Agenda for today’s discussion

1. Snapshot of the current environment
2. Guiding principles to shape ethical and responsible actions in light of COVID-19
3. Critical workforce management imperatives
4. Practical actions to consider moving forward
5. Questions and answers
Today’s speakers

Emory Todd
Human Capital and Benefits

Ravin Jesuthasan, CFA FRSA
Future of Work

Jeff Levin-Scherz, MD
Healthcare Delivery

Jill Perkins, Ph.D.
Employee Experience

John Bremen
Human Capital and Benefits

Beth Ashmore
Retirement Benefits
Today is a time unlike no other in our collective experience as people, communities and organizations

The global COVID-19 outbreak now sports exponential growth rates for cases and deaths on every continent save Antarctica...we are also in the midst of an unprecedented blow to global output, income, and employment. In financial markets, the pace of decline for equity and corporate bond prices exceeds any on record.

Barbera, Norris, Wright; Johns Hopkins Coronavirus Resource Center

On our March 10 webcast on this topic, the United States had just under 800 reported cases of COVID-19. Just over three weeks later, the US and Canada together report just under 223,000 with cases climbing significantly each day.

Source: Vox.com, World Health Organization, Johns Hopkins

---

About COVID-19

Initially associated with exposure to seafood and meat market in China
- Sickened over 932,000
- Over 47,000 deaths (as of April 1)

Could become a worldwide pandemic

Method of spread: Respiratory droplets in air or on contaminated surfaces

Most common incubation period: 2-14 days (mean 4 days)

Symptoms
- Fever (44% on presentation; 89% during hospitalization)
- Cough (68%)
- Diarrhea (4%)

About 1/5 of those with COVID-19 have serious illness – many require hospitalization and some require mechanical ventilation
- The aged, those with chronic diseases, and smokers are at highest risk
Unsurprisingly, almost 7 in 10 companies expect COVID-19 to hurt business results

What impact will COVID-19 have on your business results over the next 6 months? 12 months? 2 years?

<table>
<thead>
<tr>
<th></th>
<th>6 months</th>
<th>12 months</th>
<th>2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Moderate or large negative impact:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implications for 2020 Incentive Plans</td>
<td>69%</td>
<td>50%</td>
<td>14%</td>
</tr>
<tr>
<td>Fielded 3/30/2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Containment and Premium Pay Considerations</td>
<td>65%</td>
<td>45%</td>
<td>11%</td>
</tr>
<tr>
<td>Fielded 3/23/2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hourly Pay Survey</td>
<td>59%</td>
<td>36%</td>
<td>10%</td>
</tr>
<tr>
<td>Fielded 3/16/2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable Compensation Implications Survey</td>
<td>34%</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>Fielded late February 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


+ 35 since late February
Employers and policymakers are taking a variety of actions in response

Sampling of employer actions

- Cutting or freezing pay to the executive team or broader employee population
- Continuing pay and benefits for workers impacted by store or factory shutdowns (but changing)
- Providing paid time-off for hourly associates diagnosed with coronavirus or required to quarantine
- Providing stipends to support work-from-home arrangements for impacted staff

Economic effects have spurred policymakers to action

- Central banks provide monetary stimulus via interest rate cuts and quantitative easing
- Fiscal stimulus bills increase unemployment, paid sick leave, small business support, and business loans
Employers must rapidly and dramatically recalibrate their focus and response

While focus has been on the public health, economic and societal implications of the pandemic, workforce implications are no less profound.

In 2019, fewer than 10% of business leaders from G20 and OECD countries considered the spread of infectious diseases as a looming global risk.*

Most companies in these countries, across sectors, had not implemented flexible working arrangements.

Now, most businesses are having to rapidly put in place new measures for their workforces – often with no previous comparable experiences.

*Source: World Economic Forum Executive Opinion Survey
We believe there are five key principles for shaping an effective course of action

1. See this crisis as a defining leadership moment— and continue delivering the best possible outcomes for all stakeholders.

2. Adopt an agile and continuous learning mindset to ensure response is (re)calibrated to the circumstances at hand

3. Understand the perspectives of and engage all stakeholders (e.g., employees, shareholders, customers, suppliers, unions/works councils, healthcare providers, community) in decision making

4. Focus on the intersection of employee and company wellbeing

5. Make decisions and take actions that take into account medium-term needs and longer-term business objectives
Prioritize planning, wellbeing and communication

- Protect the health of your employees and their families
- Clearly articulate key policies and procedures
- Train, support and empower local leaders and managers
- Communicate empathically and frequently

<table>
<thead>
<tr>
<th>Move to Remote Work</th>
<th>Overcommunicate</th>
<th>Train &amp; Empower Local Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>260% increase in employers reporting that 3/4 or more of their workers can work remotely</td>
<td>94% Preventing respiratory infection</td>
<td>Of 37% doing COVID-19 supervisor training</td>
</tr>
<tr>
<td>97% moving some internal meetings to virtual meetings</td>
<td>84% Telemedicine availability</td>
<td>▪ 81% included preventing spread of respiratory disease</td>
</tr>
<tr>
<td>97% giving additional employees ability to work remotely</td>
<td>77% FAQs</td>
<td>▪ 77% included exclusion of workers based on risk or symptoms</td>
</tr>
<tr>
<td>Protect Physical Health</td>
<td>Provide Financial Security</td>
<td>▪ 35% included policies on avoiding stigma</td>
</tr>
<tr>
<td>97% increasing disinfection and hygiene efforts</td>
<td>97% maintaining benefits for median of 12 weeks</td>
<td>Protect Emotional Health</td>
</tr>
<tr>
<td>89% have specific policies to exclude visitors or workers at high risk</td>
<td>42% waiving out of pocket costs for COVID-19 treatment</td>
<td>81% are communicating about EAP availability</td>
</tr>
<tr>
<td>84% promoting use of telemedicine</td>
<td></td>
<td>56% have increased access to telebehavioral health</td>
</tr>
</tbody>
</table>

