



CRF ZOOM INTERACTIVE ROUNDTABLE: ORGANISATIONAL RESPONSES TO THE CRISIS IN UKRAINE

At a Zoom Interactive Roundtable on 16th March, 2022, CRF members came together to discuss organisational responses to the crisis in Ukraine, including perspectives, challenges, and approaches. This summary shares some of the key insights from the discussion.



PURPOSE OF THIS ROUNDTABLE

CRF Managing Director Richard Hargreaves began the session by reviewing its purpose.

- The crisis in Ukraine is one of the most impactful events of the next 30 years.
- The implications on geopolitics, economics and society as a whole are significant.
- However, the focus of this discussion is to narrow the lens to an organisational perspective and specifically the people dimensions relating to the following.
 - Status relating to mobility, immigration, and evacuation out of Ukraine.
 - Measures organisations are taking relating to personal safety and security.
 - Approaches to managing the emotional as well as the practical / logistical challenges of the workforce.
 - What are organisations' approaches to directly working with Russia-based organisations? Are they suspending or ceasing to trade and how far down the supply chain are they going?
 - The implications of supply chain challenges and limitations especially relating to raw materials such as metal, food, etc.



ORGANISATIONAL RESPONSES

Next, two guest experts shared some initial thoughts as to what they are seeing and hearing from organisations they are working with

GUEST EXPERT INSIGHTS, PART ONE

- This is a particularly complicated and fast-moving issue for organisations. While global mobility teams are used to dealing with challenging situations and emergencies around the globe, the scale and speed though of this crisis has caught everyone off guard to some extent. Furthermore, moving local employees, not just expats, is unprecedented for many organisations.
- Whether an organisation has operations in affected countries (and/or neighbouring countries such as Belarus or Poland), whether there are expats on the ground in these countries, whether local employees are involved, and the advice given by relevant local authorities are all factors shaping the organisation's response.
- Organisations are dusting off their pandemic playbooks, asking what support can they provide, how can they facilitate movement, support families, etc. Most companies are leaning into the challenge.
- Wherever possible, most organisations have been acting on their governments' advice and actively supporting their expatriate staff and families to leave Ukraine, and in many cases Russia and Belarus as well. Individual circumstances are dictating where people are going in the first instance (e.g. to a neighbouring country, or one with open travel corridors), and thereafter (e.g. back to the home country or to another location where the right to reside and / or work exists). In more unprecedented interventions, local employees (and families) in Ukraine are also in many cases being supported by their employers to seek refuge in neighbouring or other eligible countries, where this is legal and viable. This support may take the form of immigration advice, travel arrangements, cash payments or loans, the provision of health insurance benefits in the new country of temporary residence, or other practical relocation assistance. Where is it not possible or not the wish of individuals to leave Ukraine, domestic relocation to locations further from the current active conflict zones is also being enabled.
- Regarding job continuity, whether an employee can continue to work regardless of whether they remain in country or relocate abroad, is highly variable depending on the organisation, position, and personal



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circumstances. How pay and benefits are being managed for employees impacted therefore varies significantly.

- However, in general, all stops are being pulled out for gainful employment wherever possible.
- But for some people there is now no role. Many organisations are, at least temporarily, keeping these people on payroll. However, the longer the crisis goes on, the more difficult it becomes to answer how long that can continue, whether the employee is local or expat.
- With regard to expat benefits, a number of changes may be required, depending on whether the employee and / or their families are now out of position from their original assignment location, or remain at post but in fast-changing conditions. Assignment extensions for assignees outbound from Ukraine and Russia may also need to be considered if repatriation in the near term is not currently feasible.
- For those leaving their assignment location, accommodation options may be limited in the short term if travelling via neighbouring countries. For those remaining at post, sanctions and currency restrictions may impact local rental markets and the ability to pay rents in preferred currencies. Consideration will need to be given to the continuation of allowances in general, whether the value of such allowances needs to be changed to reflect a new location, or alternate payment methods / values need to be arranged. Furnishing allowances may also be considered if shipping personal effects is not presently feasible.
- Payroll and banking issues are active challenges for many. In some cases, companies (or their employees) have needed to open alternate bank accounts with non-sanctioned financial institutions to continue to make and receive salary payments. Further complicating matters, banks not sanctioned on a Monday may be by the Friday.
- In general, organisations are trying to legally protect their employees and the business. They are trying to do the right thing, while also not falling foul of sanctions. The crisis has created an enormously complex situation that impacts many parts of the business. For example, what about divestment because of sanctions and how does that impact pensions?
- In terms of remittances, this is a very grey area at the moment. Some businesses are offering to use business channels to support employees in that way, but it is an extremely particular situation.

