

Health & Safety Governance in Swiss Industrial SMEs: Why Boards Must Treat Investment Choices as Safety Decisions

Boards often discuss Health & Safety and capital allocation as separate topics. Safety is reviewed through metrics and audits; CAPEX is evaluated through ROI, payback, and strategic fit. From a governance perspective, this separation is artificial.

Many of the most consequential safety outcomes are decided long before operations begin — at the point of investment and footprint decisions.

Safety is designed into assets, not added later

In industrial environments, safety is heavily influenced by:

- layout and material flow
- equipment selection
- automation level
- maintenance accessibility
- redundancy and fail-safe design

Once these decisions are made, operational teams can only mitigate, not eliminate, the inherent risk profile.

Boards that approve CAPEX without explicitly considering safety implications are, in effect, **delegating risk acceptance without discussion.**

The hidden governance risk in CAPEX prioritization

Under cost or timing pressure, boards are often presented with options such as:

- “base specification” vs. “enhanced specification”
- phased investments
- deferral of upgrades
- reuse of legacy equipment

Each of these choices carries **implicit safety assumptions.**

Effective boards ensure that:

- safety trade-offs are **explicit**, not embedded
- cost savings do not silently transfer risk to operations
- management clearly articulates long-term consequences

This is not about gold-plating assets. It is about **conscious risk ownership.**

Footprint decisions amplify safety risk

Site consolidation, relocation, outsourcing, or capacity shifts are among the most safety-relevant board decisions. They change:

- exposure profiles
- workforce skill mix
- supervision ratios
- contractor dependency
- cultural cohesion

Boards that view footprint decisions purely through cost or proximity lenses underestimate their safety impact.

Health & Safety governance requires boards to ask:

- Where does risk move when capacity moves?
- Which assumptions about skill, supervision, or culture underpin the business case?
- What is reversible — and what is not?

What mature boards do differently

Boards that integrate H&S into CAPEX and footprint governance typically:

1. **Require explicit safety commentary** in investment proposals
2. **Differentiate between reversible and irreversible risk**
3. **Align CAPEX phasing with capability buildup**, not only cash flow
4. **Test worst-case scenarios**, not only base cases

These questions do not slow decisions. They improve them.

A board-level test for investment decisions

A useful test for boards is:

If this investment led to a serious incident in five years, would we recognize today the assumptions that made it possible?

If not, governance discussion is incomplete.

Why this insight is evergreen

Technologies change, cost structures shift, and markets evolve. What does not change is that **boards approve the conditions under which work happens.**

Health & Safety governance therefore begins not on the shop floor, but in the boardroom — at the moment capital is allocated and footprints are defined.

Boards that understand this connection govern **not only safer companies, but more resilient ones.**