

Global Crisis: Human Capital Road Map

Responding to the COVID-19 pandemic: Restoring Stability (Stage 2)

Our Point of View

The COVID-19 pandemic underscores the **material value** of the health and contributions *of people to business success*. Responding to and recovering from the crisis is just the start. True leadership will be defined by the actions we take to protect, preserve and sustain that human capital value.

This means revising operations, programs and policies. Begin by taking the best of what we rapidly introduced. Reimagine the rest for flexibility, resiliency and efficiency.

Beyond this crisis, we need to acknowledge the ongoing risk of *another pandemic* or global crisis. At minimum this means preparing our organizations to be agile and flexible to pivot to multiple short-term scenarios while simultaneously thriving in the long-term.



Reimagine work and rewards for agility, virtual working, automation and reskilling



Lead with practicality, compassion, and transparency, and make work culture safe and inclusive



Protect employees and **build resilience** across physical, emotional, financial, and social wellbeing



Build flexibility in cost and **actively manage financing** of health, retirement, pay, and career programs



Rethink governance and oversight of human capital metrics to emphasize health, safety, and sustainability

Key Stages of Action

There are three phases of action for organizations and their leaders:



Restoring Stability

Prepare

The following areas of action are prevalent among companies as they **plan** a comprehensive and safe strategy for restoring stability and reopening economies and markets under new assumptions. Planning for Stage 2 is advised during Stage 1.

Health	<ul style="list-style-type: none"> ▪ Evaluate the need for and extension of pandemic related coverage, protection, vendor services ▪ Promote benefits (health, welfare and risk insurance) to raise awareness and build confidence ▪ Model cost implications of future claims due to the pandemic and deferred treatments
Wellbeing	<ul style="list-style-type: none"> ▪ Develop comprehensive safe return-to-work plan, including continuation of relevant workplace policies, self-assessment, on-site health checks, proactive emotional support, and updated rules for business travel to prevent re-emergence of COVID-19 and create confidence; address needs of at-risk cohorts ▪ Implement employee listening strategy to understand and prepare for return-to-work stress points ▪ Develop leader and manager wellbeing toolkits to help build confidence and return to productivity
Work	<ul style="list-style-type: none"> ▪ Evaluate all options for new ways of working, including workforce scaling (up/down), using contingent workers, reskilling/upskilling, automation and digitalization ▪ Develop plan to determine where remote work should be gradually phased out and where continued
Pay	<ul style="list-style-type: none"> ▪ Model business performance scenarios (including key human capital and ESG measures) to assess current compensation and governance programs (interim/ongoing) to align with performance outlook ▪ Identify changes to plan design (e.g., base salary, STI, LTI), goals and performance metrics
Retirement	<ul style="list-style-type: none"> ▪ Assess impact of economic downturn and participant behavior (e.g., savings rates, withdrawals investment changes) on employee wellbeing and retirement readiness; outline objectives for restoration ▪ Review pension financial management strategy; identify near-term actions (e.g., cash preservation) and long-term objectives; assess all legislative developments to protect employees and businesses
Culture	<ul style="list-style-type: none"> ▪ Redefine culture fostering collaboration, flexibility, agility, inclusion and acceptance under new realities where new sets of needs may exist, and address loss, fear and anxiety to ensure psychological safety ▪ Create visibility and enable leaders and managers to lead through change and build trust by reconnecting to purpose and confirming strategy and direction ▪ Evaluate key employee metrics (e.g., wellbeing, engagement, attitudes) to inform a comprehensive change and communication strategy

The following areas of leadership action (**execution**) are prevalent among companies in Stage 2 (“Restoring Stability”).

Additional details on the three key stages of action are detailed in our COVID-19 Human Capital Guidebook and supported by consultant discussions.

Health 	<ul style="list-style-type: none"> Confirm ongoing coverage and protection including continuation of relevant short-term policies during transition period (for both working and furloughed employees), utilization and effectiveness of alternative care, eligibility provisions, EAP support; execute open enrollment strategy in relevant countries Review/manage vendors, including review of transition procedures and implications, and 2021 offerings Conduct financial modelling, including analysis of claims during the crisis and expected increase and reserving for spikes in elective surgeries and other deferred care
Wellbeing 	<ul style="list-style-type: none"> Execute and communicate return to work policies, hygiene at work, social distancing protocols, mobility, and travel policies to support safety, health and physical wellbeing, as well as new/emerging needs Actively promote and focus on emotional wellbeing programs such as add-on EAPs, leader and manager training on stress-related issues, peer-to-peer support and guides, sharing of success stories Assess and address employee financial concerns regarding future safety and financial wellbeing; monitor employee behavior (e.g., participation, savings rates, loans, withdrawals, investment allocations)
Work 	<ul style="list-style-type: none"> Implement workplace policies to enable employees to return to work safely, address needs of certain cohorts and foster inclusion; assess opportunities for working in an agile and virtual environment Readjust work including new ways of working, flexible arrangements, reskilling/upskilling programs, scaling up/down, robotics/AI; adjust performance goals to reflect current conditions and future outlook
Pay 	<ul style="list-style-type: none"> Modify pay rates for jobs that may have changed (e.g. cyber security, business continuity); update reward strategy and/or programs in light of changes in organization and workforce strategy (including focus on roles that have been pivotal to restoring stability, e.g., health care, distribution, sales) Review/balance affordability of compensation programs relative to profitability, cash flow, and share price Assess short-term and long-term incentive goals and performance metrics in the context of economic conditions and business performance; develop retention program for critical talent, if needed Evaluate solutions to address underwater stock options as needed; promote employee and management stockownership plans, as an alternative to deferring cash payments Communicate and implement human capital management metrics into incentive plans and/or governance oversight; review oversight and management of ESG elements with Board/Management
Retirement 	<ul style="list-style-type: none"> Continue monitoring pension financials and reporting to all stakeholders (e.g., management, labor representatives, employees, fiduciaries, auditors, external providers) Execute cash preservation and cost management strategies related to pensions Perform multi-year modelling to assess consequences of short-term cost management actions, changes to economic and workforce projections, and potential updates to pension cost/risk management strategy Execute comprehensive and integrated communication and engagement campaign, including education, tools, and financial wellbeing decision support Review retirement plan operations and vendor performance, identify necessary remediation steps, opportunities for improvement, and ability to enhance services aligned with restoration objectives
Employee experience and communication 	<ul style="list-style-type: none"> Refocus on the essentials of the employee experience to redefine and ensure people understand their roles, feel supported, are being rewarded fairly and can effectively do their jobs in the new environment Execute comprehensive communication/employee outreach at all levels regarding business outlook/strategy, reasons for strategic business, workforce cost management decisions and employee support/resources; continued visibility and enablement of leaders to lead change Continue or build new forums for collaboration, inclusion and sharing of employee voice Deploy key employee metrics (e.g., wellbeing, engagement) to inform comprehensive strategy
Culture 	<ul style="list-style-type: none"> Adapt healthy company mindset to new assumptions, including agility, dignity, psychological safety, inclusion, wellbeing, physical safety, and innovation – supported by leader and manager behaviors Underscore focus on and align decisions and messaging with purpose, values, and principles

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.