – Director, Manufacturing

All organisations have different needs, but there are several core tools, systems and approaches that form the basis of good health and safety governance.

You should review your organisation to make sure that these are in place or take steps to develop them if not. Once in place, you should review them regularly to make sure that they are effective, that they are still fit for purpose and that everybody is familiar with the processes being used. For smaller organisations with fewer formal systems, or those without a formal Board, think about how you can get the same visibility, assurance and outcomes in a way that works for you.

What	Detail	
<b>Set expectations</b>	Define the role of officers and executives in owning and prioritising health and safety within this organisation	<p>Be clear that good health and safety performance will only come about when officers and executives suitably prioritise it.</p> <p>Ensure that ownership of health and safety risks and their management sits with officers and with management, not with health and safety teams or health and safety representatives.</p>
<b>New officer induction</b>	Clearly lay out what happens when a new officer starts and who is responsible for it.	<p>Make sure they know key basics such as:</p> <ul style="list-style-type: none"> <li>• What the organisation does.</li> <li>• Who the key people are.</li> <li>• Worker demographics including any groups that may be at higher risk of injury or illness.</li> <li>• What other organisations you work with or rely on.</li> <li>• What the key health and safety issues are and how they're managed.</li> <li>• What their due diligence obligations are as officers and the reasonable steps that can be taken to fulfil them in this organisation.</li> </ul>
<b>Governance processes</b>	Define how your routine governance operates through charters and clear terms of reference.	<p>These should include:</p> <ul style="list-style-type: none"> <li>• Setting your health and safety vision, policy, strategy and objectives.</li> <li>• How often governance meetings occur.</li> <li>• How many Board members there are.</li> <li>• What the governance structure is – e.g. whether health and safety is a full Board discussion or via a committee.</li> <li>• What the programme of work and key governance activities and approvals are.</li> <li>• What reports and other information the Board routinely sees.</li> <li>• What the Board's role is in non-routine situations – emergencies and major events.</li> </ul>

What		Detail
<b>Competence framework</b>	Ensure that the Board has, or has access to, the right health and safety capability and experience.	<p>Define the health and safety skills and experience mix that is needed at a governance level and assess how that is met by the current team. Consider adding to or changing the mix of people involved if there is a significant shortfall.</p> <p>Enable access to competent independent advice to supplement your internal capability and to provide assurance where required.</p>
<b>Continuous improvement</b>	Enable the improvement of governance as the Board matures.	<p>Include regular self-reviews that consider how well your governance processes are working. Consider:</p> <ul style="list-style-type: none"> <li>• How well the Board works as a team.</li> <li>• How open is the relationship with the CEO and management team?</li> <li>• Are you happy with the quality of information received and have you defined what is required?</li> <li>• How you keep abreast of good practice.</li> <li>• How effectively you call out issues or concerns.</li> </ul>
<b>Assurance</b>	Gain confidence in effectiveness of systems through objective checks and reviews.	<p>Have a structured assurance programme to make sure you have comprehensive information from multiple sources to know what performance is like. Include:</p> <ul style="list-style-type: none"> <li>• Internal and external audits.</li> <li>• Inspections and site visits.</li> <li>• Reports on specific topics – e.g. deep dives into management of critical risks.</li> </ul>
<b>Records</b>	Keep good records of governance activities in relation to health and safety management.	<p>Include:</p> <ul style="list-style-type: none"> <li>• Meeting minutes.</li> <li>• Decision logs.</li> <li>• Activities carried out e.g. – site visits.</li> <li>• Records of your own activities as an officer, such as health and safety training received.</li> </ul>

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## Foundational questions

When considering the foundations, there are some basic questions that you can ask about the processes in place and the information you receive. These are particularly helpful for small organisations with fewer formal systems:

### Processes

- What have we got?** E.g. Does the process we have in place meet expectations of good practice?
- Does it work?** E.g. Is the process able to achieve what it is supposed to, is it effectively applied and how do we know that?
- Is it enough?** E.g. Are there any gaps in our processes?

