



# ESG Standards are Impacting EHS More Than Ever

*Four ways EHS professionals can maximize their environmental impact.*

By Amanda Smith

A complex interplay of macroeconomic and geopolitical shifts has recently heightened the debate over the value of environmental, social and governance (ESG). But data affirms that managing ESG risk plays an important role in improving corporate performance, and a part of this has a positive impact on environment, health and safety (EHS) initiatives as well.

Indeed, a 2021 report from Morgan Stanley Capital International, which analyzed the ESG performance of over 6,000 companies, found that those with higher ESG ratings generally had lower environmental risks in some key EHS metrics, including carbon emissions, water usage and waste generation.

Given the direct correlation between ESG and EHS outcomes, safety professionals with a strong understanding of—and engagement with—ESG issues and standards can be more valuable to their organizations. As a result, these EHS professionals are better positioned to drive positive change.

This is easier said than done.

ESG standards and requirements are evolving. As sustainability becomes an increasingly important issue—and the debate over its importance continues to wage—ESG standards must adapt to reflect changing priorities, opportunities and risks.



There are four key actions organizations can take to stay on top of these shifts. By optimizing the application of ESG standards and frameworks, these organizations will also add benefit and value to their EHS programs.

### 1. Tie EHS programs to sustainability initiatives.

This will enable organizations to use valuable EHS program data to support sustainability decision making and drive visibility and awareness of the role of EHS in ESG. This can help to shift EHS from a cost center to a potential center for value creation. It can also help position EHS as a key contributor to corporate reputation, brand value and financial performance.

By demonstrating a strong understanding of ESG issues and standards, EHS teams will be able to engage with stakeholders, such as investors or regulators, on ESG issues. This can involve providing transparent and accurate ESG disclosures, participating in industry initiatives and responding to stakeholder feedback. This can also highlight the relevance of health and safety to ESG in social aspects of corporate sustainability, areas that are generally less associated with ESG than their environmental counterpart.

The role that health and safety plays in managing and improving working conditions while reducing instances of worker injury and advancing worker health is directly correlated to worker well-being. The value of worker well-being is a key tenet of ESG standards, and through its role in reducing attrition (and the heavy costs associated with that) it can directly impact long-term corporate stability and growth.

So, while the outcomes of EHS programs are sometimes a few steps removed from ESG goals, the frameworks they employ lay a critical foundation for ESG goals to be realized.

### 2. Collaborate and share information with diverse teams.

Collaboration and information sharing have always been a fundamental part of the EHS professional's DNA. Historically, and for obvious reasons, EHS teams already have a continuing dialogue with operations, legal and supply chain teams.

But by extending this outreach to even more diverse groups within an organization, EHS professionals can

more effectively manage risk, create more value by advancing innovation, increase employee engagement and foster a culture of sustainability across a wider breadth of stakeholders. Here are three additional groups that can help:

- **Human resources:** These teams can help develop and implement training programs for employees that promote an overall culture of safety and sustainability.
- **Engineering and technical teams:** By better understanding EHS issues, these teams can identify and implement new technology or processes that can reduce risk and support sustainability.
- **Marketing and communications:** These teams can serve as sustainability evangelists for the EHS team, explaining to stakeholders the value of EHS and its role in advancing ESG initiatives and building a broader base of support.

### 3. Learn about applicable frameworks.

Learning about current ESG frameworks can help EHS professionals align their goals with broader organizational agendas, refine reporting, increase transparency, stay ahead of regulatory requirements and identify areas to optimize their own programs.

Take, for example, the [Global Reporting Initiative \(GRI\) Sustainability Standards](#) framework. If a company opts to comply with GRI standards, its EHS teams will have added the framework's "recovery time" metric for worker illnesses and injuries.

This single metric, which refers to the time needed for a worker to recover fully to pre-injury health status, goes beyond the standard time away from work measure and can help teams focus on health, overall worker-wellbeing, and even retention. With this data, practitioners gain a more holistic view of the impact the business has on an employee as well as a greater understanding of the broad impact of the worker's health and well-being on the company's bottom line.

Indeed, a [2019 OSHA report](#) found that injuries and illnesses requiring time off from work have a significant impact on the financial well-being of both employers and employees. The report estimated that U.S. workplace injuries and illnesses cost more than \$250 billion annually. Staying abreast of existing ESG frameworks and the data that each prioritizes can improve the sustainability performance of a company while reinforcing the value of EHS efforts.



### **4. Embrace sustainability culture in your own EHS program.**

Thinking more broadly about the social and environmental impact of EHS programs can foster a culture of sustainability and personal responsibility as well. EHS professionals have traditionally been tasked with monitoring and reducing risks for environmental, health and safety purposes within their organizations, but as ESG frameworks proliferate, they can introduce a larger dialogue about broader issues related to the way we engage with the world—responsibly.

There is no doubt ESG is having a significant impact on EHS. Seen this way, EHS professionals can empower employees and those active in the field to become part of something even bigger. Something that goes beyond the evaluation of personal protective equipment, the management of materials and the administration of rules. EHS can become part of the larger ESG movement to create a more sustainable and equitable world.

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