GOOD PRACTICES FOR ENVIRONMENTAL AND SOCIAL MANAGEMENT AND CORPORATE GOVERNANCE DURING THE COVID-19 CRISIS

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While the world is faced with a health crisis it has not known for several decades, PROPARCO is reaffirming its support to its partners and wishes to provide them with appropriate tools. There are currently a number of instructions from international and national institutions describing the precautions we all need to take. This good practices guide does not aim to go over all these instructions, but to sensitize PROPARCO's partners to the main environmental, social and governance issues and identify measures that can be implemented to address this crisis and prepare the end of it as effectively as possible.

Contents

1. Protection of workers (Hygiene, Health, Safety)

During this epidemic, the priority for companies is to adopt prevention measures to protect the health of their employees, in accordance with employers' responsibilities, and encourage them to take care of their health, their safety and that of their family circle. In this respect, it is necessary to:

- **Identify vulnerable staff**
    - People with health problems and the **elderly**, as they are identified as being more at risk of developing more severe forms of the disease
    - **Women** are overrepresented in the most affected sectors, such as services and the care economy. In addition, when schools close, or a family member falls ill, it is generally women who are asked to stay at home. Pregnant women are also advised to take all the preventive measures to avoid infection
    - The least protected workers, in particular **daily workers**, are likely to be more affected by the virus as they do not have access to the conventional social protection mechanisms
    - **Migrant** workers are particularly vulnerable to the impact of the COVID-19 crisis, which restricts them from travelling to their workplaces in the countries of destination, as well as their return home

- **Prevent the spread**
    - Keep informed and **follow the advice** of international health organizations (such as WHO), the national health agency and the government
    - **Communicate good practices** to workers and visitors in key areas, such as main entrances and toilets, *via* the display of **hygiene instructions** and COVID-19 symptoms, training and reminders to the staff identified, such as receptionists
    N.B. *WHO has developed a number of documents that can be downloaded and printed or adapted by companies*
    - As far as possible, **reduce the number of workers at the workplace** to allow **social distancing**. Avoid the usual physical contacts (handshaking, for example)
    - Identify workers who can **work from home**, if possible, and provide them with the appropriate technology
    - Advise employees to **stay at home when they are ill** and consult a doctor if they have COVID-19 symptoms
    - **Minimize the number of physical meetings** and use remote communications
    - Carry out **health controls** at the entrance of sites and construction sites. Use infrared laser thermometers to check the temperature of workers and visitors
    - Identify **areas with high risk of transmission** (food preparation, contact with the public, etc.) and implement appropriate measures in line with international recommendations. In particular, provide

disinfectant for hands and/or washing facilities with soap in all areas where the risk of transmission is identified

o Assess whether there may be transmission through **materials** (packaging, for example) and act accordingly

- **Provide psychological support**
    o It is important to maintain **frequent and supportive communication** between the management and workers. In view of the many uncertainties over COVID-19, the psychological well-being of staff must be monitored. The crisis caused by COVID-19 has given rise to a number of uncertainties which may have repercussions on the psychological well-being of staff. Particular attention should be paid to this. Companies can expect to face an increase in absenteeism due to the disease or fear of contagion
    o As far as possible, **promote the social dialogue** in the company and assist the main governance bodies in giving clear instructions
    o The increase in the number of people staying at home may also increase the risk of domestic violence. To support the health of employees, it is necessary to sensitize them to this issue and be particularly open to dialogue.

The situation related to COVID-19 is constantly changing. It is essential to regularly reassess the measures listed above.

Key resources:

- *Interim advice for IFC clients on supporting workers in the context of Covid-19,* IFC
- *Interim advice for IFC Clients on preventing and managing health risks of COVID-19 in the workplace,* IFC
- *Getting your workplace ready for COVID-19,* WHO
- *Advice sheets on activities and guides for employees and employers*, French Ministry of Labor
- *Scientific and technical support note on the prevention of exposure to the SARS-CoV-2 virus in the workplace*, ANSES
- *Website of the National Research and Safety Institute (INRS) - Health and Safety at Work*, INRS

- *Website of the Professional Agency for Risk Prevention in Building and Civil Engineering*, OPPBTP

2. Organization of construction sites and workers' camps

During this epidemic, the priority of contracting authorities and construction companies is to adopt prevention measures to protect the health of their employees, in accordance with employers' responsibilities, and encourage them to take care of their health, their safety and that of their family circle.

