The Iran Business Responsibility (**IBR**) project encourages and guides companies to act responsibly when doing business in Iran

# Briefing JUNE 2017

### Occupational Health & Safety in Iran

Companies entering Iran will find a challenging occupational health and safety (OHS) environment, in which workplace accidents and deaths significantly exceed international and developing country averages. These challenges can be addressed by implementing responsible OHS practices and by putting in place systems to help ensure business partners in Iran do the same. Some Iranian companies and state agencies have indicated a desire to improve OHS standards, which should help foreign investors' efforts in this direction.

### **OHS CHALLENGES IN IRAN**

There are considerable differences among Iranian companies regarding OHS performance, even within sectors, and some have implemented rigorous OHS procedures. There are also Iranian state agencies and research centers that have indicated a growing willingness to support better OHS efforts and hold foreign companies accountable to their OHS obligations.

Nevertheless, work-related accidents resulting in death in Iran in 2014<sup>1</sup> occurred at a rate more than eight times the world average<sup>2</sup> according to statistics released by Iran's Legal Medicine Organization (ILMO), and the trend lines are poor: workplace deaths nearly tripled from 2004<sup>3</sup> to 2014, with early 2016-2017 data<sup>4</sup> showing a 10% increase in fatal accidents over the preceding year.



IRAN BUSINESS RESPONSIBILITY The 1,891 workplace deaths in Iran reported by the ILMO in a 12-month period over 2014-2015, itself an under-reported figure, represents a rate many times higher than that in EU countries, even in the least developed Eastern European and Balkan members.<sup>5</sup> Iran's work fatalities have also long exceeded Turkey's by hundreds per year, a regional neighbour of comparable development and labour force size, up until a recent spike in Turkish workplace deaths.

Fatal accidents in Iran occur primarily in the construction industry<sup>6</sup> (accounting for some 60% of all workplace deaths according to recent statements by Iranian officials<sup>7</sup>) and, secondly, in the mining sector.<sup>8</sup> Rates for all types of workplace accidents are highest in the basic metals, electrical and nonelectrical machines, and construction industries.<sup>9</sup> Falling from heights and crush injuries were the most common accidents<sup>10</sup> (with the accident rate dramatically higher for workers in the 15-24-year age range<sup>11</sup>), and prevalent occupational-related diseases include musculoskeletal disorders, respiratory disorders and noise-induced hearing loss.<sup>12</sup> Iranian studies have also detailed substandard OHS conditions in the petroleum (especially drilling), food and beverage, automotive, and pharmaceutical sectors, among others.<sup>13</sup>

### WHY ARE OHS STANDARDS LACKING IN IRAN?

Substandard OHS conditions in Iran are largely due less to regulatory shortcomings than to **inadequate monitoring and enforcement**, demonstrated in insufficient inspections, supervision and penalties for violations. Official Iranian statistics indicate 800 auditors serve 12 million registered workers—which amounts to one auditor per 15,000 workers.<sup>14</sup> Iran's OHS regulatory system is also hindered by bureaucratic overlap and lack of coordination.

Numerous Iranian studies indicate a **lack of awareness** of OHS standards among employers, managers and workers, significant **lack of training** in safety procedures, and **inadequate protective equipment and safety procedures**.<sup>15</sup> Additionally, as in many geographies, corruption undermines implementation of OHS regulations.

Iranian studies also note a **lack of management commitment** to safety protocols and a workplace culture in which OHS is given **low prioritisation**. Iranian managers often **view OHS compliance as a cost rather than investment**, and companies may find that their local partners do not require rigorous OHS standards.<sup>16</sup> Lax employer attitudes are compounded by a scarcity of Iranian NGOs and civil society organisations advocating for more rigorous OHS standards.

Large numbers of refugees and migrant workers exacerbate the problem. Nearly three million Afghan migrants in Iran—perhaps as many as 2 million illegally—provide employers with a large pool of labour unable and unwilling to register OHS complaints, especially in the construction industry where many Afghans work.

## OHS IS FURTHER UNDERMINED BY THE LACK OF INSURANCE FOR MANY IRANIAN WORKERS

A high proportion of Iranians work without insurance, in violation of Iranian law and international standards that workers be covered. Based on official Iranian government reports, at least one third of Iranian employees are not insured at all.<sup>17</sup> Of the two thirds, many are self-insured and thus significantly underinsured.

Lack of insurance results in workers and employers not reporting—or receiving any treatment or compensation for—workplace accidents or illness, and in OHS violations left unchecked.

The lack of insurance arises largely from the roughly 90% of Iranian workers who are employed under temporary contracts.<sup>18</sup> While insurance is required under these contracts, this is not enforced and thus often not provided. The lack of job security under them (as well as high levels of un- and under-employment) makes workers unlikely to demand insurance (or make OHS complaints).

In addition, under Iranian labour law, workplaces with less than 10 employees are exempt from the requirement to offer insurance, and such enterprises may represent as many as 50% of Iranian workplaces.<sup>19</sup> One out of three Iranian workers are also estimated to be working in the unregistered and unregulated informal economy.<sup>20</sup>

### WHAT COMPANIES CAN DO:

> Institute responsible OHS policies and practices, which may require implementing standards beyond compliance with Iran's regulations, regarding tools, safety equipment and clothing, the physical work space, training, monitoring, enforcement and grievance mechanisms.

