

A Changing landscape

—
Latest trends in Global Benefits

Latest Trends in Global Benefits



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Agenda

What's trending globally?

From post-pandemic optimism to economic pessimism

Where are my employees?

Mental health and burnout a global challenge

Inclusion and gender parity

What's trending globally?



Supporting employees

- Behavioral and mental health
- Work life balance
- Care management and additional support
- Telehealth/virtual (primary) care
- Services that improve quality and experience of seeking care
- Expanded well-being programs
- Work perks

- Personalization of benefits & utilization of lifestyle accounts
- Family-focused benefits, menopause support
- DEI-informed approach
- Absence, disability and time off
- Caregiver leave
- Work time flexibility



Supporting a diverse set of needs

- Global underwriting
- Plan design changes that manage long-term cost
- Consolidation of wellness benefits under a single program, allowing for personalization of benefits



Innovative cost savings

- Attracting and retaining talent is still the primary factor in benefits decision-making, with 78% of employers ranking it in the top three in 2022.
- While more than half (55%) of employers in 2022 seek to be competitive with their benefits to attract and retain talent, there has been a significant shift in employers who are focused on using benefits to become an employer of choice (34% in 2021 to 42% in 2022).

Source: 2022 Lockton National Benefits Survey

Global trends largely consistent with US

- COVID-19 has created unprecedented change and uncertainty about post-pandemic benefits.
- “The Great Resignation” created a new recruiting and retention landscape.
- Immense pressure to provide competitive total rewards beyond traditional core benefits.
- Employees demanding more choice and more flexibility.
- Leading employers are embracing wellness, mental health, leave parity, flexible working and even shorter workweeks.
- Growing importance of Environmental, Social and Governance (ESG) that includes Diversity, Equity, and Inclusion (DEI).

KEY THEMES

- Enhanced traditional benefits
- Personalization of benefits
- Flexible and remote work options
- DEI and social-based benefit perspectives
- Whole person point of view to benefits (mind, body, self, family, community)

Technology and Employment

KEY THEMES

- Economic uncertainty continues to push businesses to find ways to minimize dependence on human interventions.
- The “democratization” of work due to technological advancements means more employee movement within organizations and the ability to build better teams
- Rise in job automation in business processes
 - Software enhancements
 - Task replacement, not role replacement
- Reimagined workforce priorities
- Investment in four main components of business-process technology:
 - Machine learning
 - Artificial Intelligence
 - Robotic Process Automation
 - Desktop Automation
- Process automation forecasted to exceed USD 3.97B in 2025¹

From post-pandemic optimism to economic pessimism



Lasting impact on benefits landscape

Cautiously pessimistic

73% of CEOs around the world believe global economic growth will decline over the next 12-months, the most pessimistic outlook in over a decade.

40% believe their organization's will not be economically viable in 10 years if they don't transform.