To this end, companies may consider the following actions:

- Identify the people who are vulnerable to COVID-19,
- Control the access of employees and persons external to the construction site (ask about the health of workers and their families every day, take temperatures),
- Train workers in the preventive measures,
- Ensure that personal protection equipment is available (including masks) and that it is used properly, disinfected and disposed of,
- Reorganize the construction site to ensure social distancing (limit joint activities, change work schedules, organize orders of turn, create circulation paths),
- Modify the human organization (identify a focal point responsible for coordination), ensure systematic supervision
- Limit travel,
- Modify accommodation arrangements,
- Disinfect premises for collective use,
- Reinforce hygiene and ensure there is distancing in catering premises.

The contracting authority and companies must **set up an organization to manage the risk** and emergency situations. In particular, they should:

- Set up a COVID-19 risk management committee and hold frequent and regular meetings,
- Identify a person responsible for coordinating management measures,
- Carry out a systematic assessment of the COVID-19 risk for the various activities of the construction site and identify management measures,
- Draft COVID-19 risk management procedures,
- Develop an emergency plan,
- Be in contact with the local and national health authorities,
- Set up a specific COVID grievance management system for communities and staff (by providing a phone number, for example),
- Ensure the medical staff is permanently on-site.

Transparent communication is essential, in particular to establish and maintain confidence and avoid rumors.

The situation is constantly changing, it is essential to regularly reassess the measures listed above as well as the relevance of maintaining or suspending the construction site.

Key resources:

- *Risk assessment and decision-making tool*, IDB Invest

- *Guide on health safety recommendations for the continuity of construction activities-Covid-19 (approved by the French Ministry of Labor)*, OPPBTP

- *Guidance for managing COVID-19 risks in the construction sector,* CDC

- *Worker accommodation and Covid-19,* Mott MacDonald

3. Job protection

To ensure their resilience, companies need to safeguard the skills of their staff and their commitment. **Collective redundancies must therefore be seen as a last resort**. Alternatives to collective redundancies must be considered first (examples are given in the IFC document Interim advice for IFC clients on supporting workers).

If collective redundancies are unavoidable and if there are no other cost reduction measures, a retrenchment plan should be prepared in accordance with national regulations and with reference to international standards (IFC Performance Standard 2 and the related Good Practice Note). Special attention should be given to:

- **Taking into account national legal and political developments**. Some countries restrict dismissals based on COVID-19 or require special authorizations. Government support may also be available. For example, some governments grant subsidies or tax relief if workers are kept on
- **Mitigating the impact.** During the process, efforts must be made to reduce the number of jobs which will be lost and alleviate the effects of job losses on individuals, groups and communities
- **Consulting.** The retrenchment plan must be based on broad consultation (in particular with workers and their representatives, such as unions) and it must include feedback on the plan
- **Developing and documenting fair selection criteria**. Ensure that the selection of the workers to dismiss is based on fair and transparent principles and without discrimination towards particular groups. The selection criteria generally involve a combination of the following factors: seniority, performance file, disciplinary file, absenteeism file, skills, knowledge
- **Setting up a complaints mechanism**. Every individual has the right to submit the reasons for which they should not be dismissed or to make an

> **Key resources:**
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> - *COVID-19 and the world of work: Repercussions and responses*, ILO
> - *Restructuring for recovery and resilience in response to the COVID 19 crisis,* ILO
> - *Interim advice for IFC clients on supporting workers*, IFC
> - *Good Practice Note: Managing Retrenchment*, IFC
> - *COVID-19 Guidance for investors and financial institutions on job protection*, CDC & Ergon

appeal concerning the way in which the process has been managed. As far as possible, grievances must be followed by someone other than the person who made the dismissal

- **Communicating**. The redundancy process must be transparent and communicated to the workers in writing. For workers who cannot read, the process must be explained in understandable terms. Generally speaking, regular and open communication is important in order to counter rumors, limit contradictory messages and avoid increasing worries among the staff.

4. Gender inequalities and COVID-19 crisis

Women on the front line

Gender inequality and gender-related vulnerabilities are exacerbated in times of crisis. As we have seen with past health crises, women are among the populations to be hit first and hardest. According to WHO, women account for 70% of the staff of health and social services. Yet the medical and nursing staff and other health professionals are more exposed to the risk of catching the disease.

