



Workplace Health & Safety as a Driver of Long-Term Value in Australian Listed Companies

At IFM Investors (IFM), we view the safety and wellbeing of people as one of our most important obligations, and a key factor in long-term value creation. As stewards of long-term retirement savings of working people, we recognise that maintaining high standards of workplace health and safety directly supports business performance and helps protect investment outcomes.

For us, promoting strong safety practices in the Australian listed companies we invest in goes beyond meeting compliance standards. It's a practical and measurable way to reduce risk, maintain operational continuity, and support more resilient business models over time. Our approach actively aims to promote robust health and safety standards through strategic engagement and portfolio management.

We believe that a company's health and safety performance can significantly impact its share price, either positively or negatively, underscoring the importance of this topic for investors. This highlights the necessity of incorporating health and safety considerations as an important element in active investment decision-making.

Clear Links to Performance

Strong workplace health and safety practices can directly contribute to enhanced profitability by mitigating risks and avoiding significant operational disruptions. Numerous studies demonstrate a clear correlation between effective health and safety management and improved financial performance.¹ Listed companies prioritising worker wellbeing report reduced absenteeism, higher productivity, improved employee morale, and decreased turnover - outcomes that ultimately drive sustainable, long-term financial returns.²

For example:

- Organisations that invest in safety management programs achieve average returns of \$4-\$6 for every dollar spent³
- A hypothetical “Wellbeing 100” stock portfolio, containing the top 100 companies in employee well-being (according to Indeed), has significantly outperformed major stock market indexes since the start of 2021⁴

We believe these results reinforce the importance of considering health and safety performance as a component of active investment decision making.

Reduced Direct and Indirect Costs

Workplace incidents generate substantial costs that directly impact profitability. According to Safe Work Australia, in 2018, the average direct cost of a serious workplace injury claim in the mining industry was AU\$15,000. Total costs (including indirect impacts) can often reach 4-5 times this amount. For listed companies in high-risk sectors such as mining, construction, and manufacturing, these costs can significantly affect margins.⁵

We believe the impact is not limited to physical incidents. Organisations with a poor ‘psychosocial safety climate’ (PSC) seem to report significantly higher absenteeism - 160% more days lost to injury or illness, compared to high-PSC organisations (177 days vs 68 days).⁶ For listed companies, these outcomes can materially affect margins, workforce stability, and investor confidence.

Earning and Protecting the Social Licence to Operate

In sectors like resources, energy, and infrastructure, maintaining a social licence to operate is increasingly tied to safety performance.

Companies with poor safety records may not only face regulatory scrutiny but also face serious reputational consequences that can threaten project approvals, partnerships, and customer relationships.

Conversely, safety leaders tend to earn greater stakeholder trust, face fewer obstacles to growth, and are better positioned to maintain long-term operating legitimacy in the communities where they work.⁷



¹ [Safety Should Be a Performance Driver](#)

² [Thriving workplaces: How employers can improve productivity and change lives | McKinsey](#)

³ [Business Case for Safety and Health - Overview | Occupational Safety and Health Administration](#)

⁴ [s6d56zz16v](#)

⁵ [Australian Workers Compensation Statistics 2018-19p FINAL_contents_fix](#)

⁶ [Healthy work environments slash costs of workplace injuries and illnesses, study finds](#)

⁷ [Safety culture, safety performance and financial performance. A longitudinal study - ScienceDirect](#)

An Evolving Landscape for Australian Listed Companies

Future Development of Australian Workplace Health and Safety Regulations

The Australian workplace safety landscape is evolving significantly with the introduction of the Australian Work Health and Safety Strategy 2023–2033. The strategy was developed by Safe Work Australia, a government statutory body, and is supported by a regulatory framework that signals a national push to reduce workplace injuries, illnesses, and fatalities, with a particular focus on emerging workplace challenges.⁸

This ten-year strategy focuses on key priority industries and aims to drive continuous improvement in workplace health and safety outcomes across Australia, impacting listed entities. It also reflects broader trends that are shaping the development of Australian workplace health and safety regulation and wider landscape:

Changing Workforce Demographics

Australia's workforce is evolving, with increases in remote working, gig economy participation, and an ageing workforce population. These changes present new safety challenges for companies that require innovative approaches, for instance:

- Mental health has emerged as a critical workplace safety issue, with psychological injuries accounting for an increasing proportion of workers' compensation claims⁹
- Remote work environments require different safety monitoring and intervention strategies
- An ageing workforce brings different safety risks and requires tailored risk mitigation approaches

Regulatory frameworks are adapting to address these changes, with greater emphasis on psychosocial hazards, cultural drivers of safety, and the implications of flexible work environments – all of which have implications for listed entities' disclosure and oversight.¹⁰

Technological Advancements

The rapid adoption of new technologies is transforming workplace safety management while introducing new challenges. Artificial intelligence and machine learning are increasingly being used to identify safety risks before incidents occur, while wearable technology allows for real-time monitoring of worker conditions and environmental hazards.