### Information

- So what?** E.g. What insights into performance effectiveness are being provided?
- Is it meaningful?** E.g. Is the information robust, honest and representative?
- What now?** E.g. What is the next step if something is of concern, or is particularly good?

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## What you do – principles

→ “We reviewed all of our injuries and serious incidents to identify the common factors and risk amplifiers, with a few surprises. We then focused our efforts on mitigating and eliminating these.”

**SB – Director, Infrastructure**

Health and safety risks exist in all parts of your organisation and in all activities that it carries out. It is important that you spend time on areas that are going to have the most impact on achieving better outcomes. This means a combination of officer knowledge, organisational performance, consideration of future events and making sure there is a resourced plan in place. These then allow you to make good decisions about health and safety. The following five core principles of health and safety governance capture these areas. You should:

1. Learn and develop.
2. Anticipate and understand.
3. Plan and resource.
4. Trust and verify.
5. Monitor and respond.



Area	Questions to ask the Board and your organisation
<p><b>Learn and develop</b></p> <p>Officers should increase their knowledge and develop their understanding about the organisation and the industry it operates in as well as about key concepts of health and safety management. This includes organisational learning from incidents by finding out what happened and how, rather than seeking to apportion blame.</p>	<ul style="list-style-type: none"> <li>• Is there a planned programme of health and safety focused learning in place for officers?</li> <li>• How do we get regular feedback on the practical reality of how work is normally done?</li> <li>• Are incidents investigated in a way that generates genuine learning and avoids blame?</li> <li>• Do we clearly understand the PCBU’s risks and how it is managing them and other obligations?</li> </ul>
<p><b>Anticipate and understand</b></p> <p>Health and safety outcomes can be influenced by external factors and the constantly changing environment that modern work brings. Strategic decision making should anticipate such influences and take them into account when planning.</p>	<ul style="list-style-type: none"> <li>• How do organisational change processes consider health and safety at the earliest stage?</li> <li>• What future health and safety impacts might there be based on our strategy and how can we manage them?</li> <li>• How do we know what makes work successful and have we thought about what might interfere with that?</li> </ul>
<p><b>Plan and resource</b></p> <p>Workers constantly manage variability and unexpected situations to successfully complete work despite imperfect systems and processes. Organisations should plan to expect such variability and provide the resources needed by providing opportunities for feedback about real work and listening to what is needed.</p>	<ul style="list-style-type: none"> <li>• What direct routes do we have for feedback from workers about how well work is being completed?</li> <li>• What resources do we have to support critical risk management and provide sufficient advice and support?</li> <li>• How do we resource workers to help them deal with both expected and unexpected situations?</li> <li>• How do we manage work that is complex with unpredictable outcomes?</li> </ul>
<p><b>Trust and verify</b></p> <p>While we trust people to do the right things, sometimes things can still go wrong. We need to clearly understand what our most important controls are to manage our biggest risks and routinely verify that they are working as intended.</p>	<ul style="list-style-type: none"> <li>• Do we know what our critical and catastrophic risks are and the key controls and critical systems used to manage them?</li> <li>• Has an appropriate process been used to identify these controls and what have we benchmarked against?</li> <li>• How effective are those controls in practice – are they known about, understood, and being applied as expected?</li> <li>• What information is that view of effectiveness based on?</li> <li>• Are risk controls deployed across all areas where the risk exists, including in our supply chain?</li> <li>• Where do we look to find out where work varies from what was intended?</li> </ul>
<p><b>Monitor and respond</b></p> <p>To respond effectively to what happens at work, we need to monitor what matters in a way that provides genuine insights and does not incentivise unwanted behaviours. Then respond to issues arising in a constructive way that encourages openness.</p>	<ul style="list-style-type: none"> <li>• Do our reports give us genuine insight rather than just numbers?</li> <li>• Are we focusing on significant issues and avoiding trivia?</li> <li>• How do we react when people report bad news? Does it encourage future reporting?</li> <li>• Are we curiously sceptical if our indicators are always green?</li> </ul>

## How you do it – the 5Cs

→ “You should be able to clearly see your culture.”

