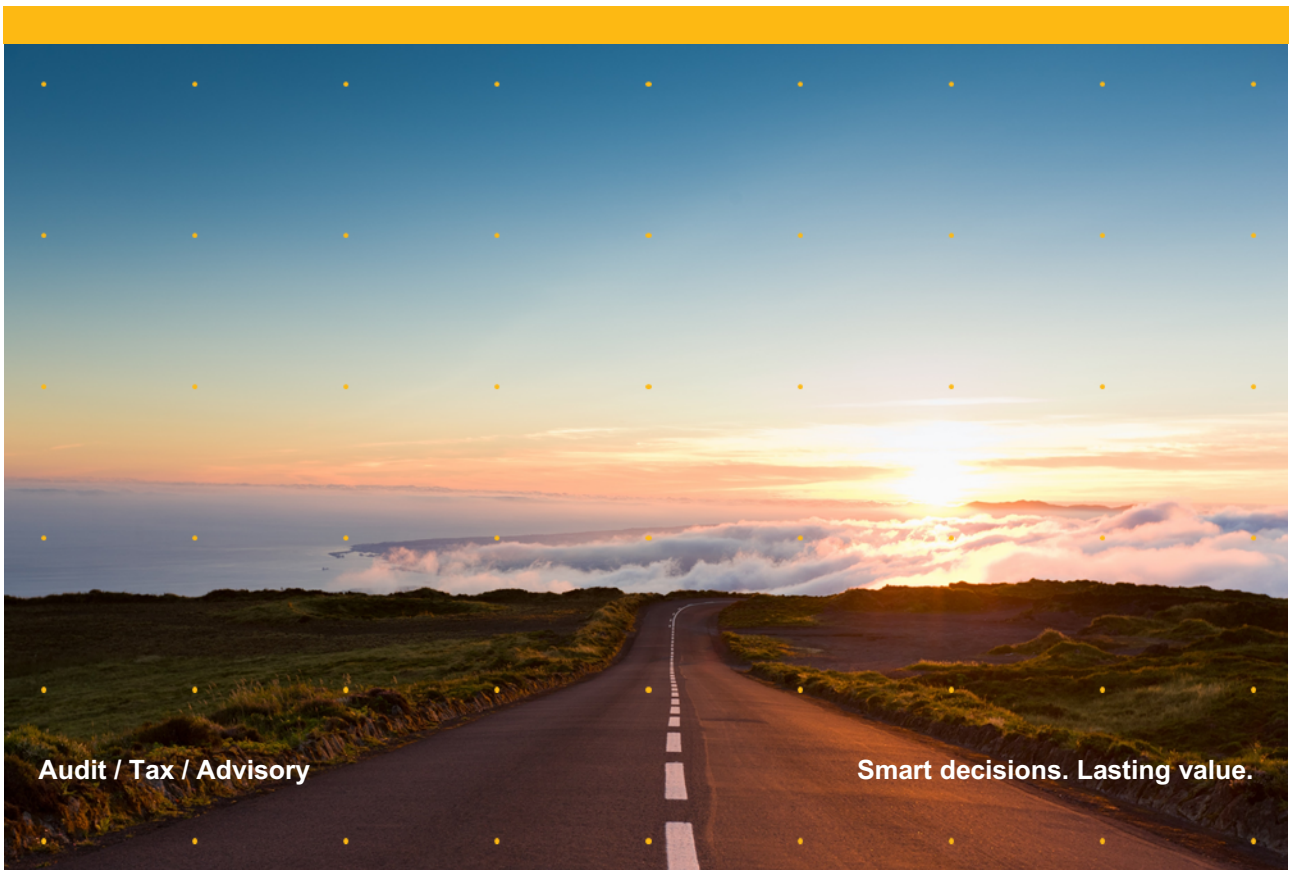




Considerations for Organizations COVID-19

March 13, 2020



Audit / Tax / Advisory

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Risk Management COVID-19 Bulletin 1

Have you thought what would be of your organization if it lost 5%, 10% or 30% of its annual sales due to the direct impact of the Coronavirus COVID-19?

At Crowe, we take care for the actual situation our clients and friends.

As such, we have prepared for you some practical guidelines so your organization can have a contingency plan outlining what possible actions can be taken in the event COVID-19 affects the organization.

Senior Management

To issue an internal memo across your organization is a critical aspect to let your people know that the company is aware of the actual situation around COVID-19 by laying emphasis that management will take any precaution actions to protect the integrity, health and tranquility of its personnel.

