

Business Continuity Considerations: Pandemic Preparedness

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Planning is an essential element of positioning an organization to respond to potential disruptions. Regardless of the size of your organization, developing strategies to respond to disruptions, maintain operations or recover in a timely manner, can help mitigate latent risks to your business, your stakeholders and your reputation

Disruptive scenarios can come from an array of sources, including technological (system failures, malware attacks), natural (earthquakes, floods) or operational (availability of key staff, processes, facilities or suppliers). Given the wide variety of threats, organizations that maintain flexible yet comprehensive contingency plans to manage incidents are best positioned to respond and mitigate impacts on employees, clients and other stakeholders.

Unlike more localized threats to infrastructure or operations (for example, a flood making a single building inaccessible), global pandemic or regional epidemics unfolding across a larger area can affect your organization's human resources across multiple locations and geographies simultaneously. The possibility of large-scale impact coupled with the unpredictability of such an event has drawn increasing attention from business continuity practitioners, who suggest that organizations consider and prepare for the potential impacts of a such a crisis to their operations.

As a trusted asset servicing provider administering more than C\$2 trillion of assets held on behalf of banks, pension plans, investment funds, corporations and other institutional investors, CIBC Mellon recognizes the critical importance of our services to Canadian and global financial markets. We understand that resilience is imperative to our clients, and we continuously work to reinforce our business continuity preparedness. As an organization certified to the ISO 22301:2012 Societal Security – Business Continuity standard, we know we need to respond to unplanned challenges in a prompt, organized and effective manner to deliver on our critical commitments to our clients and the broader markets.

As your partner, we also encourage our clients and stakeholders in strengthening their business continuity planning efforts. In general, business continuity plans – for a pandemic scenario or any other – should be:

- Practical, realistic and feasible
- Simple and easy to understand and execute
- Designed to prioritize critical functions and efficient use of resources
- Based on strong procedures so that they are easy to operationalize and implement
- Regularly tested and validated
- Maintained and updated according to evolving risks and needs

Pandemic preparedness:

Business continuity planning is an approach to creating a broad logistical plan that outlines key steps an organization will take in the event to mitigate or respond to a potential or actual disruption. A strong business continuity plan can help organizations more quickly and effectively recover and restore partially or completely interrupted critical (urgent) functions within a predetermined time. Robert Clark, an emergency preparedness expert and the author of *Business Continuity and the Pandemic Threat*, says the best way to mitigate the impact of pandemic threats is to incorporate pandemic preparedness into business continuity plans.¹ Effective pandemic preparedness can help protect an organization's operations, and most importantly help safeguard the health and safety of an organization's employees, clients and other stakeholders.

At CIBC Mellon, our business continuity plan is a living document comprising sub-plans that address topics of pandemic preparedness, incident management, business recovery and the resumption of operations. Each of these plans align with recommendations made by the World Health Organization (WHO) on the components to be included:

1. Planning and coordination

This is mainly concerned with leading the conversation on pandemic preparedness and coordinating the readiness program across departments.

In undertaking pandemic preparedness activities, a risk assessment matrix can support an organization in identifying appropriate focuses for preparation and associated courses of action.

Using the risk-assessment matrix criteria, CIBC Mellon has developed strategies to respond to varying levels of threat. The risk assessment model is used throughout the course of the event as a resource to adapt our response and communication strategy. As part of the planning phase, a risk-assessment matrix provides a standardized framework for business units to assess their exposures to business interruption risk, undertake prudent measures to mitigate their risks and, if necessary, be prepared to carry out business recovery actions.

Questions clients may wish to ask their organization during their planning phase include:

- What are our critical operational or client dependencies?
- Which functions, operations or teams could be suspended and for how long?
- How current is our list of critical business priorities?
- Can the organization function with a minimal amount of employees, if so how many?
- Does our business continuity plan take human resources impact into account?
- Have we validated our vendors are prepared should they be impacted?
- Have we considered work-from-home, split location work and travel policies to manage the risk of illness from spreading among employees?
- What can our organization do to limit the economic impact on business operations?