FO – Director, Energy

The behaviour and approach that officers take play a key role in developing the culture of an organisation by setting the ‘tone from the top.’ To support good health and safety performance, officers need to create an environment of trust that fosters honest, open communication and allows difficult problems to be approached in a constructive way. This should be recognisable throughout the organisation.

Modelling the behaviours outlined as the 5Cs below will enable capable leaders to integrate health and safety into curious and courageous discussions and decisions, that are context rich and demonstrate care for workers. This will support the growth of an effective culture to drive improved performance.

Area	Questions to ask yourself
<p><b>Courage</b></p> <p>Be prepared to say that you don’t have all the answers and acknowledge that other people may know more than you.</p> <p>Have the courage to challenge yourself, and others around the governance table, when problems arise and respond in a constructive way when you are challenged.</p>	<ul style="list-style-type: none"> <li>• <i>What do I do to create a constructive environment for those bringing us information?</i></li> <li>• <i>When was the last time I said, “I don’t know” or “I don’t understand”?</i></li> <li>• <i>Do I speak up if I hold a different view to the rest of the Board?</i></li> <li>• <i>Do I actively encourage people to air different perspectives?</i></li> <li>• <i>Am I comfortable displaying vulnerability or is that seen as a sign of weakness?</i></li> </ul>
<p><b>Capability</b></p> <p>Continuously work to improve your own capability and add to that by looking for information, knowledge and advice from independent experts, from partners and from workers as well as from management.</p>	<ul style="list-style-type: none"> <li>• <i>What personal development in health and safety have I had in the last few months? Is that enough? Do I have a future development plan?</i></li> <li>• <i>Do I genuinely understand enough about what makes good health and safety happen?</i></li> <li>• <i>Have I discussed capability/experience with fellow officers to make sure we have the right mix of skills and knowledge?</i></li> </ul>
<p><b>Curiosity</b></p> <p>Be genuinely curious about what is happening in the organisation to understand:</p> <ul style="list-style-type: none"> <li>• The reality of how work is done.</li> <li>• What challenges your workers face.</li> <li>• What impact your decisions have on health and safety.</li> <li>• Whether systems are effective.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Do I accept the reports presented by management or do I follow up with curiosity to understand more, probing beneath the surface to make sure systems are effective?</i></li> <li>• <i>Do I know what our people really think? How do I hear their authentic voice?</i></li> <li>• <i>Do I think about health and safety implications in relation to our core business processes such as procurement, competence management, asset management, business planning, mergers and acquisitions, incentive schemes, goal setting etc?</i></li> </ul>

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### Context

Recognise and take into account the context of work, health and safety and the broader environment. Understand how non-health and safety matters can impact on health and safety performance and how people's actions are driven by their context. Focus on the highest risk areas of your organisation's context.

- *Do I keep up to date with the external factors in this industry that are influencing health and safety? What's changing? How can we influence them?*
- *Do I know what may cause internal conflict with health and safety outcomes in areas such as work planning, priorities and resourcing?*
- *Do I understand the day-to-day pressures of our front-line workers?*
- *Who is in our ecosystem that our PCBU has overlapping duties with? How have we considered those?*

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### Care

Place your people at the centre of your health and safety approach and discussions. Focus on looking after them, rather than seeking compliance and recognise that the best governance and due diligence outcome is a healthy and safe workforce.

- *How do I express my concern for our people in a way that is genuine, culturally appropriate and likely to be believed?*
  - *How do I demonstrate that health and safety must be a core value of the organisation and that health and safety cannot be sacrificed for productivity and performance?*
  - *When responding to events do our systems put people at the centre of things?*
  - *Do I know how we treat injured workers and get them back to work? Do I know what our people think about the process?*
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