Today’s agenda

Key stages of action

Restoring stability:

- Human capital implications
- Reopening the workplace
- Risk and liability implications

Questions and answers
The journey

Key stages of action

1. Managing through the crisis
   - Initial reaction and adaptation in key areas, followed by a period of sustaining operations, leading to a continuous cycle of additional reaction, adaptation, and sustaining as more is learned and conditions change.

2. Restoring stability
   - Resetting and reimagining operations under new assumptions, protocols, focus areas, and pace.
   - Reopening workplaces
   - Irregular operations “business as unusual”

3. Operating post-crisis
   - Achieving sustainable operations and business model, and redefining what normal means in the new environment.
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.

Actions to consider…

- **Reimagine work and rewards** for agility, virtual working, automation and reskilling.
- **Lead** with practicality, compassion, and transparency, and make work and 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, emphasizing health, safety, and sustainability.
Three global stages of leadership reflect efforts to protect/preserve, regenerate and sustain human capital value

1. Managing through the crisis
   - Protect and Preserve Human Capital Value
   - Help employee’s manage the impact of the pandemic on their personal and profession lives.
   - Ensure employees’ safety and their wellbeing during the pandemic.
   - Balance business sustainability decisions with protecting jobs, employee engagement and productivity.

2. Restoring stability
   - Regenerate Human Capital Value
   - Plan for demand, capacity and capabilities to develop new ways of working and promote culture of inclusion.
   - Enable leaders and managers to lead through change.
   - Make working safe for all employee segments.

3. Operating post-crisis
   - Sustain Human Capital Value
   - Accelerate business performance and build confidence in the future.
   - Rewrite employee experience for new ways of working.
   - Improve human capital resilience.
   - Ensure stronger Board oversight of human capital.

[Download Global crisis: Human capital road map from willistowerswatson.com]
Global stages map against state and province plans to reopen

1. Managing through the crisis
   - Protect and Preserve Human Capital Value

2. Restoring stability
   - Regenerate Human Capital Value

3. Operating post-crisis
   - Sustain Human Capital Value

California State Resilience Roadmap Re-Opening Stages (April 28, 2020)

Stage 1:
- Safety and Preparedness

Stage 2:
- Lower Risk Workplaces

Stage 3:
- Higher Risk Workplaces

Stage 4:
- End of Stay-At-Home Order

Re-Opening New York Priority Industry Phases (May 4, 2020)

Phase 1:
- Construction; Manufacturing and wholesale supply chain; Select retail using curbside pickup only

Phase 2:
- Professional services; Finance and insurance; Retail; Administrative support; Real estate and rental leasing

Phase 3:
- Restaurants and food service; hotels and accommodations

Phase 4:
- Arts, entertainment and recreation; Education

Restore Illinois Re-Opening Phases (May 5, 2020)

Phase 1:
- Rapid Spread

Phase 2:
- Flattening

Phase 3:
- Recovery

Phase 4:
- Revitalization

Phase 5:
- Illinois Restored

Re-Opening British Columbia Phases (May 7, 2020)

Phase 1:
- Current state of emergence/ public health emergency

Phase 2:
- Small gatherings; child care; retail; restaurants; elective health care

Phase 3:
- Hotels, parks, smaller venues; education

Phase 4:
- Conventions, concerts, sporting events; international travel
Restoring stability: Regenerate human capital value

1. Managing through the crisis
2. Restoring stability
3. Operating post-crisis

Protect and Preserve Human Capital Value

Regenerate Human Capital Value

Resetting and reimagining operations under new assumptions, protocols, focus areas, and pace

- Model workforce plans and work redesign
- Define new ways of working
- Ensure visibility and enablement of leaders/managers to lead through uncertainty and change, and build trust
- Recommit to purpose, and culture of safety, inclusion and wellbeing
- Ensure safe work environment, protection and wellbeing
- Introduce digital dialogue tools to complement agile listening
- Model cost impact and evaluate cost management options
- Assess Total Rewards alignment for the future
- Consider options to add human capital and ESG metrics into reporting, and incentive frameworks

Sustain Human Capital Value

Employee Experience and Culture

Work

Pay

Health

Retirement

Wellbeing

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Assess health and wellbeing programs