GUEST EXPERT INSIGHTS, PART TWO

- This is an extraordinarily fast-moving situation. In terms of people coming out of Ukraine, on one level the immigration issues are relatively straightforward, because all men between certain ages are prohibited from leaving the country. Therefore, immigration becomes about supporting families. There are also issues arising around supporting employees who want to leave Russia, and Ukrainian employees who want to or have to return to Ukraine for military service.
- If displacement is long-term, there will be increasing issues around trying to find jobs in other parts of the organisation for those affected. An upside from the pandemic is that many of these issues have already been covered, such as the impact of immigration, tax, and employment laws.
- The degree of social activism in relation to Ukraine is a growing issue. For example, there have been reports of workers refusing to unload shipments of oil from Russia in various locations around the globe. Employee and public opinions and activism are really driving companies' and governments' behaviours, to a much greater extent than we've seen in the past; even some governments have been startled by how strong public opinion is regarding the crisis.
- With regards to closing operations in Russia, companies are trying to look after their employees as best they can, while also complying with the law. In the current situation, there are many contradictions in trying to achieve these three goals.
 - For example, if the organisation is going to effect redundancies, what reasons does it give to employees? How does the organisation protect employees and local directors who have responsibilities in that regard? If redundancy documentation is being prepared, and this involves servers inside Russia transferring data outside Russia, and you have to use a state utility to effect the transfer of that data, are you potentially in breach of sanctions?
- There are tensions in organisations between people with different nationalities and challenges around how to get them to work together in a very emotional and fast-moving environment.
- In general, this is an extremely complex area, and we are at the tip of iceberg with regard to legal considerations.



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CRF MEMBER DISCUSSION

Finally, CRF members engaged in a broader discussion of the issues.

HOW ARE YOU SUPPORTING YOUR WORKFORCE LEAVING THE AREA (LOCAL AND EXPAT)?

- In general, organisations are using Employee Assistance Programmes extensively, are offering or considering offering hardship payments, accommodation support, employment continuity, and have and/or are continuing to offer evacuation support. Legal parameters influence the choices companies are able to make.
- Evacuation has been an initial focus for many companies, but the process is not clean, and has become less successful over time.
 - Practical considerations include how to organise buses, who to evacuate (dependents etc.), and disruption on the ground that simply makes people hard to find and contact. People are increasingly making their own arrangements, as understandably they will take whatever route is available to them.
 - Some companies are now enlisting help from NGOs, such as International SOS. Such organisations know the routes and are practiced at evacuation, which is enormously helpful to organisations trying to navigate such complexities.

ARE YOU SUPPORTING YOUR EXPATS WITH ALLOWANCES AS THEY MOVE TO NEW LOCATIONS?

- One organisation is 'doing a little bit of everything'. In addition to organising evacuations, it is advancing base salaries for two months, offering salary continuation and a hardship allowance at a flat rate of £500 per person, paying one month's rent for people who need to relocate internally or externally, and trying to move people into jobs in other places.
 - However, this is all very short-term. A long-term plan that is less expensive and more impactful needs to be determined, in the event that the crisis continues.
- One organisation is providing help with transportation and temporary accommodation for two weeks while individuals decide what they want to do. If they decide they want to stay longer, the company is providing a package to help them find accommodation (but is not providing financial assistance). This assistance is being extended to contractors.

WHO STILL HAS EMPLOYEES / OPERATIONS IN RUSSIA AND HOW ARE YOU SUPPORTING THEM?

- One organisation has red circled its business in Russia. The company has hundreds of employees, a plant, and lots of equipment in the country. It will not be putting any more capital into the business, but will allow it to continue to function, independently, pending sale. A big handicap for this organisation is that it is very restricted in the way it is able to communicate.
- Organisations are not yet reporting issues in getting Russian nationals out of Russia. Trains are still running between St. Petersburg and Helsinki. But a key consideration is an emerging brain drain out of Russia (for business continuity and other reasons), and how the Russian government will react to this.

WHAT ARE THE PRACTICAL CONSIDERATIONS FOR COMPANIES THAT ARE CLOSING DOWN OPERATIONS IN RUSSIA?

- Companies have three options: stay, pause or suspend, or cease / pull out of Russia. We are all seeing the daily headlines about companies pulling out of Russia, but what have they really done so far? It is a complex landscape, and it is not so easy to simply close one's doors and walk away. For example:
 - The Russian regime for payments is quite strict, Russian laws are changing constantly, and organisations must keep a finger on the pulse of rhetoric coming out of the government in regard to business.
 - Redundancy is a structured process in Russia. If companies don't have/can't access funds because of sanctions, but need to lay off employees immediately, how do they do that in practical terms? Perhaps by offering generous termination packages for mutual termination, but then how is that rolled out?
 - There is a great deal of personal liability in Russia for local directors, so there is a practical concern around how to shut down operations while protecting local directors from criminal liability as much as possible. This is a very difficult challenge, as shutting down is generally at odds with protecting local directors. Local directors can face criminal liability if they do not follow strictly codified laws, if payments aren't calculated or made correctly including for agreed redundancies, and so on. There is a whole parcel of practical issues around shutting down operations.
- In general, every company has a different core concern and different priorities in terms of what they are trying to achieve and how that affects their business longer term. Creating practical solutions in a complex legal framework is very difficult.