Safe Work Australia has identified that by 2033, technological integration in safety systems will be a key factor in reducing workplace incidents, with particular focus on high-risk industries such as construction, manufacturing, and healthcare.¹¹ These technologies may enable earlier risk detection, but will also require careful implementation and governance.

How IFM Engages on Safety in Australian Listed Equities Portfolios

Achieving a high level of Occupational Health & Safety (OH&S) within a listed or unlisted company requires a culture that prioritises continuous improvement, leading to changes in behaviours and mindsets of everyone at the company—from being reactive after an injury or illness has occurred to identifying and fixing issues before they may cause harm.

We believe our experience investing in Australian listed equities, combined with deep local market knowledge, distinctively positions us to address health and safety developments specific to Australia. We believe all companies have a duty to provide safe working conditions for their employees and that accidents and fatalities can significantly impact not only the workforce but also company performance through productivity loss, litigation, cultural impacts, and reputational damage.

Our active equities investment teams incorporate safety performance into their decision-making, recognising that poor safety practices often reflect deeper structural or cultural issues, such as inadequate oversight, misaligned incentives, or weak internal controls, that may signal broader investment risks.

⁸ [Australian Work Health and Safety Strategy 2023–2033 | Safe Work Australia](#)

⁹ [Mental health | Safe Work Australia](#)

¹⁰ [Australia: Risky business - addressing psychosocial hazards in the workplace - HFW](#)

¹¹ [Emerging Challenges - Australian Work Health and Safety Strategy 2023-2033 | Safe Work Australia](#)

We engage directly with listed companies, where appropriate, on safety issues, particularly when concerning trends emerge. We expect listed companies to disclose comprehensive safety performance data, including both leading indicators (such as near-miss reporting and safety training rates) and lagging indicators (including lost-time injury frequency rate and total recordable injury frequency rate). We expect listed entities to respond transparently to serious incidents, including the timely disclosure of fatalities to the stock exchange, clear information on consequence management, and publication of investigation outcomes. These expectations are designed to ensure accountability and to encourage continuous improvement in safety outcomes.

Executive remuneration is another area of focus. We believe safety performance should be meaningfully reflected in variable pay structures, particularly for executives with operational or risk management

responsibilities. Where this alignment is lacking, we may vote against remuneration reports to send a clear signal to boards and management.

In cases where persistent safety concerns or patterns of inadequate board oversight emerge, we may escalate through our proxy voting rights. This may involve voting against the re-election of directors who hold specific safety oversight responsibilities - beginning with relevant committee chairs, and, if necessary, extending to the board chair and other independent directors. This escalation process is a core part of our stewardship framework and reinforces our commitment to holding companies accountable for worker wellbeing and operational integrity.

Ultimately, our engagement on workplace health and safety is aligned with our values, and is grounded in our purpose: to invest, protect and grow the long-term retirement savings of working people.

CASE STUDY

Spotlight on Perenti¹²

Perenti, a mining services company with over 11,000 employees across ten countries, has experienced eight workplace fatalities in five years, including two at Dugald River Underground Mine in 2023 and one at Mana Mine in Burkina Faso in February 2024.

We have consistently engaged with Perenti on safety governance for several years. In 2023, we voted against their remuneration report and opposed the re-election of two directors, including the Chair, due to inadequate board oversight of persistent safety failures. We formally communicated our concerns to the company after their AGM.

Following the February 2024 fatality, we met with Perenti to discuss the incidents, safety implementation at their sites, company

culture, and remediation plans. The company acknowledged failing to meet their primary objective of preventing adverse or life-changing events. Our discussions covered industry-wide hazards, cultural differences, and language barriers in their operating regions. We also discussed their newly introduced 'checkmate' safety procedure, including training implementation and why the recent fatality occurred despite this new protocol.

Perenti has committed to prioritising staff training and is deploying innovative technology-based tools to improve risk identification and mitigation at their sites. We will continue monitoring their safety disclosures and will continue to engage with them to assess the effectiveness of these improvements.

¹² 2024 Annual Sustainability Report | IFM Investors

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