

COVID-19: ESG Guidance Note for Employers

Introduction

Companies are trying to understand the risks and magnitude of impact of the COVID-19 pandemic and how their businesses are being affected. This document provides a general Environmental, Social and Governance (ESG) guidance to employers on how to minimise business disruptions and take the most adequate actions¹.

It focuses on key ESG topics to be tackled by businesses in the current COVID-19 crisis: health, labour conditions and retrenchment risks, workers and community support, E&S policies and procedures. It also provides a short outlook on adapted Corporate Governance.

The last section finally sets out how BIO can support its clients with Technical Assistance during and after the COVID-19 crisis.

1. Health²

In line with national labour regulation and IFC Performance Standard 2³, companies should look to minimise occupational health and safety risks to employees regarding their activities (duty to care). In the context of COVID-19 pandemic, adequate measures are required to prevent and respond to infections. COVID-19 spread (or fear of) amongst employees may result in reduced productivity (e.g. from high absenteeism or a company lock- or shut-down by authorities). The following measures could be considered by companies :

- ensure clean and hygienic workplaces as well as sufficient space between workers;
- promote and provide materials to support basic infection prevention measures⁴;
- where possible, organise homeworking;
- organise virtual meetings and postpone or carefully plan in-person meetings;
- request to stay home for a pre-determined period when returning from a highly infected area, after contact with a COVID-19 infected person, or if an employee has COVID-19 symptoms (even minor);
- minimise exposure of vulnerable people (workers that are older, pregnant or with weakened immune systems, diabetes, heart or lung diseases);
- minimise in-country and international travels, consult official websites and plan essential travels carefully, taking prevention and response measures;
- minimise contact with suppliers and customers;
- be prepared for enforced shut down of sites at short notice;

¹ This guidance derives partly from CDC Group Guidance for employers accessible here: <https://assets.cdcgroup.com/wp-content/uploads/2020/03/23093424/COVID-19-CDC-ESG-Guidance.pdf>

² https://www.who.int/docs/default-source/coronaviruse/getting-workplace-ready-for-covid-19.pdf?sfvrsn=359a81e7_6

³ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps2

⁴ For more detailed advice and posters you can put around your workplace, please visit: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public>

- companies with a large workforce, workers camps and/or operating in remote areas should minimise community interactions (e.g. put non-essential staff from communities under paid leave), reduce workforce on site, review work & meal shifts as well as dormitory occupation, monitor workers health (e.g. temperature checks) and foresee contingency measures (e.g. deep cleaning, isolation dormitories), spare supplies and access to health services.

2. Labour conditions and retrenchment risks

There can be many consequences of the COVID-19 crisis on labour conditions. A few examples are: exceptional day or night working hours in the healthcare or food distribution sectors or for companies where a large amount of workforce is on sick leave, employees forced to take extended leave to respect quarantine requirements, parents working from home, workers or employees locked down in companies in sectors of national interest (e.g. energy production) or unable to return home if repatriation did not take place on time. **Employers are advised to consider adapting labour and compensation policies to cover these extenuating circumstances.** These include but are not limited to sick leave, extended paid leave, leave for caretaking responsibilities, contractor payment terms, flexible working and overtime compensation. Employers must ensure they comply with labour laws and COVID-19 amendments or requirements from authorities.

Businesses that are facing significantly reduced revenues, should, as per IFC Performance Standard 2⁵, identify cost reduction measures first before retrenchment is considered. If retrenchment is unavoidable, a responsible retrenchment plan should be developed in a way that achieves the commercial aims of the process while minimising the impact of job losses on workers (including casual workers and contract workers) and communities. The development of such a plan when a significant number of job losses are envisaged **is a requirement for BIO financed investments**, and BIO expects to be notified should such a situation arise. In line with IFC PS 2 and the Good Practice Note on Managing Retrenchment⁶, the following principles should be followed:

- Reduce number of job losses (e.g. reduction in hours; productivity improvements; temporary layoff; and salary reduction) and mitigate effects on individuals, groups and communities;
- Consult workers and unions on the plan and integrate feedback in line with national regulations;
- Develop and document fair and transparent selection criteria that avoid discrimination (more typically, selection criteria involve one or a combination of the following work-related factors: length of service, performance record, disciplinary record, absence record, skills, knowledge).
- Develop or communicate the existence of an appeal and grievance procedure to ensure the sense of fairness and consultation reaches down to an individual level.
- Communicate transparently about the process to workers, in line with national regulations and collective agreements signed by the company.

⁵ PS 2: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps2

⁶ IFC Good Practice Note: Managing Retrenchment (2005) https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_gpn_retrenchment

3. Workers and community support

Given the uncertainties about COVID-19, staff morale should be monitored. Companies might face increased absences due to illness and the desire not to spread infection to other employees or fear of contagion. Where possible, clearly communicate that employment contracts will be honoured in case of absence due to illness to discourage workers from coming in sick. It is important to maintain frequent and supportive communication between management and workers. Companies should be vigilant concerning risks to workers and contractors arising from potential social unrest associated with COVID-19 (e.g. in event of fear of contagion, rumours of non-payments of contractors or workers, retrenchment). Should social conditions deteriorate, and companies feel that their workers are at risk, they should discuss with their security providers the best way to assure worker safety while maintaining business continuity. The use of security personnel should always be conducted in line with IFC Performance Standard 4, which is guided by the principles of proportionality and good international practice to ensure appropriate conduct towards workers and affected communities.