Global threats

- Inflation
- Macroeconomic volatility
- Geopolitical conflict

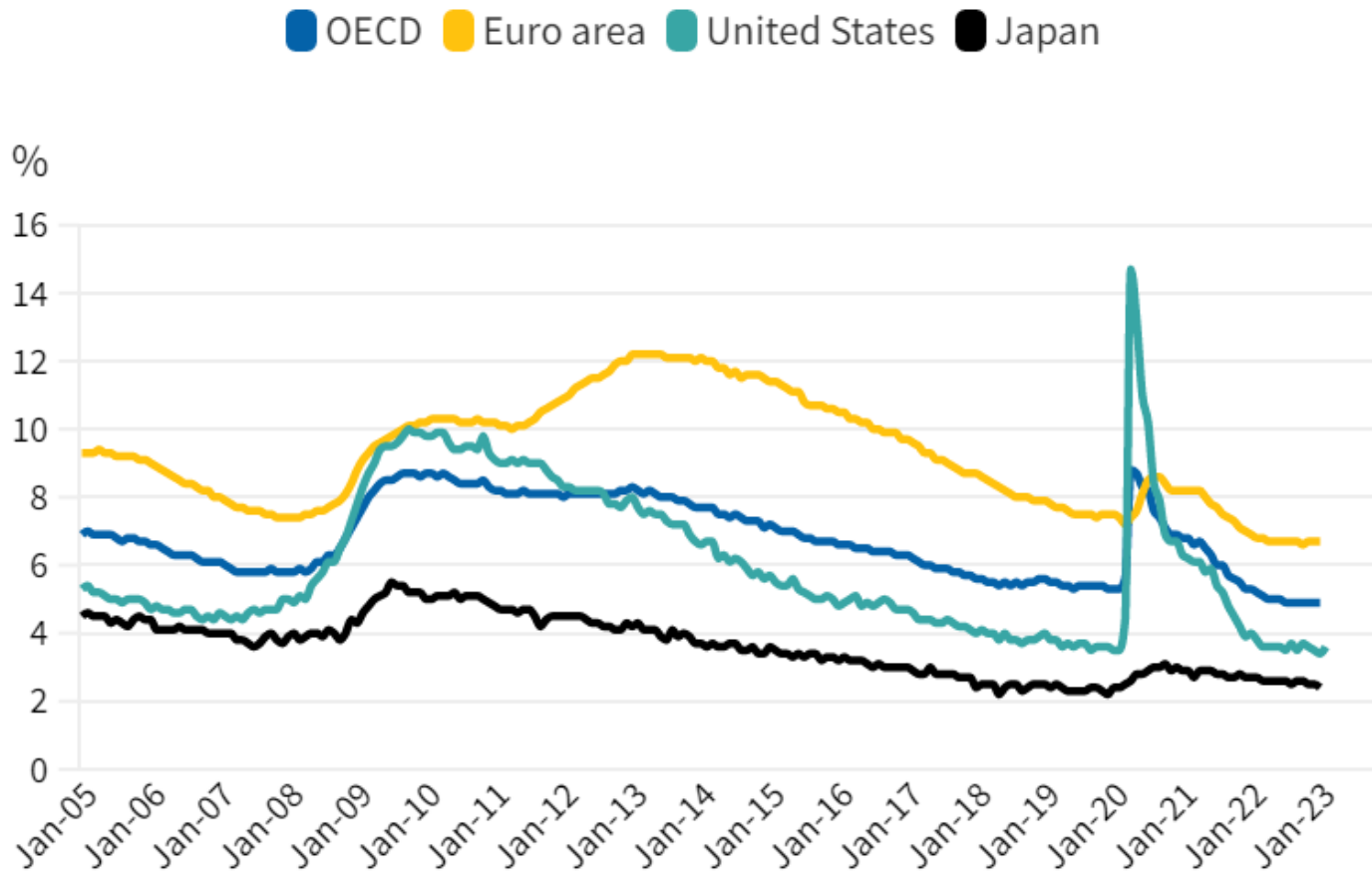
Cut costs not people

- 60% do not plan to reduce headcount
- 80% do not plan to reduce employee compensation

Profitability concerns

- Changing customer demands
- Regulation
- Labor/skills shortages

Unemployment rates continue to decline globally



“The pandemic has made us think a great deal about work and how people organize their lives.”

- Sienna O'Rourke, Pressure Drop Brewing, UK

Post-pandemic re-think

- The Covid-19 pandemic has created a huge cultural shift in the workplace
- Employees are more willing to move to an employer that
 - offers **flexibility** and **remote work** options
 - is willing to **invest in them**
 - makes them feel they **belong** and have **purpose**
 - aligns with their **values**, including DEI and ESG
- Employees expect more relevance from their benefits
- Companies are rethinking which benefits are appropriate for new workforce realities, how they are delivered, and their Duty of Care

Direct Benefits implications

- Remote working an imperative
- Global EAP as baseline
- Telehealth globally
- Mental wellbeing a focus
- On-site/remote parity
 - Office canteens
 - Office gyms
 - In-office comms
- Employees have been spending less when remote

Where are my employees? (and why should I care?)