Outside the official health system, women are exposed to a greater risk due to their dominant role in the care economy. Indeed, when daycare centers and schools close, or an elderly person falls ill, it is generally women who are asked to stay at home to act as volunteer caregivers. Consequently, the risk of them in turn falling ill increases, as does their workload.

Economic consequences

It is also becoming increasingly clear that the economic consequences of COVID-19 could hit women harder, as a larger number of them have low-paid, precarious and informal jobs. The disruptions, including the travel restrictions, are likely to prevent women from earning their living and providing for the basic needs of their family. In addition, companies owned by women are generally smaller and they have less access to credit than their male counterparts, meaning they are less resistant to economic shocks.

Less access to healthcare and the risk of an increase in domestic violence

As was the case with the recent Ebola and Zika epidemics, it is likely that overloaded health systems and reduced mobility will make it more difficult for women and girls to access healthcare. This less accessible care could include maternal and child health services and programs to combat violence against women. Access to and availability of this care could decrease or even disappear, as the already limited resources are reserved for the fight against the epidemic. This could lead to an increase in the risk of maternal mortality and a rise in domestic violence and sexual assaults.

How to address this crisis?

The threat posed by Covid-19 provides a reason to reaffirm and not abandon the promotion of gender equality. Reflection needs to be conducted in a few areas.

Companies must give priority to health and safety, while identifying and analyzing the potential risks and impacts of the intervention measures on women.

1. **Provide financial support to nursing staff**, including for emergency care for children, people with disabilities and the elderly, and extend paid leave to all employees, including people working in the service and retail trade sectors, by paying sick leave and leave to care for dependent family members. Encourage employees to take the time and use the necessary resources to take care of themselves and their loved ones.

2. **Share resources on domestic violence** with all employees (reporting and access to services). Allow employees to report cases of domestic violence through existing employee assistance programs and provide financial or in-kind support to domestic violence services

3. **Ensure equal representation of women in in-house working groups on Covid-19.** An inclusive and gender-sensitive response can only be obtained if the women and men who devise it are representative of employees. Women must be equally represented in all the working groups, in addition to other groups, in particular ethnic minorities and the LGBTQI+ community. These working groups are important for developing action plans that support all employees, including women and other vulnerable groups

4. **Support women throughout the supply chain** by working with suppliers so that they take into account the gender dimension and so that employees are paid and can have access to their salary. Ensure that employees have access to information on personal hygiene, social distancing and COVID-19. Actively support companies run by women by guaranteeing payments and orders, providing advance payments whenever possible and helping them switch their production towards products where there is significant demand

5. **Disaggregate all the relevant data by sex** to monitor and control the differential impacts on women and men, including the distribution of redundancies, leave and reductions in salaries and bonuses. As the impacts of Covid-19 will probably be felt for many years to come, companies will need to continue this approach, including after the crisis, and look for the signs of differential impacts depending on gender on promotions, wage increases, part-time work and staff turnover

6. **Advocate for an inclusive recovery**. As shown by the previous crises, the repercussions on gender equality will probably be serious and lasting. Ensuring a recovery including the gender dimension can mitigate the negative impacts on women in terms of the reduction of salaries and savings, unemployment and risks of violence, and provide the opportunity of building a better future for all women and men.

Key resources:

- *How Business Can Support Women During the Covid-19 Crisis*, BSR
- *2X Challenge and Gender Finance Collaborative response to the COVID-19 pandemic*, 2X Challenge & GFC

5. Corporate governance in times of crisis

In times of crisis, the context is characterized by considerable uncertainty and high volatility, meaning it is more difficult to make decisions. Corporate governance bodies need to be able to continue to make informed, fair and effective decisions. It will also subsequently be possible to discuss these decisions within the team and with other stakeholders. The management of the crisis will differ depending on the company's size and culture.

Some good practices in three corporate governance thematic areas are presented below: firstly the commitment to good governance and the role of the Board of Directors, then crisis management and, finally, the control procedures and business continuity plan.

5.1. Commitment to good governance, the role of the Board of Directors

In times of crisis, the main actors identified as being competent and involved at the first level to trigger the implementation of a business continuity plan (when there is one) are:

- The Board of Directors and its Committees,
- Senior Management,
- The Crisis Committee,
- The Risk and Audit Departments, when they exist.

Crisis management is organized by the Board of Directors, which has a particularly political role in times of crisis, as it judges the management's action and decisions. Its independence of spirit and strength of conviction should make it possible to develop decisions in the interest of all stakeholders: shareholders, employees, suppliers, clients.