		Impact →					
↑ Profitability -		Negligible	Minor	Moderate	Significant	Severe	Catastrophic
	Very Probable	Medium Low	Medium	Medium high	High	High	Extreme
	Probable	Low	Medium low	Medium	Medium high	High	High
	Possible	Low	Medium low	Medium	Medium high	Medium high	High
	Unlikely	Low	Medium low	Medium Low	Medium	Medium high	Medium High
	Very Unlikely	Low	Low	Medium Low	Medium	Medium	Medium
	Rare	Insignificant	Low	Low	Medium Low	Medium Low	Medium

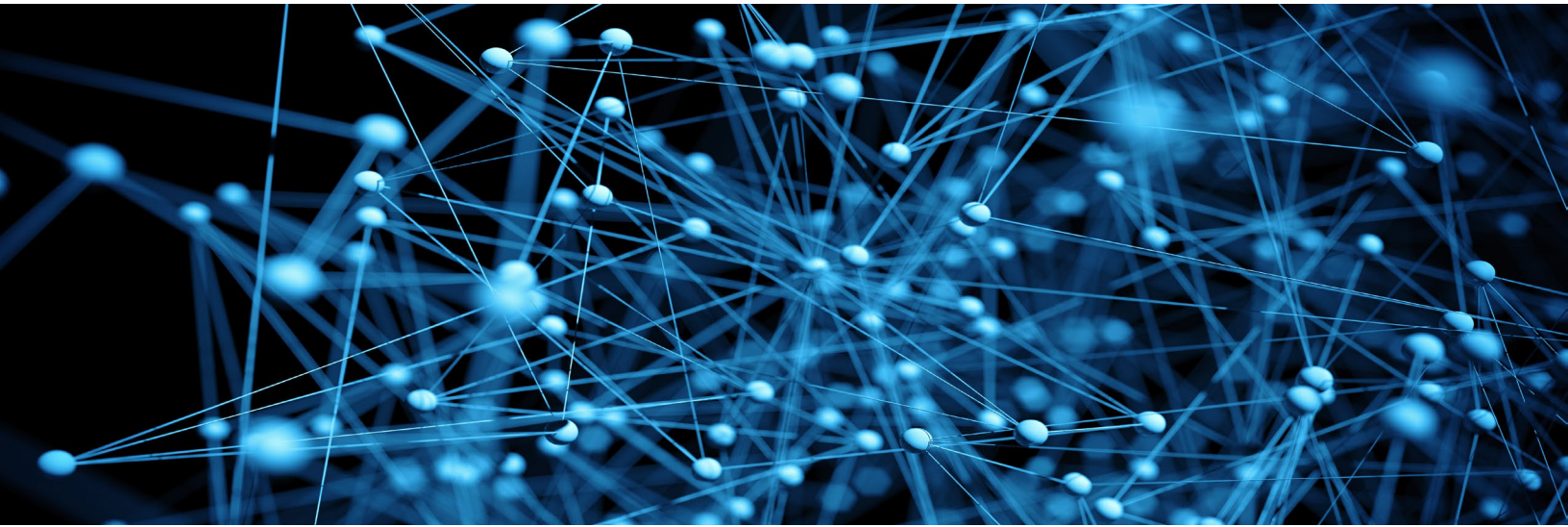
Figure 1. Example of a risk-assessment matrix

Another aspect of planning and coordination is the identification of key players, which includes relevant parties like decision makers and representation from critical business units, and relevant external stakeholders such as vendors or clients. In the early stages of planning and coordination, organizations may consider coordinating activities with their Business Recovery Coordinators as well as identify their "crisis team", the individuals who may be able to respond once the level of impact increases. The crisis team usually comprises of experienced senior or executive leaders who have the experience and authority to rapidly

resume operations and clearly communicate any issues back to their Business Recovery team.

Effective planning and coordination in the early stages of an event can significantly reduce the amount of time required to prepare for a response to an incident. Additionally, ongoing activities such as employee training, maintaining equipment readiness at the prescribed levels, and regular review of standard plans and operating procedures can also reduce the response time of an organization.