<table>
<thead>
<tr>
<th>Health</th>
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<tbody>
<tr>
<td>- Promote benefits to raise awareness and build confidence.</td>
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<tr>
<td>- Evaluate extension of pandemic related coverage.</td>
</tr>
<tr>
<td>- Model cost implications of future claims due to the pandemic and deferred treatments.</td>
</tr>
<tr>
<td>- Consider future health and wellbeing strategy.</td>
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<table>
<thead>
<tr>
<th>Wellbeing</th>
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<tbody>
<tr>
<td>- Actively promote and focus on emotional wellbeing programs such as add-on EAPs.</td>
</tr>
<tr>
<td>- Develop comprehensive safe return to the workplace plan to support safety, health and physical wellbeing.</td>
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<tr>
<td>- Develop leader and manager wellbeing toolkits.</td>
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### Top benefits priorities over the next six months

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>67%</td>
<td>Communicate on benefits and wellbeing programs that might be important to employees at this time.</td>
</tr>
<tr>
<td>43%</td>
<td>Enhance mental health services and stress/resilience management.</td>
</tr>
<tr>
<td>38%</td>
<td>Likely to revisit our health care strategy for 2021 as a result of COVID-19 (to a moderate or great extent)</td>
</tr>
</tbody>
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Understand impact of financial stress and evaluate retirement programs

**Retirement**

- Execute short-term financial management strategy.
- Measure and assess impact of economic downturn and participant behavior on savings.
- Model impact of cost management actions, changes to economic and workforce projections.
- Evaluate the effect of the crisis, and identify desired program design, financing, and governance options.

**Wellbeing**

- Assess and address employee affordability and financial wellbeing concerns.
- Implement financial wellbeing engagement campaign.

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**Retirement plan actions taken or considering for 2020**

<table>
<thead>
<tr>
<th>Action Taken</th>
<th>Planning or Considering</th>
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<tbody>
<tr>
<td>12%</td>
<td>21%</td>
</tr>
<tr>
<td>19%</td>
<td>38%</td>
</tr>
<tr>
<td>4%</td>
<td>32%</td>
</tr>
</tbody>
</table>

- 12% suspend employer matching contributions to defined contribution (DC) plan.
- 19% measure signs of financial stress.
- 4% measure impact on projected retirement outcomes (retirement age).

Consider impact of changes in work, rewards and employee experience

<table>
<thead>
<tr>
<th>Work</th>
<th>Rewards</th>
<th>EX Employee Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>57%</td>
<td>Increase in actions taken to respond and adjust</td>
<td></td>
</tr>
<tr>
<td>48%</td>
<td>Have completed salary reductions</td>
<td></td>
</tr>
<tr>
<td>63%</td>
<td>Delayed or cancelled merit increases</td>
<td></td>
</tr>
<tr>
<td>57%</td>
<td>have/will shift how and where work is done</td>
<td></td>
</tr>
<tr>
<td>48%</td>
<td>have/will increase automation</td>
<td></td>
</tr>
<tr>
<td>63%</td>
<td>have/will redeploy workers</td>
<td></td>
</tr>
<tr>
<td>57%</td>
<td>Make work safe</td>
<td></td>
</tr>
<tr>
<td>48%</td>
<td>Plan for and define new ways of working</td>
<td></td>
</tr>
<tr>
<td>63%</td>
<td>Reskill and upskill to deliver on new priorities</td>
<td></td>
</tr>
<tr>
<td>57%</td>
<td>Preserve flexibility while addressing cost management priorities</td>
<td></td>
</tr>
<tr>
<td>48%</td>
<td>Ensure a strong value proposition for critical roles</td>
<td></td>
</tr>
<tr>
<td>63%</td>
<td>Re-assess and adjust rewards to align with new ways of working and emerging priorities</td>
<td></td>
</tr>
<tr>
<td>57%</td>
<td>increased listening efforts</td>
<td></td>
</tr>
<tr>
<td>48%</td>
<td>have more than 75% working remotely</td>
<td></td>
</tr>
<tr>
<td>63%</td>
<td>Listen to and involve employees to reinforce or redesign the EX</td>
<td></td>
</tr>
<tr>
<td>48%</td>
<td>Enable leaders and managers to lead through change and foster a culture of inclusion</td>
<td></td>
</tr>
<tr>
<td>63%</td>
<td>Reinforce and recommit to purpose</td>
<td></td>
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Plan a comprehensive and safe strategy for restoring stability

1. When should we reopen the workplace?
2. Who should return to the workplace?
3. How can we best protect workers?
4. What about testing or screening?
Workers Compensation considerations

Uneasy feelings
- Is it safe?
- Changes?
- Can I still do my job?
- Stresses from home

Screenings
- Worker anxiety - process
- Bottlenecks?
- Proper PPE chosen?
- PPE available?

