

Corporate Peer Discussions Food & Beverage Industry Response During COVID-19 **Summary of Best Practices on Corporate Response**

Virtual convenings held on April 6 (Food & Beverage Industry), 2020

Convening Organizations: ACCP, CECP, COF, and POL

Association of Corporate Citizenship Professionals (ACCP), Council on Foundations (COF), Chief Executives for Corporate Purpose (CECP), and Points of Light (POL), which collectively represent more than 400 of the most socially and environmentally responsible global companies, are joining forces to support leaders of corporate purpose and to advocate for the field by convening dialogue on relevant solutions and to share best practices. While some companies are still assessing their response, we have already seen hundreds of corporations respond to the COVID-19 crisis with courage and determination. Their leadership sets an example for the sector to follow. In the session on the Food & Beverage Industry Response During COVID-19, 4 member companies participated.

Key themes & Best Practices

Safety of workers:

- Factories are working for safety, with additional time in between shifts and temperature checks off-site.
- COVID-19 response teams are meeting multiple times per day to discuss employee health and safety, minimizing business disruption and supporting employee financial well-being.
- For manufacturing workforce, all decisions must include the Unions (i.e. time for temperature checks is included on the clock, confidentiality of results, social distancing, etc.)
- One company is making sanitizer for its own workers.
- Some companies are giving bonuses or hourly wage increases to front-line workers.
- Companies are finding ways to ensure pay continuation for vendors.
- Anyone being quarantined will receive 14-day pay at some companies.

Philanthropic response:

- Many companies are donating to COVID-19 emergency response funds across their office, grower, and plant locations.
- Many companies are unrestricting funding to existing partners, stepping back on reporting requirements, and identifying what nonprofit organizations need support and how to do so.
- Companies are honoring their commitments to longstanding partners, not pulling back.
- Those that can in the food industry are continuing to donate food to communities in need.
- Many companies are increasing the corporate match to charities working on a response to COVID-19. (for example, Meals on Wheels, Team Rubicon, AmeriCares, American Blue Cross, etc.)
- Food companies are making donations to and raising funds for food banks and hunger organizations.
- One company is having “Empty the Office” campaigns to rescue food in offices and donate locally.
- Companies are donating PPE to health workers if any excess is available.
- Companies are looking at any spaces that can be offered to states for staging of testing sites, etc.
- While some companies are able to make philanthropic donations, others are in survival mode, often unable to make new grants because of the economic situation.

Impact on restaurant workers

- All restaurants are closed for in-restaurant eating, causing furloughs and lay-offs. Companies are trying to extend pay for restaurant workers as long as possible.
- The National Restaurant Association Foundation created a fund (<https://restaurant.org/Covid19>) for restaurant workers, and companies are encouraging their team members to apply for that, as well as a bartender guild fund (<https://www.usbgfoundation.org/covid-19-response>).
- Another organization, One Fair Wage, has a fund to provide support to hourly workers in restaurant industry (<https://ofwemergencyfund.org/>).
- Greg Hill Foundation with Sam Adams created Restaurant Strong Fund to support those in restaurant industry impacted by COVID-19. <https://www.restaurantstrong.org/index.html>

