

Workforce and Business Implications of the Coronavirus

April 2, 2020



Agenda for today's discussion



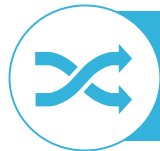
Snapshot of the current environment



Guiding principles to shape ethical and responsible actions in light of COVID-19



Critical workforce management imperatives



Practical actions to consider moving forward



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

About COVID-19

Initially associated with exposure to seafood and meat market in China

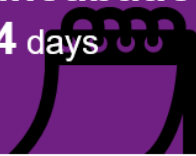
- Sickened over **932,000**
- Over **47,000** deaths (as of April 1)



Could become a worldwide pandemic



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



Method of spread:

Respiratory droplets in air or on contaminated surfaces



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



“ 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

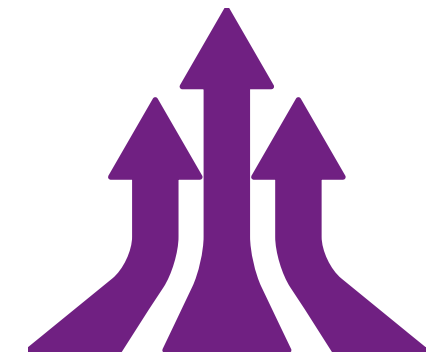
On our March 10 webcast on this topic, the United States had just under 800 reported cases of COVID-19. Just over three weeks later, the US and Canada together report just under 223,000 with cases climbing significantly each day.

Source: [Vox.com](#), [World Health Organization](#), Johns Hopkins [Link](#)

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?

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



+ 35 since late February

Source: Willis Towers Watson's 2020 COVID-19 Variable Compensation Implications Survey ,2020 COVID-19 Hourly Employee Pay Practices, 2020 Cost Containment and Premium Pay Considerations, Implications for 2020 Incentive Plans

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



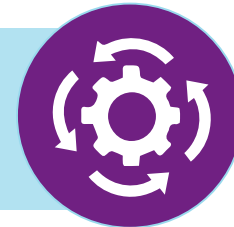
While focus has been on the public health, economic and societal implications of the pandemic, workforce implications are no less profound

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



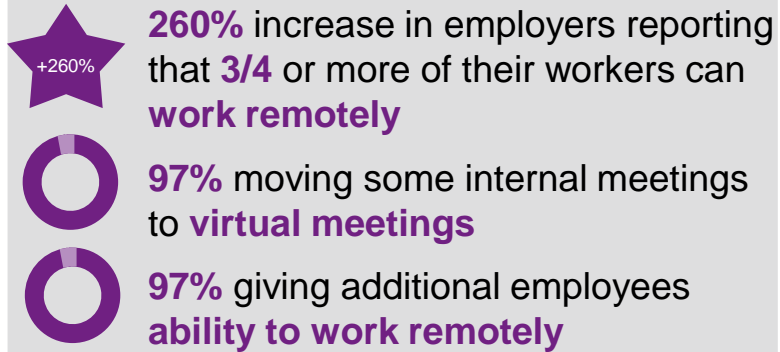
Train, support and empower local leaders and managers

Communicate empathically and frequently

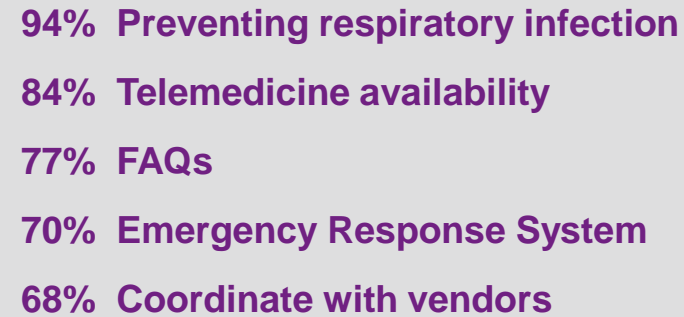


Employer responses to COVID-19 pandemic (U.S., March, 2020).