Worker readiness
- Sleep cycles off
- Shift changes
- Lack of conditioning
- Out-of-work injuries

Re-training
- Protecting yourself from COVID
- Loss of knowledge
- Changes in processes, roles?
- Required safety training updates?
Initial considerations for reopening the workplace

- PPE disinfection
- Social distancing
- Pandemic response team
- Operating protocols
- Pre-return to work communication
- Facility signage
- Restarting facility

Playbook
Take steps to keep your workforce safe

<table>
<thead>
<tr>
<th>COVID-19 Screening</th>
<th>COVID-19 Testing</th>
<th>Contact Tracing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quickly and effectively identify and separate infected individuals, ideally before entry to the workplace.</td>
<td>Molecular and antibody tests are available to detect active infection or previous exposure of COVID-19.</td>
<td>Identify individuals who may have come in contact with an individual known to be infected with COVID-19.</td>
</tr>
</tbody>
</table>

- How should our approaches differ between initial workplace reopening's vs. ongoing operations?
- How should approaches differ in regions that are “hot spots” for the virus?
- How can local health provider testing capabilities be leveraged?
- What tests should be considered at diagnosis? To validate return to workplace?
Factors that matter

- Understand employee challenges at each stage of your organization’s reopening.

- Focus on areas where you can influence the employee return-to-work experience.

- Evaluate geography differences and social determinants of health.

- Enhance wellbeing program to support your restoring stability strategy.
Use clear, empathetic communication to help increase employee sense of security in coming back to work

Employee communication must be:
- Clear
- Timely
- Succinct
- Digital
- Segmented
- Multi-way

Managers must be trained to:
- Be empathetic and build resilience
- Embrace change
- Reinforce protocols or procedures
- Support wellbeing
- Address stigma and bias
- Help employees see their path
Five key facility considerations

1. Fire protection and alarm systems; inspection/test/maintenance
   - When was our last servicing to maintain integrity and Fire Code Compliance?
   - Using a vendor/contractor to conduct servicing

2. Restarting utilities and equipment
   - Preventive maintenance program status.
   - Testing system interlocks

3. Supply chain resiliency
   - Are your key suppliers back in business?
   - Location of “buffer” inventory

4. Influx of new inventory
   - Proper storage practices
   - Avoid temporary aisle storage in warehouse
   - Security for yard storage

5. Business continuity planning – debrief
   - Lessons learned/update plans.
   - Become a more resilient company
Plan for heightened financial and management liability risk
Directors and officers (D&O) liability

Plan for D&O liability claims
- D&O liability includes lawyer driven litigation
- Heightened D&O exposures

D&O insurance readiness
- New or renewal, being proactive is critical
- Review capacity, structure and features

- Align culture to a safe workplace
- Follow official and stakeholder guidance
- Get stakeholder buy-in
- Align incentives and measurement of success
- Monitor compliance
- Independently audit
- Conduct meaningful after action review and revise plans to address weaknesses
- Document efforts well
Plan for heightened financial and management liability risk

Other financial lines risk

### Privacy and security liability
- Cyber threats may be heightened
- Disclosure of personal health information could yield claims
- Heightened vulnerability to socially engineered hacks

### Employment practices
- Heightened exposures to discrimination and harassment liability
- Heightened exposure from employees who raise concerns over the safety of their work environment – retaliation
- Uncertainties around what may be may not be "compensable time" could lead to claims
- Temporary reassignment of non-exempt functions to exempt employees may jeopardize exempt status – liability

### Fiduciary liability insurance
- Heightened risks from changes to workforce or compensation
- Operational change could give new socially engineered fraud exposure some lift
A look ahead: Operating post-crisis

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Questions

Upcoming events:

May 21: Re-imagining your Property Insurance

May 29: Sustainable Reset

June 5: Re-imagining your Casualty Insurance

June 12: Wellbeing

June 26: Safeguarding Capital

Register for future events and access past recordings on willistowerswatson.com
Emerging Principles and Priorities for Restoring Stability

Willis Towers Watson Webcast

May 15, 2020