The role and involvement of the Board of Directors vary depending on the company's size. In all cases, the Board has a duty of vigilance over Senior Management actions in order to ensure the company's sustainability. Neglecting this duty could lead to it being held accountable. In this period of crisis, the role of the Board of Directors consequently must be adapted.

For companies with a strong organization, it involves, for example:

1. Providing for the formalization of communication procedures between Senior Management and Board Directors, and protocols to rapidly call on them (**Crisis Communication Plan**)
2. Providing for **standby mechanisms**, whereby certain Board Directors could be contacted at all times. This means they would have to communicate their contact details and have technologies to exchange documents
3. Appointing, among the independent Board Directors, a Vice-Chairperson or **Senior Director as a guarantor of good governance,** whose main task is to assist and advise the Chairperson and the Chairs of the specialized committees. This would bring fluidity and agility in times of crisis
4. The Crisis Committee and Audit Committee must **monitor the risk of aggravated fraud** in times of crisis
5. Keeping a **Crisis Log** containing all the decisions made by the Board with the main justifications
6. After the crisis, it is necessary to **evaluate the functioning of the Board during the crisis**, independently of the conventional evaluation calendar

5.2. Implementation of crisis management

The Board of Directors adapts the existing **business continuity plan** to the specific problem of the health crisis, or prepares an **open-ended ad hoc crisis management plan that can be adapted to the circumstances**, then monitors its implementation and its deactivation.

1. **Composition of the crisis unit**
   a. A crisis unit is generally made up of staff members (decision-makers, communication managers, etc.) and, if necessary, people from outside the company. It is also called a crisis committee. This crisis committee manages the sensitive or critical situations a company may face during its period of activity. **All the members of the crisis unit are responsible for the decisions and action to be taken in order to prevent a potential crisis or limit the impacts of an ongoing crisis.**
   b. **Its exact composition is determined by each company**, but it may comprise: the decision-makers (CEO, Deputy CEO), a Senior Board Director, a few members of the Executive Committee depending on the expected or foreseeable impacts (Financial Director, Director of Operations, Chief Legal Officer, Safety Director, Information Systems Director, Communication Director) and a staff representative where appropriate. The crisis unit may call on external expertise depending on the nature of the crisis (specialist in crisis management, medical expertise, restructuring officer, etc.).

2. **Role of the crisis unit**

The crisis unit is a key body which organizes the crisis management. It must:
   a. Organize the **ad hoc staff consultation bodies** (in particular if the crisis committee does not have a staff representative), especially for staff safety and the business continuity plan
   b. Analyze the causes, impacts and consequences of the crisis
   c. If the company has a risk mapping and **crisis management plan**, it needs to be adapted. If there is no plan, the crisis committee must conduct this reflection
   d. Devise **precautionary measures**, as well as crisis mitigation and business continuity measures (or implement the **Business Continuity Plan** when one exists). The precautionary and mitigation measures are aimed at employees who have been affected and their families (protective equipment and measures in particular). Business continuity includes all the measures to allow the company to continue its activity, even in downgraded mode
   e. Implement **crisis communication**: explain the measures taken by the company to reassure the stakeholders (employees, downstream chain, upstream chain, donors, etc.)
   f. Establish **business/performance crisis indicators**: measure what the company is still able to do during a stress period
   g. Reduce the information for Board Directors (without providing files or simplified consultation) but **keep them informed**

h. Ensure in advance that there is a good **alignment** between Senior Management (rapidity of decision-making) and the expectations of Board Directors

i. Establish **delegation procedures adapted to the crisis**

5.3. Control procedures, Business Continuity Plan

The Business Continuity Plan (BCP) defines and describes:

1) The **mapping of risks** and vulnerabilities,
2) The different **impacts** for the company,
3) The **continuity strategy** adopted with the targeted timeframe for the recovery,
4) The **emergency organization and information systems**,
5) The **procedures for the recovery and changeover**,
6) The **procedures to remain operational** of the Business Continuity Plan.

