



Pulse Survey Results: Navigating the Impact of COVID-19 on Workplace and Rewards Practices

Australia & New Zealand Edition

Prepared by Rewards Solutions

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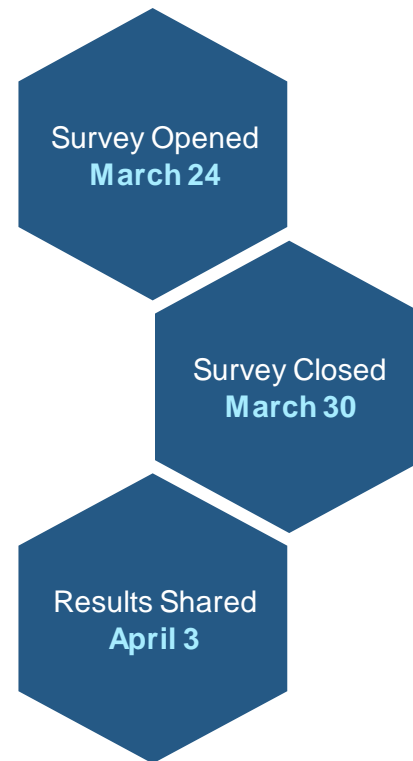
Study Overview

In light of the rapidly evolving COVID-19 pandemic and its widespread social and business implications, we partnered with our clients to create a *point-in-time* pulse survey on the workplace, human resources and compensation policies being put in place by companies in Australia and New Zealand as they move to keep employees safe and adjust to an increasingly volatile market.

This study builds upon similar efforts by our teams in China, the wider Asia-Pacific region, Europe and North America, and includes questions on:

- New or enhanced welfare measures for employees;
- Employee communication practices;
- Compensation actions directly related to the outbreak;
- Potential shifts in equity strategy as a result of ongoing market volatility;
- Workforce planning changes;
- Potential adjustments to incentive targets;
- Travel restrictions and work-from-home policies; and
- Support for expat employees.

Our 24-30 March study of companies in Australia and New Zealand garnered submissions from a total of 154 organisations. Participants are listed at the end of this report.



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Study Highlights

Moving Quickly | Companies Remain Heavily Focused on Business Continuity and Crisis Management

While the impact and severity of COVID-19 varies across Australia and New Zealand, many clients are still in the early days of responding to COVID-19. In the coming weeks, the workforce challenges faced by clients will continue to expand and evolve, which is why we plan to continue pulsing the market to monitor changing practices.

With this said, the COVID-19 pandemic already presents companies with a daily barrage of challenging workforce issues to contend with, and Australian and New Zealand firms are reacting swiftly by ramping up employee communications efforts, providing additional benefits and putting key workplace safety measures in place. For example:

- 97% of companies are providing regular updates to employees on key business issues and measures adopted by the company.
- 75% of companies report adjusting or introducing family care benefits, which can include flexible working hours for employees with young children or careers responsibilities.
- A large share of companies have adopted key workforce safety measures, including work-from-home policies, travel restrictions or shift schedules where relevant (and still allowed by governments)

Study Highlights (Cont.)

Looking Ahead | Companies Will Accelerate Broader Changes to HR and Rewards Programs

Most companies are taking a “wait-and-see” approach to compensation adjustments as they continue to monitor market signals and the impact of COVID-19.

However, as more companies begin thinking about the long-term health of their businesses in addition to the urgent issues of worker safety and business continuity, compensation-related actions, both to manage costs (e.g., deferring merit cycles where allowed by law) and support employees (e.g. extra base pay or stipends), are expected to accelerate quickly over the next few weeks.

With this said, the impact of COVID-19 on hiring plans is already apparent in Australia and New Zealand, with 48% of firms reporting a more cautious hiring outlook and 23% of firms seeing a potential for downsizing their workforces.

Interpreting Study Results

When Interpreting Survey Results, We Ask All Clients to Consider the Following:

- Our survey results reflect a point-in-time snapshot of practices reported between 24 and 30 March. Again, we plan to pulse the market on an ongoing basis to monitor changing practices.
- Please note our survey participants include some organisations that provide products and services deemed to be essential services in the context of shutdown regulations, and thus are continuing operations as a result. Additionally, shutdown and potential lockdown regulations continue to be rolled out across Australia and New Zealand on a daily basis by governments, which can impact business practices on a day-to-day basis.