4. E&S Policies and procedures

In line with IFC Performance Standards, companies should consider developing policies and procedures to be prepared for preventing and responding to COVID-19 risks. As COVID-19 infection risk and authorities' measures vary across sectors and evolve constantly across countries and provinces, these policies and procedures should be tailored to your organisation and adapted as the situation changes. As it is yet unknown how the epidemic will evolve and as it is possible that an infection risk will remain in a post-COVID-19 crisis era, policies and procedures should include different scenarios and be based on a risk identification and mitigation approach. More guidance on disease prevention and emergency preparedness and response is provided by IFC Performance Standards and General EHS Guidelines⁷.

These procedures may include:

- Prevention procedures covering basic hygiene, cleaning and disinfection, personal protective equipment, customer engagement, supplier management, and visitor management;
- Policies and procedures on how to determine and manage suspected and identified cases;
- Updated working condition policies as appropriate;
- Stakeholder engagement procedures where operations or changes to operations might affect or impact the community.

These procedures should be communicated clearly to workers and, as applicable, to contractors/sub-contractors, workers in worker accommodation sites, visitors, customers, supply chain, and the surrounding community.

⁷ see IFC PS1 Guidance note, in particular G81 and following : https://www.ifc.org/wps/wcm/connect/6df1de8f-2a00-4d11-a07c-c09b038f947b/GN1_English_2012.pdf?MOD=AJPERES&CVID=mROjKE9 and IFC PS4 Guidance Note, in particular G18 and following (Communicable disease) and G25 (Emergency prevention and response), General EHS guidelines, sections 3.6 and 3.7 : https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/performance-standards

5. Corporate Governance

Adapted Corporate Governance (CG) and strategic management processes are key to ensure proper management of the COVID-19 pandemic impact. To mitigate business disturbances, the management of companies should ensure that adequate procedures are established and reviewed regularly, in light of the development of the COVID-19 spread. Below is a non-exhaustive list of most possible actions to take from a CG perspective:

- Clarify roles and responsibilities of Executive Management Committee and Board of Directors but also other key decision-making bodies (HR, Audit, Risk,...). Setting up a COVID-19 crisis committee can be essential, with clear functions for each Member. It may also be necessary that such a Committee continues to operate post-crisis, in order to ensure continuity until things get back to "normal" (therefore deactivation of this Committee should also be foreseen).
- Set up internal and external crisis communication: for both the company to continue to operate as efficiently as possible (i.e. minimising disturbances) and to prevent harming the reputation and trust with creditors, shareholders, clients and other stakeholders. Internal communication channels must be as clear and transparent as possible. Continuity plans and responsibilities of key staff must be explicit and communicated within the company.
- List the key weaknesses and threats triggered by the crisis and the impact on: clients, disruption into the supply chain, employees absenteeism, logistics, financial/creditors, reporting requirements, IT, social, communities around the company, legal framework of the company and how it is affected by the crisis.
- Set-up a dashboard with (financial and non-financial) Key Performance Indicators (KPIs) to be able to monitor the evolution of the company performance, adapted to the context of the COVID-19 impact on the business. Responding to threats and weaknesses identified by seeking innovative and alternatives solutions. Plan different scenarios (hard/medium/soft) on the business operations to ensure continuity.
- Internal Administration in times of confinement: contingency plans should be developed to ensure decision-making procedures are ensured, power of attorneys and signature delegation effective, electronic signing of documentation established, etc.
- The risk of fraud in these turbulent times must carefully managed. For bigger companies, this should be ideally handled by the Audit Committee.
- Seek for the advice of external counsel when necessary, as legal obligations may apply to the company, its Management Directions and Board of Directors members. For listed companies, please refer to the market regulation body and national obligations for disclosure and reporting.

6. Business Development Support Fund: what can BIO do to support you?

In these difficult times, BIO wants to reaffirm its willingness to stand alongside its clients to support them. Through our Business Development Support Fund (BDSF), BIO is more than ever ready to support our clients to develop adequate ESG responses, health and safety measures for their employees, customers and general environment, to help them organise their activities and Corporate Governance during the pandemic, but also to help prepare for what comes next through business, technical or other advisory services.

BIO is currently reaching out to consultancies to map COVID-19 related services. They will help us set up strategies and management plans to better cope with the crisis and ensure recovery and post-crisis adapted business strategies (as organisations will likely operate in an environment with ongoing risks of COVID-19 spread)⁸.

If you have specific needs for co-financed technical assistance in relation to this crisis, please go to <https://www.bio-invest.be/en/bdsf> or reach out to our BDSF Coordinator:

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BIO commits to do its utmost possible to fast-track your application and provide you with the best possible guidance and financial support.

Disclaimer

This document does not constitute medical advice and is not a substitute for professional advice from international or national public health organisations, health authorities or governments. This guidance document is intentionally short, references are provided to public links for employers willing to access more detailed information. This document cannot cover all circumstances and companies, as risks and challenges vary among sectors and activities. If your organisation is facing any specific issue, please reach out to your ESG or investment contact. BIO is constantly deepening its assessment of COVID-19 related risks and ESG guidance capabilities. For other business risks that companies may be facing as a result of COVID-19 such as risks to revenue or business continuity (supplies, etc.), please speak to your BIO investment lead.

⁸ We also invite our client to consult the online resources published by CDC:
assets.cdcgroup.com/wp-content/uploads/2020/03/30134619/COVID-19-Webinars-and-Resources-pdf