Focus on employee experience, engagement and motivation

Employee experience (ex)

Leadership

- Lead with integrity and purpose
- Be active with employee listening
- Connect employees using new technologies

Culture

Connection

Contribution

Employee Value Proposition

PURPOSE
WORK
PEOPLE
TOTAL REWARDS
Learn from the hallmarks of a high-performance employee experience

**INSPIRE**
People about the future and connect them to our purpose

“*Our leaders have a clear vision for the future*”

+ 24%

**DRIVE**
For the future to stay ahead of the market

“*We are driving the right pace of change*”

+ 30%

**GROW**
An engaged and productive workforce

“I have the opportunity for personal development and growth”

+ 21%

**BUILD TRUST**
By being there for employees with open and honest support

“It is safe to speak up in this organization”

+ 19%

**XX**
*EX in companies classified as ‘change masters’ vs companies undergoing “typical” change curve. Numbers are % favorable differences*
Ensure responsible work redesign

**Sustainably manage the shift to flexible/remote working**

Invest in the infrastructure required for the “new normal”

Ensure flexible work is inclusive

**Responsibly rethink workforce strategy to incorporate contingent labor/gig talent while optimizing the role of automation**

Tap into the gig economy to inject flexibility during a time of uncertainty

Reinvent jobs to achieve the optimal combinations of humans and machines to achieve a sustainable reset

---

**World Economic Forum Principles for Good Platform Work**

- Diversity and inclusion
- Safety and wellbeing
- Flexibility and fair conditions
- Reasonable pay and fees
- Social protection
- Learning and development
- Voice and participation
- Data management
Consider a cross-industry talent exchange

- Re-deploy select talent with comparable skills for a limited period of time
- Significantly minimize the frictional cost and time associated with traditional employment transitions

Make progress towards your longer-term upskilling and reskilling agenda

- Turn commitment to continuous learning into reality
- Identify the new skills talent in various roles need to stay relevant; ensure access to digital resources

The World Economic Forum estimates that by 2022

42% of core skills required to perform existing jobs are expected to change, with over

133 million new jobs created in major economies

Ensure responsible work redesign
Balance short-term costs with medium-term resilience and rebound

Protect key elements of Total Rewards:
▪ Total Rewards actions vary extensively by industry and company.
▪ Salary and benefits continuation (especially health benefits) are cited as most essential elements

Focus on health (Protect):
▪ Review adequacy of health coverage, exclusions, and establish temporary reserves to support with claims management
▪ Promote access to care via telemedicine, EAPs and ease restrictions on prescription refills
▪ Provide support to at-risk populations
▪ Support employee access to available government programs

Focus on pay (Preserve):
▪ Use variable pay reduction to fund protection of key elements of total rewards
▪ Review 2020 salary increase budgets and voluntary/mandatory pay reduction/deferral
▪ Ask for Board and executive “volunteers” for pay reductions
▪ Develop retention programs, special awareness programs or premiums for select workers
▪ Engage proactively with shareholders, proxy advisors, employees and public

78% of employers operating in Wuhan/Hubei Province paid furloughed workers in full during the crisis
22% paid a portion of the usual wages.

For other parts of China, 91% paid furloughed workers in full
90% in Wuhan/Hubei Province and 97% in other parts of China continuing benefits for furloughed workers

Globally, 54% of companies globally will continue to pay hourly employees if their work location (e.g. retail store, fulfilment center, manufacturing facility, or office) experiences a mandated closure

Source: WTW COVID-19 Survey
Balance short-term costs with medium-term resilience and rebound

Take a segmented view of the workforce

- Consider how the crisis affects different employee segments; what roles are truly pivotal?
- Go beyond respect (dignity at work) to finding meaning and purpose in work (dignity in work).
- Move beyond one-size-fits-all compensation and benefit solutions.

Focus on the financial wellbeing of your most vulnerable employees

- Ensure financial wellbeing for individuals experiencing immediate economic impact; help employees maintain confidence.
- Review provisions related to time off, leave, reduced hours, effect of workforce disruption.
- Consider new legislation, plan design changes, provide member communications.
- Assess potential effect on financials and funding requirements; re-allocate resources to align with Total Rewards and wellbeing needs.

Even before COVID-19

<table>
<thead>
<tr>
<th>Living paycheck to paycheck</th>
</tr>
</thead>
<tbody>
<tr>
<td>38%</td>
</tr>
<tr>
<td>Strongly agree or agree</td>
</tr>
<tr>
<td>No significant savings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Negatively impacted by financial problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>32%</td>
</tr>
<tr>
<td>Strongly agree or agree</td>
</tr>
</tbody>
</table>

Prepare for the journey forward

Key Stages of Action
There are three distinct phases for organizations and their leaders:

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, and helping bring people back to work.

3. Operating post-crisis
   Resuming sustainable operations and business model, and redefining what normal means in the new environment.
A deeper dive into the workforce and business implications of the Coronavirus

- April 7: Health and Welfare Programs
- April 9: Retirement Programs
- April 14: Work and Rewards
- April 22: Employee Experience
Workforce and Business Implications of the Coronavirus

April 2, 2020