Remote working, cross border employees & shorter workweeks

Remote Working

- Obligation to **provide necessary work tools**
- Requirements to **reimburse employees for teleworking-related expenses**
- Remote employees should enjoy the **same rights as on-site employees.**
- Legislation varies by **country** and is constantly changing!

Consider adjusting benefits based on an employee's physical location:

- Company cars and car allowances?
- Transportation benefits?
- Office canteen/meals?
- Meal vouchers?
- Onsite gym only?
- On demand office options?
- Lifestyle spending accounts?
- Ergonomic home office evaluation?

See also: <https://globalnews.lockton.com/new-remote-working-legislation-around-the-world/>

It is critical that employers fully understand the legal and tax implications of allowing employees to work remotely from another country.

Cross-border telecommuters

- Remote employees are generally subject to the laws of the country where they are **physically located** and perform work.
- Failure to comply with local requirements could have economic and reputational implications.
- Employers looking at alternative employment arrangements: PEOs, EORs, GEOs

Flexible working trends

- **EU Directive 2019/1158 - work-life balance for parents and carers**
- Employees should be able to apply for **flexible work arrangements for care purposes**.
 - Temporary reduction of working hours
 - Teleworking
 - Flexible work schedules
- **Germany**: Temporary part-time hours for one to five years a conditional right for employees who have been employed for more than six months in a company with more than 45 employees.

The European Union is making parity and flexibility a statutory right

The Shorter Workweek

LEGISLATION

Belgium

“Labor market deal” for a four-day workweek option for employees with employer approval (up to 38 hours to be distributed over four days)

UAE

Monday-Friday, 4 ½ day workweek to align with the global workforce and afternoon prayer. This change applies to public sector employees, but it is expected that most other states and sectors will follow suit.

USA

32-Hour Workweek Act reintroduced in Congress, a Bill to amend the Fair Labor Standards Act definition of the standard workweek.

The State of Maryland introduced a 4-day workweek pilot program bill with tax incentives for participating employers.

PILOT PROGRAMS

Iceland, Spain, Scotland, UK

Pilot programs reduce working time in select companies to 32 or 36 hours per week, spread over four days, without loss of salary

United Kingdom

June 2022, 70 company, 3,300 worker pilot from financial services to a fish-and-chip restaurant who will work 80% of normal time for 100% of pay

Mental Health and Burnout



A global challenge

Global Well-being Landscape



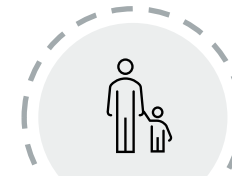
46% INCREASE IN SITTING TIME AMONG GLOBAL INDIVIDUALS¹

Walking and jogging declined, while sitting and media time increased



26% INCREASE IN ANXIETY DISORDER ACROSS THE GLOBE²

Females and younger children were impacted greater than their male or elder counterparts.



UP TO 8% OF PARENTS REPORT PARENTAL BURNOUT³

Stress has increased across the population. Working parents is one group feeling the brunt of pandemic stress



OVER 30% GLOBAL ADULTS EXPERIENCED WEIGHT GAIN¹

Significant changes occurred to dietary, physical activity, sedentary and other lifestyle behaviors



ONLY 28% OF EMPLOYEES FEEL THEY CAN MAINTAIN THEIR CURRENT LIVING EXPENSES⁴

Employees are feeling ongoing financial stress

1. Global Impact of COVID-19 on Weight and Weight-Related Behaviors in the Adult Population: A Scoping Review, 2021

2. The Lancet: COVID-19 pandemic led to stark rise in depressive and anxiety disorders globally in 2020, with women and younger people most affected.

3. Parental Burnout Around the Globe: a 42-Country Study, 2021.

4. Cigna Global Wellbeing Survey, 2021.

Look beyond the traditional EAP.

Incorporate holistic health options including fitness, meditation, stress-relief, caregiver support and self-care.

Wellness Strategies

TRENDS GAINING TRACTION IN THE COMING YEAR.