Caring for Employees – Employee Relief Funds

- KPMG resource, “KPMG report: Employers providing employee hardship assistance related to coronavirus (COVID-19)”: <https://home.kpmg/us/en/home/insights/2020/03/tnf-employers-providing-employee-hardship-assistance-related-coronavirus.html>
- **Employee Assistance Funds (EAFs)**: EAFs allow a company to make a grant to individual employees in order to alleviate personal hardship. In light of the COVID-19 pandemic, some companies are:
 - **Expanding eligibility and accessibility** of EAFs by waiving requirements for employment for more than 1 year. Companies are also providing flexibility by waiving documentation requirements for grants of \$500 or \$1,000 and by creating a weblink rather than intranet application, for example.
 - **Increasing available funds**: with more demand for assistance, companies are seeking to add funds by making corporate donations into the fund. While being sensitive of asking too much of employees at this time, some companies are running a donation drive for employee contributions into the fund and matching those funds (or increasing the match). Some companies also allow for donation of unused Paid Time Off (PTO) into the fund, valued at the day rate of that employee’s salary.
 - **Relief Grant Amounts**: The most common cap cited was \$1,500 per employee for the COVID-19 program. Within that, there may be varying tiers of support due to an employee’s situation. This amount is likely based off of the federal relief checks of \$1,200 person and is lower than employee relief caps most commonly cited on the calls for natural disasters, which typically max out at \$5,000.
 - **In-House or External**: Companies can either manage the Employee Relief Funds internally or use an outside vendor. While there are many vendors, the most commonly cited vendors on the peer-to-peer calls were [E4E Relief](#) and [Emergency Assistance Foundation](#). The primary reason why companies decide to outsource the management of these funds is to rely on the expertise in the complexity of the funds and minimize the administrative burden on staff. Using a third party also eliminates the risk for self-dealing for corporate foundations. For those companies that manage the funds in-house, it can be a full-time job for a team of 3-4 people to process requests, in partnership with HR.

Questions related to EAFs:

What are the legal risks of self-dealing with Employee Assistance Funds for COVID-19?

- Employers often seek to help employees who have emergency needs, large and small. Generally, however, all amounts received by an employee from an employer are included in gross income. This is true even if the purpose of the grant is to relieve hardship and made from the company’s foundation. The IRS has taken the view that if a private foundation provides hardship relief grants to employees of its sponsoring company *outside the context of a qualified disaster*, the foundation substantially benefits the sponsoring company. The belief is that grants would help employers recruit

and retain workers—providing company with a competitive advantage. Additionally, the grants could help employers maintain a stable workforce by enabling employees to return to the job more quickly after an emergency strikes. The IRS regards such grants as self-dealing transactions.

- However, IRC Section 139 allows employers to contribute to employees in the wake of “qualified disasters” in a manner that is tax-free to the recipients. Pursuant to the statute, gross income does not include any amount received by an individual as a qualified disaster relief payment even if paid by employer (directly or through its foundation).
- Corporate Foundations with an EAF need to look at how their fund was set up, and what the parameters for accessing the funds are. Section 139 of the U.S. tax code focuses on disasters under the Stafford Act; COVID-19, in contrast, is a pandemic and was a presidential declaration of a national emergency. While the language is different, it has been largely interpreted by law firms as being a valid qualifying event triggering the use of EAFs designated for hardship due to national disasters.
- The risk for a corporate foundation is that if it is not declared a disaster, those payments would not be tax-deductible and could count as self-dealing. There have been requests sent to the IRS to clarify.

What are the criteria for who is eligible to receive assistance?

- With the widespread infection rate of COVID-19, many employees may seek to access funds through an EAF. Some companies have limited the fund for someone diagnosed with an illness or who has a family member who tested positive. Other companies have left the fund open for any COVID-19 hardship, such as the economic toll of reduced hours or loss of a spouse’s job, for example.

Potential opportunities:

- With restaurants closed, there is a ton of capacity. There are local efforts to provide funding to nonprofits by buying meals from restaurants to redistribute to others in the community and in need. Can food companies amplify this and scale up to address hunger issues? Local examples:
 - <https://fooditforwarddc.com/>
 - [Food For the Front Line](#)
- As companies think about future grantmaking, what will the needs be in the hunger space? Request to organize a future call to discuss in light of where the government response is going.

COVID-19 Resources from each partnering organization:

- ACCP: [COVID-19 Resources for Corporate Citizenship Professionals](#)
- CECP: COVID-19 Resources [Recap for CEOs](#) and [Recap for CR Leaders](#)
- COF: [COVID-19 Resource Hub](#)
- POL: [COVID-19 Action Plan](#)