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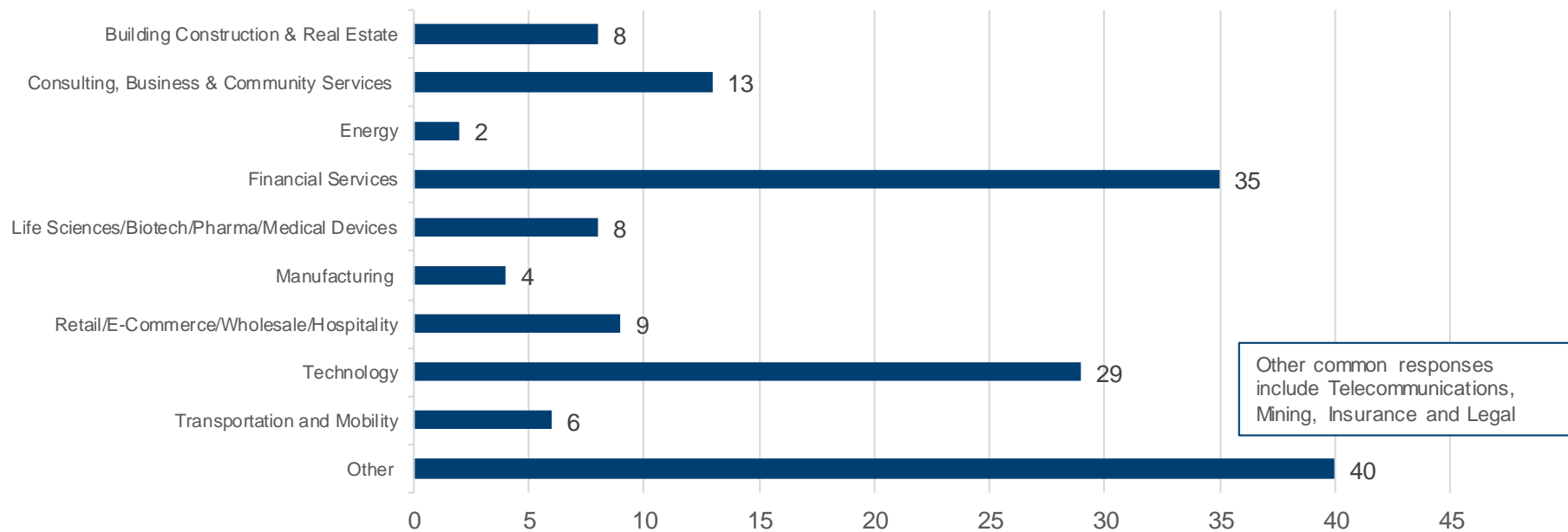
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Participant Demographics

Participant Demographics

Industry Distribution:

All study participants were asked to self-select their primary industry from the following options. Additional information on sub-industries was collected and can be used to create targeted reports upon request.