INDIVIDUALIZED WELLNESS OPTIONS

- Biometric screening
- Age/gender specific wellness screenings
- Flexible spending on a choice of products, vitamins/supplements and memberships

PREVENTIVE HEALTHCARE

- Educational classes on food and supplements
- Standing desks in the workplace
- Incentives for completing health check-ups and vaccinations

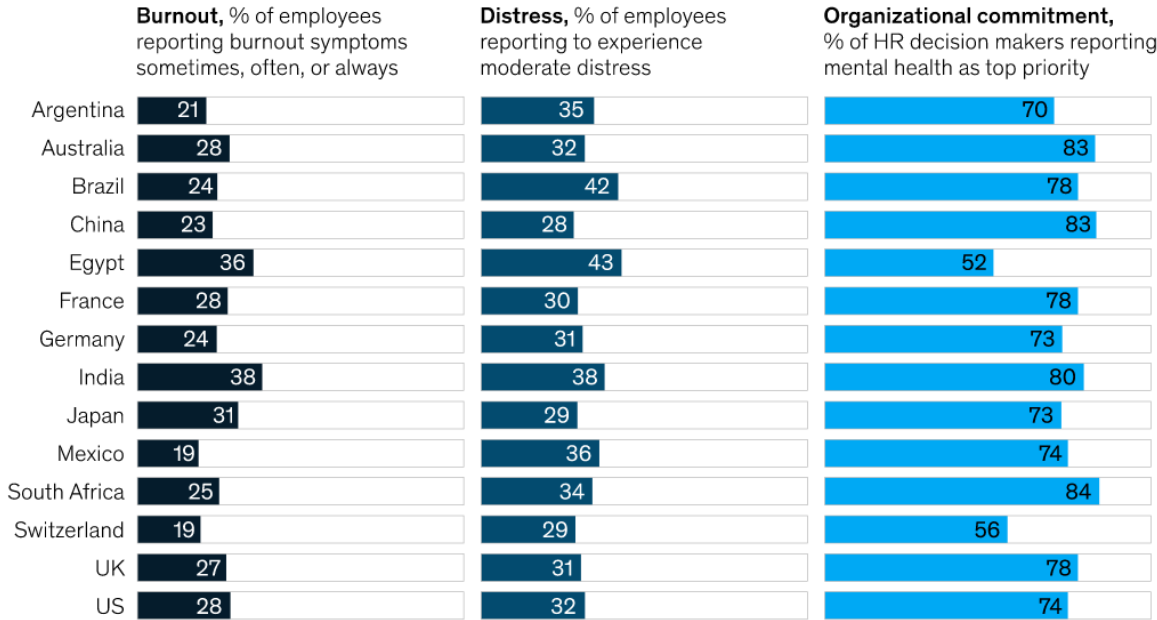
SHIFTING PERSPECTIVES AND ELIMINATING TABOO

- Mental health seminars and training
- Managerial training to recognize mental health concerns in employees

Employee burnout— Individual or systemic challenge?

Employees report high rates of burnout and distress symptoms, despite organizational commitment to mental health and well-being as a priority.

Workplace outcomes by country



Note: Employees and HR decision makers surveyed were not necessarily from the same organizations.
Source: McKinsey Health Institute Employee Mental Health and Wellbeing Survey 2022; employee, n = 14,509; HR decision maker, n = 1,389

Symptoms of Burnout

- *Feelings of energy depletion or exhaustion.*
- *Increased mental distance, or feelings of negativism or cynicism related to one's job.*
- *Reduced professional efficacy.*

“While more adaptable employees are better equipped to work in poor environments, they are less likely to tolerate them... relying on improving employee adaptability without addressing broader workplace factors puts employers at an even higher risk of losing some of their most resilient, adaptable employees.”

Right to disconnect legislation

- Many countries have introduced the right for employees to disconnect after completion of their working hours .
 - No emails, texts, telephone calls, video calls, etc!
 - Promotes work-life balance & proactively addresses burnout
- Countries that recently introduced this new right include **Spain, Argentina, Luxembourg, Colombia, Chile, Slovakia, France** (since 2017) and **Canada** (for federally regulated employees and employees located in Ontario province)
- Guidance pending on how to implement these programs, but expect more adoption globally.