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HOW ARE YOU SUPPORTING YOUR RUSSIAN AND UKRAINIAN WORKFORCE AROUND THE WORLD?

- One organisation has no employees in Ukraine but has Ukraine nationals outside the country. This organisation has put together an employee package and is working with an NGO to help evacuate family members of these employees. For example, the organisation assisted the evacuation of one employee's elderly, ailing family member to the Polish border, and then arranged transport within Poland, to get that person where he needed to be for onward travel.
- One of the biggest challenges around these types of evacuations is emotional. When employees tell the organisation they have family arriving at the border, they say the family member could arrive at any time, and because it's their family and very emotional, they want to know that transport is already sorted for the arriving family member. But this is not possible. One solution that has had some success is to put together a help team, available 24/7 around the globe, to try to manage employee expectations about how evacuation will play out (e.g. understanding that there will be queues at the border, that the process may take longer than expected, etc).
- London-based Crown Relocations has provided outstanding support to one organisation.
- Some organisations report that they are being very mindful of the topic of inclusion in the context of this crisis. Organisations may have both Russian and Ukrainian employees in stores / factories, and they may have different perspectives on what is happening. Thus, training business teams on inclusion is key.
- Organisations are also offering support in terms of resilience and wellbeing.
- Supporting people working in Poland is also an important issue. Organisations are reporting an intensity of emotion and anxiety, as people in Poland feel very close to the situation. Organisations are grappling to understand what level of support should be given in addition to what has already been done (such as paid time off to volunteer, wellbeing materials, EAP support). An emerging question is: what about employees who take refugees into their homes – should employers be making some kind of contribution to this? The Polish government is not, as yet, offering support in the same way as the UK has offered to support, so what are companies doing?
- There are questions around secondary knock-on impacts in terms of supporting colleagues who want to support Ukrainians – how far does the organisation go? What's appropriate? Many report that they are struggling to figure out the answer to this.

- Donating to NGOs is a common response at both company and individual level. One organisation reports that it matches employee NGO donations worldwide, up to \$800.
- Some companies have existing employee assistance funds that have been used in other conflict/disaster situations. Such funds are organisation-funded, and employees can apply for funds from them.
- Other companies are looking at how to set up such funds, and whether / how to enable employees themselves to donate to the fund.

WHO'S LEADING THE RESPONSE WITHIN THE ORGANISATION?

- At many organisations, the response is HR-driven but cross-functional. Task forces are pulling together colleagues from legal, benefits, mobility, and so on. At one organisation, the task force is comprised of 15 people who meet every day, spending half an hour on Russia and half an hour on Ukraine. Issues addressed by the task force include where the organisation stands on tax and compliance, what the longer-term plan will look like, how to support employees, and how to recruit from the Ukraine population.

WHAT ARE THE IMPLICATIONS OF THE CRISIS FOR SUPPLY CHAINS?

- Supply chains are extremely complicated. There have been very significant changes in just a few days to a supply chain order that has endured for the past several decades. Energy, sunflower oil, and wheat are commodities that will be significantly impacted. One organisation has a cross-functional crisis team (similar to the case during the pandemic), with colleagues from procurement, legal, and security working through the various challenges.
- Supply chains have been under extensive pressure for some time – the pandemic, Brexit (in the UK), and now this crisis. It is anticipated that supply chains will be tricky on many levels for the next 18 to 24 months.



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CONCLUSIONS

- The initial wave of intervention – the emergency response – of the past month has almost run its course. We are now into a second wave with a long tail, and organisations are at the start of working of what that means.
- There are philosophical and practical issues around how support will change, how it will be delivered, and so on. What is the sustainable post-emergency response to take when the dust settles? Over the medium term, what does support look like? Does it involve time off? Financial stipends? How does the organisation stand up employees' willingness to help? There are many considerations.
- The crisis is full of complexity and fast-paced. Partnerships are critical for organisations trying to keep up emotionally or legally. Innovation is necessary in terms of how to support people – logistically, financially, and emotionally.
- How much organisations need to do, can do, and want to do are very challenging questions.
- A major question is around the definition of 'family'. Who does the organisation support? Just direct family, extended family, friends of family? Where are the boundaries? Most organisations are focusing only on family but with a broader definition than would traditionally be seen. 'Family' now often means not just spouse and children, but grandparents, aunts, uncles. This is enabled by the legal situation – what is a family member for purposes of being granted a visa if you have family in a particular country? Thus far, organisations are leaning into those definitions as much as possible in this situation.

FURTHER READING

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