The aforementioned will send the whole organization a powerful message that the company's culture is to protect its personnel.

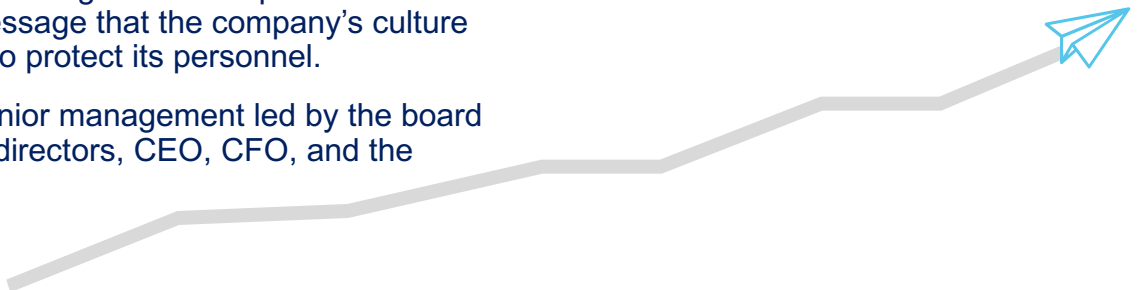
Senior management led by the board of directors, CEO, CFO, and the

whole structure of Corporate Governance must be aware of the changes and contingencies occurring in and around the organization in order to make timely decisions.

Risk Management

It is crucial that a Contingency Plan exists in the organization so everyone knows how to act and respond to any impact occurred around COVID-19 both in the society and within the organization.

Safety is first. The organization must pay attention to any information related to COVID-19 that is disclosed at local news, health authorities, magazines, social networks as well as national and international press, among others, around the critical factors that are occurring as well as the recommendations provided by the proper authorities to prevent the infection or spread of the virus.



Employees

Without a doubt, the message given by Senior Management to its organization must lay emphasis on the culture of timely communication in the event of a possible contagion being detected.

Employees must be notified that in the event of an alleged infection or contagion of themselves or others in or outside the organization, the situation must be reported immediately so the infected person can be assisted properly.

Employees must be constantly informed of what is going on until the alert of contagion has disappeared according to communications issued by the proper authorities.

Relationships with clients and suppliers

It is recommended to evaluate what in-person meetings are needed and which ones can be attended virtually.

With today's technology, some apps can be used for videoconferences to meet business needs such as:

- Zoom App
- Hangouts from Google
- Microsoft Team

Events

It is recommendable to avoid, when possible, hosting massive events in or outside the organization, or evaluate the need to attend to other events in which one is being invited.

As a result of the current environment, some educational institutions have already taken some actions by suspending onsite classes until the contagion contingency of COVID-19 has disappeared.

Sanitary Measures

Follow up sanitary measures indicated by health authorities must be a priority for organizations.

Thus, it is very important that organizations timely communicate the sanitary actions that employees must follow to minimize the risk of contagion.



Potential Business Risks and Recommendations

Possible business risks in the event COVID-19 is not properly addressed:

- Lack of knowledge by the organization by not knowing how to respond or act in case of a potential infection within the organization (e.g. isolate to the infected person, address the infected person with the proper health authorities or hospitals, ensure no other infected people exist that have not been assisted, among others.)
- Partial or total suspension of operations due to generalized contagion of the people that perform key functions in the organization.
- Reduction in the services provided or production and its corresponding sales reduction for not having or importing the needed raw material to produce or not being able to export the finished goods to countries that prevent others from entering goods to their territories due to the COVID-19 concern.
- Direct impact in the efficiency, profitability and growth of the organization or business units located in territories being addressed by COVID-19.

In summary, at Crowe we recommend to our clients and friends the following:

- Release a formal statement in your organization informing employees that the company is aware of the current situation around coronavirus COVID-19.

- Indicate the employees which are the basic sanitary measures that need to be taken in order to minimize the risk of contagion.
- Prepare a contingency plan that allows senior management to act properly and timely in the event of a direct impact of COVID-19 within the organization.
- Remain alert of the official statements issued by health authorities about COVID-19.
- Evaluate the need to attend meetings or massive events until the critical risk has lowered.
- Prepare a comprehensive action plan to minimize the risks of ongoing concern and ensure the continuity of the business operations.
- Take into account any import or export measures being indicated by the proper authorities, in applicable to your organization. If so, prepare Plan B in the event the organization is not able to import from or export its product to countries classified as high risk of virus infection.