

Crisis management compass

A considerations framework for globally
mobile businesses







Crisis management, recovery, and organizational continuity are critical areas of competence for global businesses.

A swift knowledge-based response to a crisis will help limit the potential impact on globally mobile employees, reputational issues, financial costs and legal liability for your organization and your stakeholders.

A robust crisis management framework, specifically designed for your mobility population, will enhance organizational capability to manage a significant challenging event.

The following framework is a step-by-step tool to managing your mobile employees during a crisis. The following considerations will guide your response:

- ▶ Risk assessment of crisis
- ▶ Assessment of globally mobile employees and family members
- ▶ Determine action for each globally mobile employee and family members
- ▶ Business entity considerations

1 Risk assessment of crisis



1. Crisis assessment

Consider official government announcements and crisis impact assessments from reputable national and international organizations to assess the impact of the crisis. This may be considered in conjunction with any support that can be provided by medical or travel and security companies (e.g. WorldAware).

Reputable sources include:

- ▶ United Nations and associated or endorsed organizations
- ▶ World Health Organization
- ▶ Embassies and consulates
- ▶ Departments of State, Foreign Affairs, External Affairs and the like
- ▶ WorldAware or equivalent for security alerts and regular reports and updates to employees

2. Governmental travel policy

Identify any travel bans or restrictions implemented by governments and any planned evacuations in place by governments.

- ▶ Travel bans and restrictions imposed by the host city or country, surrounding cities or countries, home city or home country and any relevant transit countries should be considered
- ▶ Evacuation plans imposed by the host city or country, surrounding cities or countries, home city or home country and any relevant transit countries should be considered

3. Travel restrictions

Assess any physical restrictions limiting the transfer, movement or well-being of individuals out of current location.

Restrictions can include, but not be limited to:

- ▶ Physical barriers in place creating blockages to ports
- ▶ Political activity or retaliation en route to ports or transport hubs
- ▶ Areas impacted by environmental or natural disasters, and areas quarantined due to disease or infections

4. Updates and communications

Monitor developments and changes in the crisis assessment, travel bans, travel and physical restrictions on an ongoing basis to ensure risk assessment is current.

- ▶ Communications must be managed throughout the organization to ensure stakeholders are regularly updated on the business response.

2 Assessment of globally mobile employees and family members



1. Identify globally mobile employees and family members

Identify all globally mobile employees including business travelers and assignees and any accompanying family members, who are in or have recently entered the crisis location, including personal or business travel, whether en route or as a final destination.

In the instance that there has been a public security incident or an outbreak of a virus or infection in the locations visited, individuals may need to be quarantined, safe-housed or work from home or work in a designated location for a minimum period including prior to being relocated to a home or third country.

Assemble information regarding all current globally mobile employees, and travelers in transit, and any accompanying family members in crisis location and surrounding locations.

Information collected should include:

- ▶ Full name
- ▶ Date of birth
- ▶ Gender
- ▶ Unique identifier relevant to your organization (e.g. payroll ID)
- ▶ Contact telephone number and email
- ▶ Residential address
- ▶ Nationality (including if more than one)
- ▶ Passport(s) held, including expiration dates
- ▶ Passport accessibility - with the holder or otherwise
- ▶ Location of current residents
- ▶ Accompanying family members, including above-mentioned details
- ▶ Assignment type
- ▶ Home and host country / destination country (including cities)
- ▶ Employing entity and / or business unit
- ▶ Commencement and anticipated dates of assignment
- ▶ Immigration status in host country, including expiration date of current visa and /or work permit
- ▶ Details of status of pending visa and /or work permit applications that are in progress, if any

2. Assess impact of crisis on each individual

Assess impact of crisis on each globally mobile employee and any accompanying family members.

Apply the risk assessment of crisis against the individual circumstances to each globally mobile employee and their accompanying family members.

Review immigration status of each globally mobile employee and any accompanying family members.

Including:

- ▶ Visa status in current location
- ▶ Status of other visas held
- ▶ Passports held
- ▶ Expiration date of passports and current physical location of passports

Identify impediments or restrictions imposed on globally mobile employee and any accompanying family members to travel or relocate.

Including:

- ▶ Physical barriers
- ▶ Exit permits
- ▶ Flight bans
- ▶ Regulatory bans and other legal restrictions

Identify impediments or restrictions imposed on globally mobile employee and any accompanying family members to travel or relocate.

Including:

- ▶ Costs
- ▶ Impact on operations
- ▶ impact on contractual obligations (including force majeure)
- ▶ impact on compliance with legal requirements

3. Determine action plan for each individual

Determine action for each globally mobile employee and any accompanying family members.

Assess risk and potential impact for each individual to determine response measures and priorities considering:

- ▶ Risk assessment of crisis
- ▶ Individual circumstances
- ▶ Visa and/or work permit status and travel opportunity of each individual
- ▶ Travel impediments

The nature of the crisis and the individual circumstances of each impacted individual will be determinative of business decisions about priority of action.