1. <https://www.thebci.org/news/understanding-pandemic-phases-for-better-emergency-planning.html>



Pandemic Preparedness: Practice makes perfect

Organizations typically prepare their employees to respond to situations like a fire with evacuation drills. In case of fire, employees are aware that they must leave their desks, take the stairs, use emergency exits, meet at the designated assembly location. To facilitate this, organizations have adopted a proactive measure to ensure relevant preparation and training steps, including providing clear direction (signage), implementing measures to identify and reduce risks (alarms, sprinklers) and perhaps most importantly engage in regular practice. Similarly, as part of preparing for a pandemic, consider engaging in assessing and mitigating risks, but also testing and practicing. For example, this could include challenging senior executives to confirm how they would respond to a hypothetical pandemic scenario, or by undertaking a “Remote work” exercise to assess the capability of large numbers of critical employees and their ability to work effectively while maintaining separation.

2. Situation monitoring and assessment

This component of the plan is primarily concerned with collecting, interpreting, and disseminating accurate information on the risk of a pandemic before it occurs and, once underway, to monitor the situations risk and adjust your activities in accord with your plans.

With readily available technologies including broad access to internet and social media, the spread of misinformation may occur quickly. It is therefore imperative that accurate, credible and timely information is delivered at the right time by the right channel to the right audience. To support factual and up-to-date information, organizations should rely on trusted and verifiable sources, for example:

World Health Organization: <https://www.who.int/>

Centre for Disease Control: <https://www.cdc.gov/>

Health Canada: <https://www.canada.ca/en/public-health.html>

Additionally, organizations should take steps to monitor their internal environment to identify and respond to concerns from employees and clients. Frequent communication with key stakeholders, and effective access to and dissemination of information can help an organization identify concerns and respond appropriately.

Questions to ask during this phase include:

- What are the trusted sources on which the organization will rely?
- Who is responsible to collecting the information?
- Who will disseminate the information?
- What are the necessary review and approval steps prior to information release?
- What channels will be used to convey the information?
- Where can employees provide feedback, if at all?

3. Reduce the risk of illness:

At CIBC Mellon, this component of business continuity planning addresses proactive strategies to reduce the spread of outbreak.

The Public Health Agency of Canada anticipates that approximately 4.5-10.6 million Canadians would become clinically ill and unable to attend work or other activities for at least half a day in the event of a pandemic. It is also estimated that another 10 to 25 per cent of the Canadian population will lose working days. Employees may need to stay at home to care for the ill or to look after children impacted by closures of schools or childcare providers. Organizations may face higher rates of absence or increased remote work as employees may avoid public spaces and public transit, adding to potential gaps in human resources. Proactive strategies are designed to reduce the spread of diseases, thus preventing large-scale absenteeism. These strategies can include:

- 1 Reminding employees of proper personal hygiene, for example hand washing and covering nose and mouth when coughing or sneezing
- 2 Making additional resources available (e.g. hand sanitation stations, medical information)
- 3 Providing additional environmental cleaning, such as rigorous cleaning of all hard surfaces in the workplace
- 4 Encouraging employees who may be sick to work from home, or expanding the ability of the organization to support working from home
- 5 Updating business travel policies to limit travel to impacted areas or restricting inter-office travel



Questions to ask with a goal to reduce the spread includes:

- How prepared are employees?
- What supplies and resources are available to prevent illness and contain the spread?
- Does the organization support work-from-home with technology, management and policies?
- Are our IT systems capable of supporting the expected increase of remote workers?
- Can the policies be modified to restrict corporate travel and to where?
- How will the organization address employee personal travel to impacted areas (for example, encouraging or requiring working from home for a designated period following travel)?
- Is there an exemption or approval process in place for corporate travel?



4. Communication

Communication before and during a health crisis is essential to building trust with employees, clients, regulatory bodies and other external stakeholders. WHO further recommends frequent, transparent, and proactive communication and information. As such, to prevent communication breakdown, organizations must have a robust communication system in place.