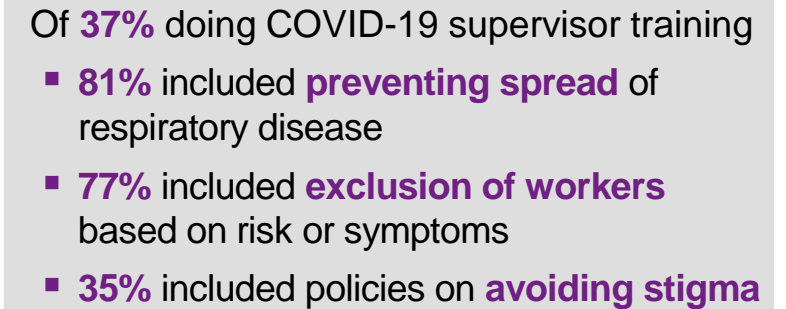
Move to Remote Work



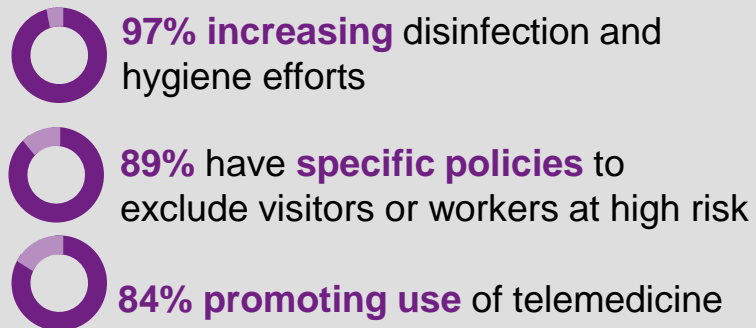
Overcommunicate



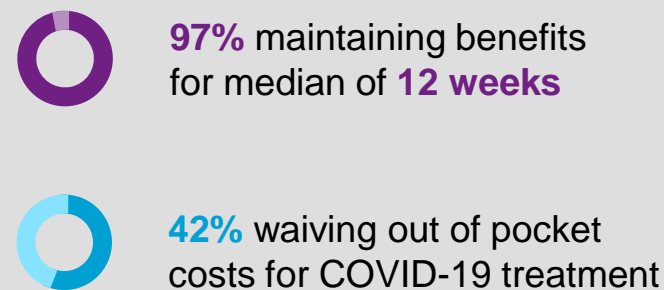
Train & Empower Local Leaders



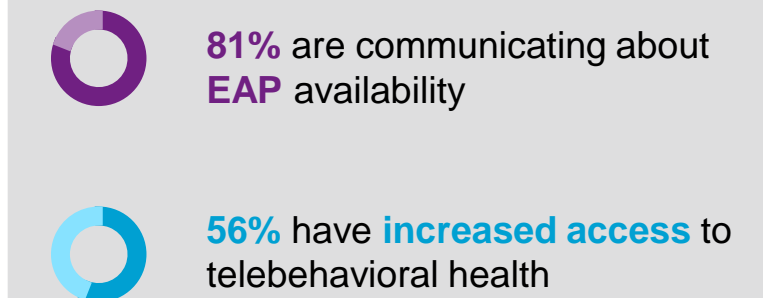
Protect Physical Health



Provide Financial Security

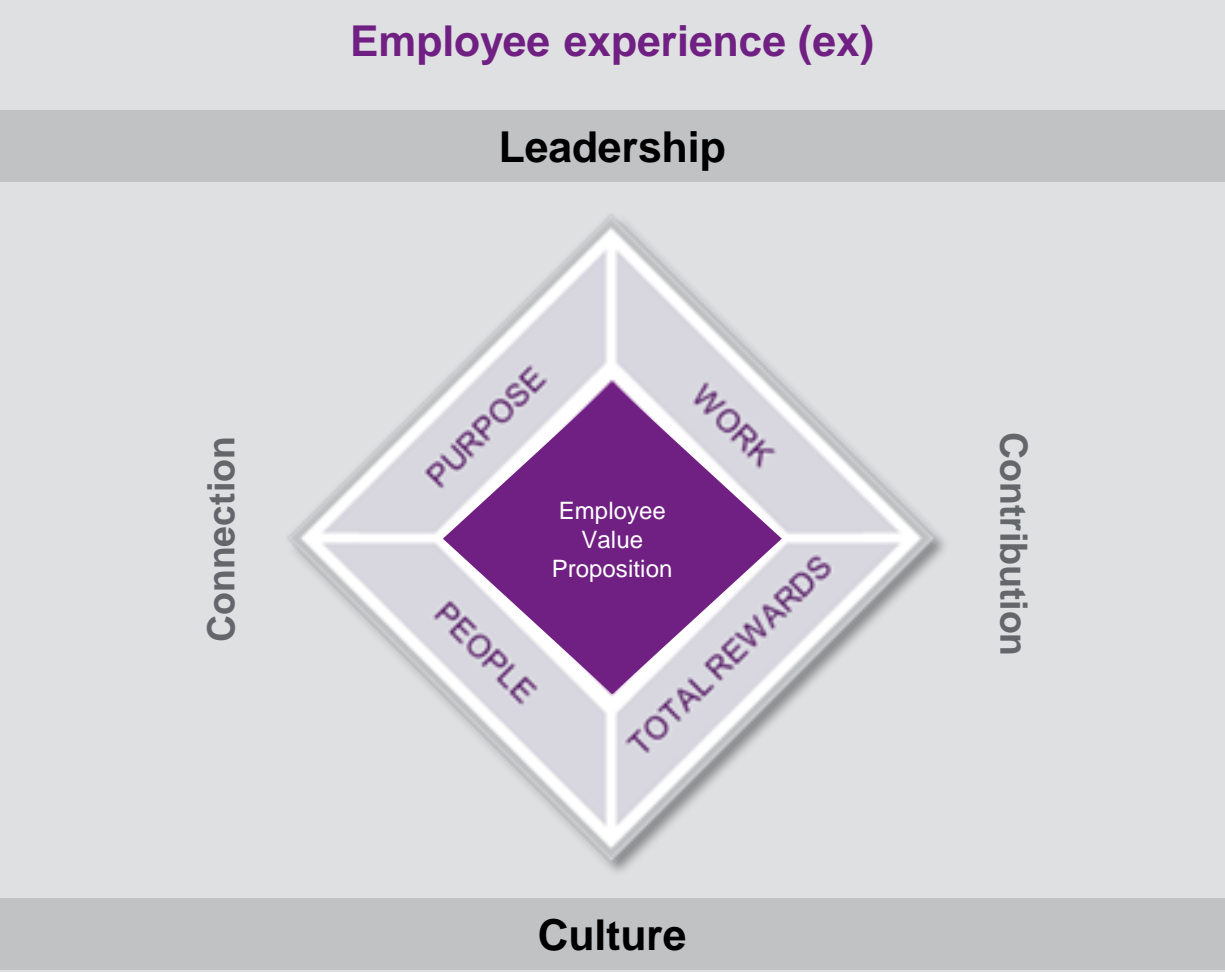


Protect Emotional Health



Source: COVID-19 Employer Readiness Survey as of 3/27/20, 523 U.S. employers representing over 5.4 million global employees .

Focus on employee experience, engagement and motivation



<p>Lead with integrity and purpose</p>	
<p>Be active with employee listening</p>	
<p>Connect employees using new technologies</p>	

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

Ensure responsible work redesign

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



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%



22%

of employers operating in Wuhan/Hubei Province **paid furloughed workers in full** during the crisis