Beyond wellness programs to systemic factors

- Feeling of always being on call
- Unfair treatment
- Unreasonable workload
- Low autonomy
- Lack of social support

Inclusion and Parity



Statutory developments and competitive trends

Disparate impact of the pandemic on women

A record 4.4 million people quit in September as Great Resignation shows no signs of stopping

Published Fri, Nov 12 2021 1:09 PM EST

A benefits-focused approach to combating the Great Resignation

Women, Caregiving, and COVID-19

Caring for aging parents, sick spouses is keeping millions out of work

Equity In The Workplace Requires Equity In Caregiving

Women put careers on hold during COVID to care for kids. They may never recover.

U.S. health care system does a poor job serving women of reproductive age, a new Commonwealth Fund study finds

COVID-19 highlights how caregiving fuels gender inequality

11-12-21

The Great Resignation just got greater: Here are 4 reasons why

Workforces across the country are still being upended by people quitting their jobs, and employers should be paying attention.

Bailing for better benefits

Pandemic Drives Up Mental Health Claims in Insurer's Report

Job loses for women higher than for men in key global economies. Sectors impacted disproportionately affected women. Women shouldered a greater share of child and elder care, even while maintaining full-time employment.

Many countries
have introduced
gender pay gap
reporting
obligations

Recent gender parity legislation

- **Ireland:** Employers with at least 50 employees must report gender pay differentials.
- **Canada:** Federally regulated employers with at least 10 employees must establish a pay equity plan to identify and address gender disparities by 31 August 2024.
- **France:** Since 2018, companies with 50 or more employees are required to publish their gender pay gap “index” every year on their website.
 - New law mandates companies with 1,000+ employees publish the percentage of women and men in senior management and board management positions

Trends in leave policies

Family leave policy expansion in many countries around the world

Equalization of maternity/paternity benefits through a common parental leave benefit available to any parent regardless of gender

Leave policies that support all employees equally, regardless of job position, sexual orientation or path to parenthood

Flexible leave arrangements for working parents

Paid childcare leave and carers' leave

Paid sick leave policies

Equalization of family leave entitlements

Demark

Equalized family leave entitlements between parents, including same sex couples

- **4 weeks of paid maternity leave before the birth the child**
- **24 weeks of paid leave for each parent**

Spain

Maternity and paternity leave benefits expanded the duration of paternity leave from 5 weeks to a total of **16 weeks with pay for each parent** (regardless of sexual orientation or path to parent parenthood)

Finland

The Finnish government announced its plan to enhance family leave entitlements by:

- Expanding government-paid parental leave to each parent: **6.6 months for each parent**
- Recognizing all family forms and modernizing **language to be gender neutral.**
- Introducing a **one-month government-paid pregnancy leave prior to the expected date of birth.**

Leading employers are implementing gender neutral family leave policies globally.

Family leave expansion around the world

China

ENHANCEMENTS

Multiple Chinese provinces extended family leave benefits in 2021 (Guangdong, Guizhou, Jiangxi, Shanghai, Beijing, et al.)

- Maternity leave - 158 days
- Paternity leave - 10 or 15 days
- Carer's leave - 10 days to care for an elder parent
- Childcare leave - 5 or 10 days

Colombia

FLEXIBILITY

Expanded and flexible leave entitlements

- Paternity leave - 15 working days; increasing to 8 weeks over the next 5 years
- Shared parental leave - 18 weeks
- Flexible family leave to include part-time and remote work arrangements

Taiwan

FLEXIBILITY

Enhanced parental leave

- Flexible parental leave benefits from 30 days to six months
- Pregnancy checkup leave - 7 days
- Parental leave allowance increased from 60% to 80% of insured salary

Japan

PARITY

- Fixed-term employees now allowed to take child-care and family leave
- Employers now required to inform employees of child-care leave entitlements and take measures to encourage employees to take their child-care leave
- Additional 4 weeks of paid leave within 8 weeks of a child's birth

Independence changes everything.



UNCOMMONLY INDEPENDENT