> Undertake rigorous **due diligence on partners' and suppliers**' OHS policies and practices, including direct engagement with workers to assess the impact of these practices, and work with partners and suppliers to ensure appropriate policies and practices are in place, including monitoring and handling grievances for injured workers.

> **Communicate** expectations regarding standards when building relationships with partners and suppliers in Iran, and **train** local employees and managers in responsible OHS practices.

> Seek support and guidance from home governments and industry associations as well as from potential Iranian partners which may include state agencies, business associations and academic centers—on implementing responsible OHS practices and sector-specific training programs.

### Notes

<sup>1</sup> In the First Four Months of the Year, 657 People Died Because of Work Accidents, Iranian Labour News Agency, 15 September 2014, https://tinyurl.com/ycmjq9rc.

<sup>2</sup> International Labour Organization, http://www.ilo.org/global/topics/safety-and-health-at-work/lang--en/index.htm.

<sup>3</sup> The Annual Rate of Occupational Deaths in Iran, Iranian Student News Agency, 10 November 2006, https://tinyurl.com/yawckarg.

<sup>4</sup> Iranian Legal Medicine Organization, http://www.lmo.ir/index.aspx?fkeyid=&siteid=1&pageid=2316&newsview=28369.

<sup>5</sup> Eurostat Statistics Explained, http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Number\_of\_non-fatal\_and\_fatal\_accidents\_at\_work,\_2014\_(persons)\_YB16.png.

<sup>6</sup> Analysis of Occupational Accident Fatalities and Injuries Among Male Group in Iran Between 2008 and 2012, Iranian Red Crescent Medical Journal, 2015 Oct; 17(10): e18976.

<sup>7</sup> Four Workers Die Every Day Due to Occupational Accidents, Iranian Student News Agency, 26 December 2016, https://tinyurl.com/ybwa5lks.

<sup>8</sup> Occupational Health and Safety in Mining, edited by Kaj Elgstrand and Eva Vingard, University of Gothenburg, 2012.

<sup>9</sup> Epidemiology of Occupational Accidents in Iran Based on Social Security Organization Database, Iranian Red Crescent Medical Journal, 2014 January; 16(1): e10359.

<sup>10</sup> Risk-based Analysis of Construction Accidents in Iran During 2007-2011 Meta Analyze Study, Iranian Journal of Public Health, 2014, April, 43(4): 507-522.

11 Ibid.

<sup>12</sup> Status of Occupational Health and Safety in Iran, Journal of UOEH, 2011 December 1;33(4):283-91.

<sup>13</sup> See for example: Japan International Cooperation Agency's Study for Strengthening Environmental Management in Petroleum Industry in Persian Gulf and its Coastal Area, http://open\_jicareport.jica.go.jp/pdf/1000014245\_01.pdf; Environmental Risk Assessment of Iranian Drilling Industry: Deficiencies in Regulations of National Iranian Drilling Company, American Journal of Oil and Chemical Technologies Vol.1, Issue 1. March 2013; Al-Monitor, You Won't Believe What Some Iranians Found in Their Bottled Water, http://www.al-monitor.com/pulse/originals/2015/10/iran-foodstandards.html; Managerial Mindsets Toward Corporate Social Responsibility: The Case of the Auto Industry in Iran, Journal of Business Ethics, July 2015, Volume 129, Issue 4, 795-810; and Pharmaceutical Laws and Regulations in Iran: An Overview, Journal of Research in Pharmacy Practice, 2016, July-Sept; 5(3); 155-161.

<sup>14</sup> A Report on the Health Status of Iranian Workers, Iranian Student News Agency, 8 May 2016, https://tinyurl.com/ ydysk25q.

<sup>15</sup> See endnote xiv.

<sup>16</sup> Assessment of Barriers to Establish OSH: A Country Report, Journal of Industrial Health, 2015 July; 53(4): 378-384.

<sup>17</sup> The Document of the Social Security Policies of Iran, http://cabinet.gov.ir/portal/ home/?news/64013/81975/85792/.

<sup>18</sup> 90% of Iranian Workers Have Temporary Contracts, Fars News, 19 November 2015, http://www.farsnews.com/ printable.php?nn=13940828000379.

<sup>19</sup> See MERIP interview, 26 May 2017, with economist Mohammad Maljoo, http://merip.org/mero/mero052617.

<sup>20</sup> Growth in Informal Sector Undermining Economy, Financial Tribune, August 22, 2016.



### IRAN BUSINESS RESPONSIBILITY

**IBR** is a nonprofit initiative that works with companies, governments and other stakeholders to foster responsible business practices that respect people and the environment, enhancing the benefits business can bring and reducing the risks for companies.

For more detailed information on the issues in this briefing, please contact IBR project directors Andrea Saldarriaga at asaldarriaga@ibrproject.org or Andrea Shemberg at ashemberg@ibrproject.org

#### www.ibrproject.org