3 Determine action for each globally mobile employee and family members



Remain in location

Consideration must be given to the following:

- ▶ Suitability of current accommodation, taking account of personal safety, access to health facilities, access to food and water and sanitation; and whether alternatives should be considered
- ▶ Availability of evacuation plans should crisis develop further, including any potential flight cancellations and exit bans that may be imposed
- ▶ Visa or work permit status of globally mobile employees and any accompanying family members, including current visa expiration date
- ▶ Visa or work permit options available for individuals to extend stay in location for further stay period
- ▶ Passport validity period and physical location of passport
- ▶ Extent of insurance policy coverage held by the employer or the individuals
- ▶ Evacuation arrangements available to the individuals; including any adverse impact on not accepting the arrangements available.

Depart to alternative location

Consideration must be given to the following:

- ▶ Visa or work permit requirements for next destination, including transit visas for transit destinations
- ▶ Passport validity period and physical location of passport
- ▶ Travel bans, or restrictions, imposed by government of current location and ground, air and sea transport operators
- ▶ Restrictions imposed by government of potential transit and final destinations
- ▶ Suitability of potential accommodation, taking account of personal safety, access to health facilities, access to food and water and sanitation
- ▶ Access to health care and health insurance in alternative location
- ▶ Exit requirements for current location and the impact (immediate and future) of non-compliance with exit requirements on individuals and the business
- ▶ Departing to an alternate location could impact the individuals personal tax obligations, particularly if they will be working from the home location or a third country. In the absence of a Double Taxation Agreement, an individual could be deemed taxable in the alternate location from day one. Practical positions could be applied to reduce any exposure to taxation. However, we recommend guidance be requested to determine the appropriate position for each jurisdiction.

- ▶ For individuals that have departed their home country indefinitely, transferring back to the home country even temporarily could impact their home country tax residence status, particularly if accompanied by family and utilizing the family home for temporary accommodation. Recommencing tax residency will have implications for the taxation of the individual's employment income and potentially any personal investments. Consideration should be given to the tax policy position to apply to these circumstances
- ▶ Social security obligations may also arise in the absence of a bi-lateral totalization agreement between the countries. These obligations could be reduced if the employee is not working in the alternate location
- ▶ Relocation of goods to next destination, including the availability of relocation capabilities in crisis location to next destination
- ▶ Schooling enrollment cancellation for accompanying children, including associated costs and any adverse impact on their education progress
- ▶ Schooling available for accompanying children, including availability of enrollment whether short or long-term depending on intended stay period at next destination
- ▶ Suitability of current accommodation and whether alternative temporary arrangements should be considered

- ▶ Impact of departure on current location visa or work permit validity and permission to return, including impact to residency or pending permanent residence applications
- ▶ Requirement for local employee to close out the employee's departure requirements if the employee needs to leave
- ▶ Increased travel times due to quarantine and additional checks that need to be completed at next destination or transit destination

4 Business entity considerations



What is the business' current position on the crisis and plans to manage associated risk?

Consideration must be given to whether the current position complies with the business' policies regarding relocation, risk management, well-being and occupational health and safety policies.

What is the business' current position on business visitors to location(s) impacted by the crisis?

Relevant global stakeholders must reach an agreement on short-term business visits and available alternatives for business travel.

What is the communication strategy, including messaging and communication channels, that the business will implement?

Employees who are likely to be impacted either directly or indirectly, must be made aware of the business' approach to managing the crisis and their employees. Any concerns identified that may impact on the employees' well-being should be addressed.

Do the business' current policies effectively address the risks and issues experienced by the crisis?

Relevant policies must be assessed and amended as required.

What is the business' perspective around duty of care and what attributes signal assignment success?

Consideration must be given toward any concerns or feelings the assignee has regarding the crisis.

What are the career impacts that may occur resulting from this situation?

Determine whether the employee has a role to return to if the assignment ceases as a result, or, whether their role can be completed in another location (including, either for a short or long-term period).

Will there be any corporate tax exposure through the creation of a Permanent Establishment?

Corporate tax exposure through the creation of a Permanent Establishment should be reviewed to the extent that the transferred population will be working in the home location (or third country). To reduce any exposure to Permanent Establishment, activities performed while working outside of the location of work should be restricted to those considered preparatory or auxiliary in nature.

Has the business considered other consequences that may arise resulting from the crisis?

Consider the impact on the local employee population; particularly where a person may not be on formal assignment, but would be otherwise deemed a foreign national - will they also be captured under this process, and then how does this interact with local employees?

When reviewing individual circumstances, assess when the assignment was due to end - e.g. if in the next couple of months, is it worth repatriating early if physically possible?

Leave arrangements - if chosen to evacuate or leave, would the assignee then be required to take annual leave or work from home? Determine what policies would need to be implemented.

Employment tax obligations should be considered. Depending on the location of work and each employee's personal facts and circumstances, withholding for tax and social security may apply via a payroll or shadow payroll.

In most jurisdictions, consideration could be given to the introduction of a de-minimus threshold for compliance purposes. The threshold may differ based on the location due to the tax authority activity and your existing presence in each location: we recommend guidance be requested to determine an appropriate practical approach.

While not removing compliance obligations entirely, exposure could be reduced by considering alternate locations that have a Double Tax Agreement with the taxpayer's country of residence.

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