

Extreme weather events raise questions about employee safety risks

While authorities are pushing to keep markets running as normal during potentially dangerous conditions, organisations stress employee well-being must not be overlooked

By Sinyi Au | October 25, 2023

Climate change is increasing the frequency and severity of extreme weather events in many Asian markets, placing more urgency on financial institutions to reassess business continuity measures and rethink how to look after employees who may be put in positions of increased risk.

The Hong Kong stock market's operations have been suspended on four occasions this year due to extreme weather conditions amid record rainfall in the territory from super typhoons and severe rainstorms that led to widespread flooding. This is double the number of average annual interruptions over the past decade.

The more frequent suspensions, which occur during typhoon warnings of signal eight or above, or black rainstorms, has led Hong Kong government to consider allowing the stock market to continue operating during such extreme weather events.

“As an international financial centre, Hong Kong must continue to enhance its competitiveness, and improving the trading mechanism is part of that competitiveness,” Christopher Hui, Hong Kong's secretary for financial services and the Treasury, told local television this month.

Hui added that the government aims to come up with a proposal within this year, according to local media.

But these proposals have also raised concerns in the industry due to worries about the safety of frontline financial workers who may have to head out to work under violent storms, and even flooding.

Mofiz Chan, chairman of the Hong Kong Securities & Futures Professionals Association, tells *Ignites Asia* that the industry body opposes the plan to keep the financial market open during extreme weather conditions unless adequate protection for personal safety can be provided.

“We must not lose sight of those employees who need to travel to their offices in person to do their work,” he says.

Chan highlights recent severe flooding events in Chinese provinces of Zhengzhou, Beijing and Guangdong, as well as the destructive typhoons that have hit Hong Kong, all of which have put employees at risk.

“Typhoon Mangkuht, which hit Hong Kong in 2018, caused the windows of office buildings to blow out, and items in those offices just flew away,” he says. “These natural disasters are usually excluded from insurance protection, so plans should be put in place to ensure staff safety.”

According to Hong Kong’s Employee’s Compensation Ordinance, employers are liable to pay compensation for death or injury incurred when employees are travelling by a direct route from their residence to their workplace, or vice versa, four hours before or after working hours under “extreme conditions”, or when typhoon signal eight or above, a red or black rainstorm warning is in force.

Elsie Chan, Hong Kong-based employment law partner at Deacons, tells *Ignites Asia* that fund companies should review their internal policies to ensure they adequately cover a rise in disruptions from extreme weather events.

    “I would advise employers to consider whether they have their system prepared to support their employees working from home during adverse weather,” she says. “And whether the procedures are in compliance with the regulatory requirement, for example, if a recording of conversation is necessary.”

She points out that recent strong typhoons and adverse weather have caused employees to pay more attention to policies that cover their benefits and well-being, and that companies need to keep up.

“Employers now pay more attention to internal IT support, cyber security and confidentiality when employees will need to work from home,” she says.

“It is also advisable to have a dialogue with employees such that they can raise their concerns or needs with the employees, no matter they are required to work away or to attend the office,” she adds.

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For staff who would still need to travel to the office under extreme weather conditions, Chan suggests that employers may consider enhancing insurance protection.

“Employers should put in place a comprehensive policy setting out the working arrangement such that the employees are aware what is expected from them,” she explains.

In Taiwan, another market frequently affected by typhoons and other extreme weather events, local governments decide whether or not suspending business activities or stock market operations during extreme weather conditions.

Xav Feng, Taipei-based director at Lipper Asia Pacific Research, says that sometimes county mayors err on the side of caution and announce a business activity suspension even when typhoon wind levels approach, but do not surpass the necessarily threshold.

Many people who work in Taipei, Taiwan's financial centre, live in neighbouring counties, and take a "typhoon holiday" if either Taipei or the county they live in announce a suspension.

Lipper Taiwan has set up a "group reporting mechanism" to ensure employee safety under extreme weather events or other natural disasters like earthquakes.

"We are divided into groups of 10 people, for example, when an earthquake happens, group members would report to the group leader on their safety," Feng explains. "If someone hasn't replied after a while, the group leader would contact them again to make sure they are safe."

"Then the group leader will report to the company if the whole group is safe, so that all employees do not have to report to only one person in charge," he adds.

Group leaders are also responsible for ensuring group members are aware of all latest news and announcements from the company, just in case some people might not have access such information, Feng says.

"This mechanism has always existed, but was strengthened after Covid-19," notes Feng.

While many financial institutions may have tried and tested remote working arrangements in place since Covid-19, HKSFPA's Chan adds that additional arrangements are needed to justify maintaining trading under extreme weather events.

This is even more essential in some less well-equipped institutions and in smaller offices that are common in Hong Kong.

“Mainland brokerage firms and banks have more office space, therefore they are able to accommodate their staff to stay overnight at the office to work under extreme weather conditions,” he says.

“To ensure that financial staff can work at home under extreme weather conditions, we have to make sure they have stable electricity and network connections, public transport support and the necessary emergency help services, which requires a lot of collective effort,” he adds.

“To be honest, these extreme weather conditions only happen once or twice a year,” he says. “Is it worth the cost?”

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