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, fulfillment 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

Living paycheck to paycheck

38%

Strongly agree or agree
No significant savings



Negatively impacted by financial problems

32%

Strongly agree or agree

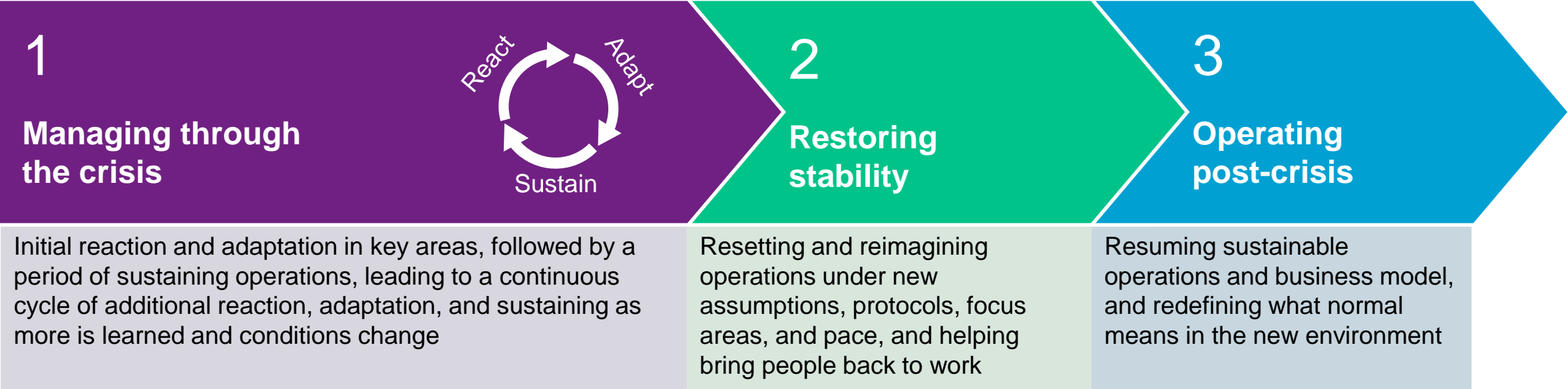


Source: 2019/2020 Global Benefits Attitudes Survey, United States.

Prepare for the journey forward

Key Stages of Action

There are three distinct phases for organizations and their leaders:



Health

Wellbeing

Work

Pay

Retirement

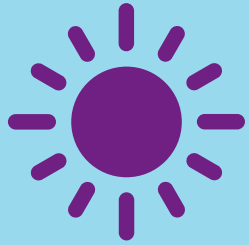
Employee Experience & Communication

Culture

Questions

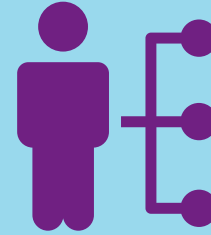


A deeper dive into the workforce and business implications of the Coronavirus



April 7

Health and Welfare Programs



April 9

Retirement Programs



April 14

Work and Rewards



April 22

Employee Experience

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