Pursuant to the BCP, the various measures below may be implemented in order to make the continuity plan operational in response to the health crisis:

a. Identify and understand the specific aspects of the management of the health crisis and its impacts for the company's activity

- The characteristics of the health crisis (origin, symptoms, severity and spread),
- The measures taken by the authorities,
- The disruptions for the company (human and social, commercial, logistics, financial),
- The legal framework (obligations of the employer, right to withdraw, dispensation from work, teleworking, part-time work, flexible working hours, work stoppage).

b. Inform and communicate

- Establish a mapping of stakeholders,
- Collect employees' questions and answer them,
- Prepare discussion points and messages to reassure, inform the policies pursued and communicate instructions, remembering to keep staff representatives and the Board of Directors regularly informed.

c. Deploy mechanisms for risk prevention and the protection of individuals

- The hygiene rules to respect, the precautionary measures to apply, the instructions to follow in case of infection, the wearing of personal protective equipment (masks, gloves, etc.),
- The maintenance of premises and equipment,
- The roles and responsibilities of the various stakeholders.

d. Reorganize work and operating methods

- Solutions such as teleworking, flexible working hours, limited working meetings, business travel in risk areas and use of collective spaces (elevators, restaurants, recreation rooms), staying at home and an increased use of means of communication: phone, e-mail and instant messaging, videoconferencing tools, private social networks, transport solutions.

e. Support employees

- Regular awareness-raising and information actions, psychological assistance, assistance for employees in lockdown or repatriated (administrative procedures and formalities, accommodation, schooling for employees' children, healthcare, material needs…).

f. Deploy business continuity solutions

- Definition of critical and non-critical missions and activities,
- Identification of vital resources,
- Definition of succession plans for key personnel,
- Search for and implementation of emergency solutions to operate during a crisis.

g. Ensure the functioning of the supply chain

- Assessment of the exposure of sites, suppliers, critical products and services, by seeking downgraded alternative or supply solutions,
- Reorientation of inventory management policies,

- Capacity reservation (transport, manufacturing).
h. **Maintain and strengthen customer relations management**
- Implement solutions to maintain close contact (regular updates), but also to develop multichannel sales (on the Internet, for example) and match the quantities requested (priorities) with the company's supplies.
i. **Anticipate and manage the crisis *via* the coronavirus crisis management mechanism**
- The crisis unit's alert and programming procedure, health monitoring, regular updates with teams, reporting of suspected cases, responses to events, crisis recovery plan, etc.

Key resources:

- *IFC guidance on corporate governance*, IFC
- *Stepping in: The board's role in crisis management,* Deloitte
- *Demonstrating Resilience: The Board of Directors and Crisis Management,* Deloitte
- *BCP kit for French SMEs*, DGE & CGPME
- *Business Continuity Plan*, SGDSN
- *Business Continuity Plan*, Altaïr Conseil
- *Coronavirus crisis management*, Altaïr Conseil

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6. Other themes

6.1. Securing sites for closure

Some sites may be temporarily shut down. It is essential for this shutdown to be accompanied by securing the site. Making the site safe will include protecting the facilities (security guards), but also communities and the environment (prevention of major accidents, fires, spills of hazardous materials).

6.2. Protection of communities and communication

As far as possible, communicate with communities and the supply chain to confirm they are aware of the virus and discuss good hygiene practices and precautionary measures.

Transparent and continuous communication is essential in the current context. This communication limits the psychological impact caused by uncertainty. It also creates and maintains a relationship of trust and limits the dissemination of false information. Finally, in return, it allows the company to be kept informed by workers of suspected cases in their families and social circles (respecting national data privacy laws).

The company must consider the best channels to use depending on the public concerned. Dedicated focal points or hotlines/e-mail addresses must be put in place and communicated so that workers can ask their questions or share their concerns. In addition to e-mails and oral communication, companies should consider the use of text messaging.

Senior Management must communicate regularly on:

- The epidemic and its impact on staff and the other external stakeholders.
- The functioning of the company's various departments during the crisis and the modifications to this functioning over time.
- The instructions to prevent the spread of the virus, including the policy for staff travel and transport, working from home, social distancing at the office, in workshops and/or in the field, etc.
- Workers' rights, including in terms of sick leave, wages, working hours and social protection.

6.3. Resumption of activity

During the phase of the resumption of economic activity due to the end of the lockdown measures, which will most probably be gradual, the exceptional measures taken during the crisis must be maintained until the return to a usual and "normal" functioning, in principle several months after the resumption of activity. Indeed, the virus will still be spreading and the economic impacts of this crisis will still be felt in the medium term.

This stage could be an opportunity to redefine some of the company's priorities so that it can be more resilient to this type of crisis.

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