With a geographically-dispersed employee base across Canada, we recognize the challenges of effective communication to multiple offices, teams and time-zones. In addition to standard communications channels such as corporate email, intranet or video messages, CIBC Mellon relies on an automated, enterprise critical communications platform to support its business continuity initiatives which simplifies the planning, threat monitoring and mass communication response. The system enables CIBC Mellon to not only broadcast to employees via telephone, email and text message and rapidly deliver messages (for example, advising employees of an office closure or alternate working arrangements), but also to capture and record employee feedback (multiple-choice response options can be used to determine if employees are well, sick, planning to work from home, or staying home to care for another person). This ability to rapidly connect with the entire workforce or key segments can deliver or capture information much more quickly than call-tree based approaches.



Questions to ask your organization include:

- Who is responsible for ensuring appropriate communication? How frequently will the communications occur?
- What communication templates or holding statements do we have prepared and for which stakeholders?
- What is the approval process for communication in pandemic events?
- Who decides on the type of communication?
- How does the organization manage communication in the event of technological breakdown?

The best crisis plans are prepared well in advance of an event. Therefore, input by business owners and managers that encompasses impact assessment and priorities, situation monitoring and risk assessment, alternatives and preventative measures, and effective communication can be critical in safeguarding employees' health, limiting negative impacts and helping ensure the delivery of critical services. Lastly, business continuity planning is an ongoing and not a one-time process: organizations should continue to monitor and review the effectiveness of their business continuity plan to ensure it continually meets the changing needs of the business.



What specific questions I should be asking within my organization?

CIBC Mellon has well-developed Business Continuity, Incident Management and Enterprise Security programs, and we are pleased to share critical practices with our clients. We encourage clients to consult their designated business continuity and emergency preparedness teams and advisors.

These questions may assist your team in its planning and assessment efforts.

- What are the critical functions of the organization?
- What risks are the organization most likely to encounter based on your geographical location?
- What is the likely impact of a disruption (e.g. a pandemic)?
- What are the consequences to the organization?
- Do we have backup for crucial job functions and incident response tasks?
- Do we have backups of all important data? Would this be accessible to critical employees in a business continuity situation?
- Can we avoid disruption of service when key locations are closed?
- What problems could derail a business continuity strategy?
- Assumptions outlined in the business continuity plan?
- How do we initiate business continuity planning?
- Do you need to contact major suppliers, customers, third parties?
- What communication channels would be utilized?
- Who are my critical vendors?
- Do my vendors' business continuity planning preparations meet my business needs?
- How will my business be notified in case of vendor impact?
- What level of business is my vendor willing to provide in case of a pandemic?
- What are some precautionary measure at my organization to reduce the risk of an outbreak?
- Is my organization able to support work-from-home policy?



For More Information

To learn more about business continuity or pandemic preparation at CIBC Mellon, contact your relationship manager.



Resources:

Listed are additional resources and guides that may assist organizations in their pandemic readiness efforts:

[WHO outbreak communication planning guide](#)

[A sample of Pandemic preparedness Checklist for businesses by Workplace Safety and Prevention Services](#)

[Harvard Business Review explains how you can be pandemic ready](#)

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About CIBC Mellon

CIBC Mellon is dedicated to helping Canadian institutional investors and international institutional investors into Canada service their financial assets throughout the investment lifecycle. Founded in 1996, CIBC Mellon is 50-50 jointly owned by The Bank of New York Mellon (BNY Mellon) and Canadian Imperial Bank of Commerce (CIBC). CIBC Mellon delivers informed investment services for investment funds, pension plans, insurance companies, banks, foundations, endowments, corporations, and global financial institutions whose clients invest in Canada. As at December 31, 2019, CIBC Mellon had more than C\$2 trillion in assets under custody and/or administration. CIBC Mellon is part of the BNY Mellon network, which as at December 31, 2019 had US\$35.8 trillion in assets under custody and/or administration.

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