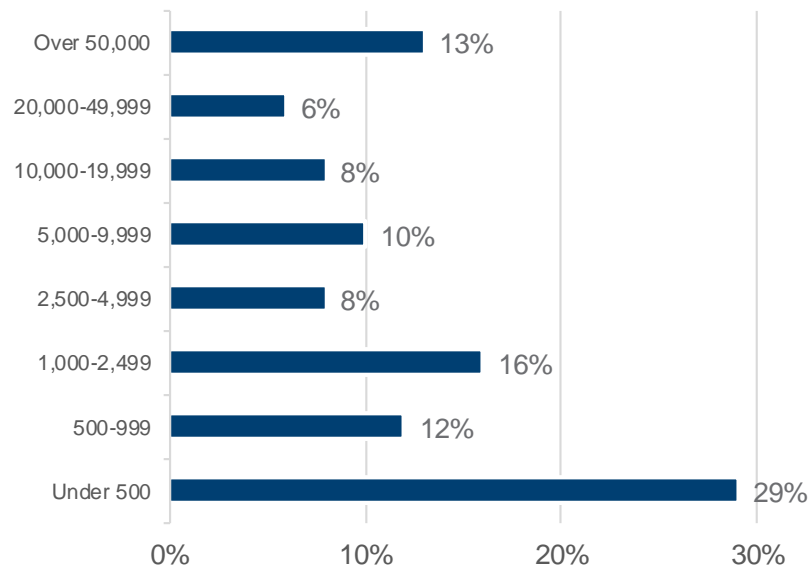


Number of Responses = 154

Participant Demographics

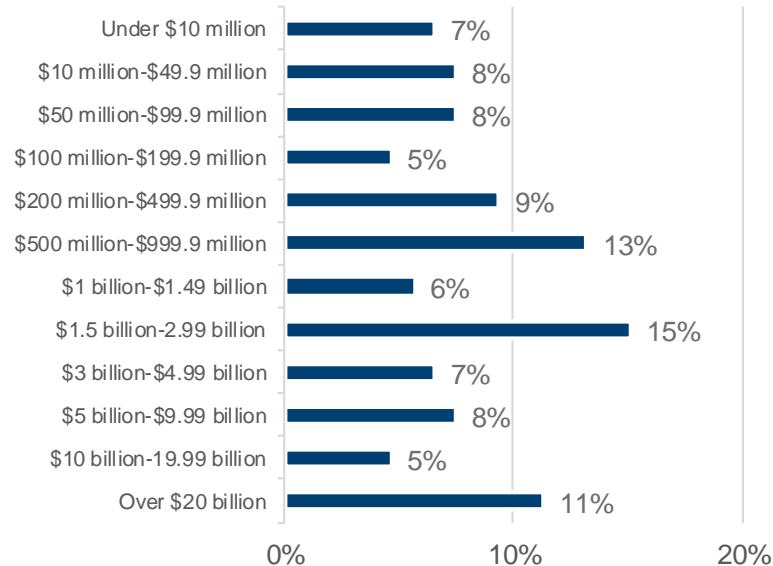
Company Headcount:

All study participants were asked to provide their global headcount according to the categories below.



Company Revenues:

All study participants were asked to provide their global revenues according to the categories below.



Number of Responses = 154 and 106, respectively. Percentages may not add up to 100% due to rounding.

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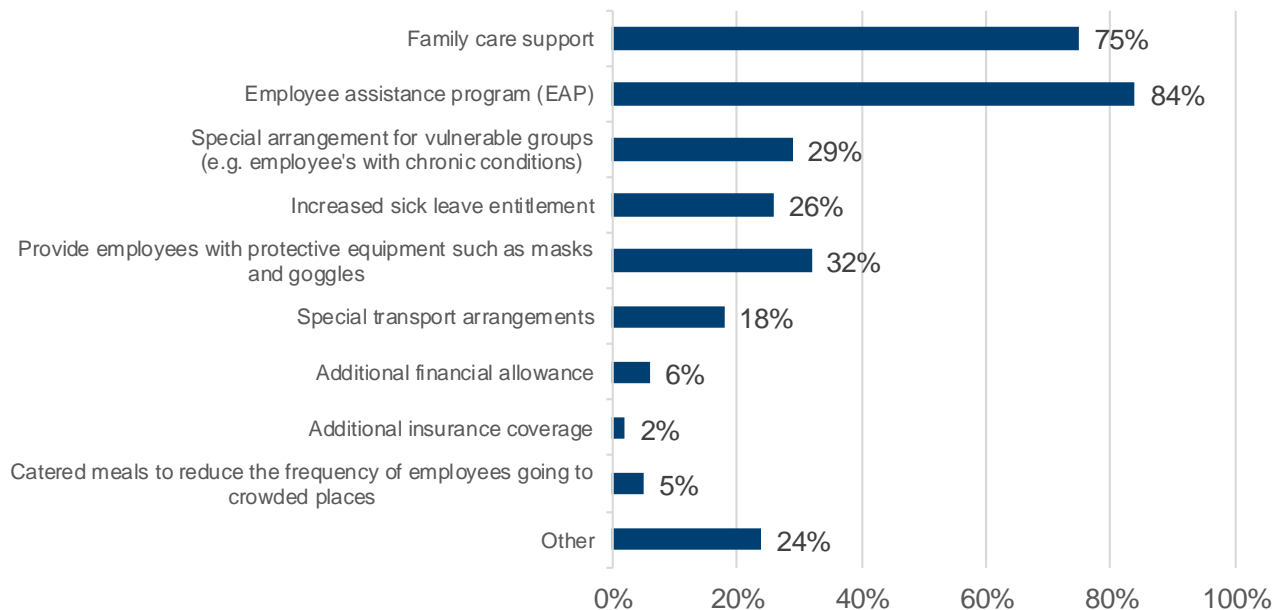
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Employee Assistance and Communication

Employee Assistance and Communication

Question:

Which of the following employee welfare measures have been adopted by your organisation in light of the COVID-19 pandemic? (Please select all that apply)



Number of Responses = 153

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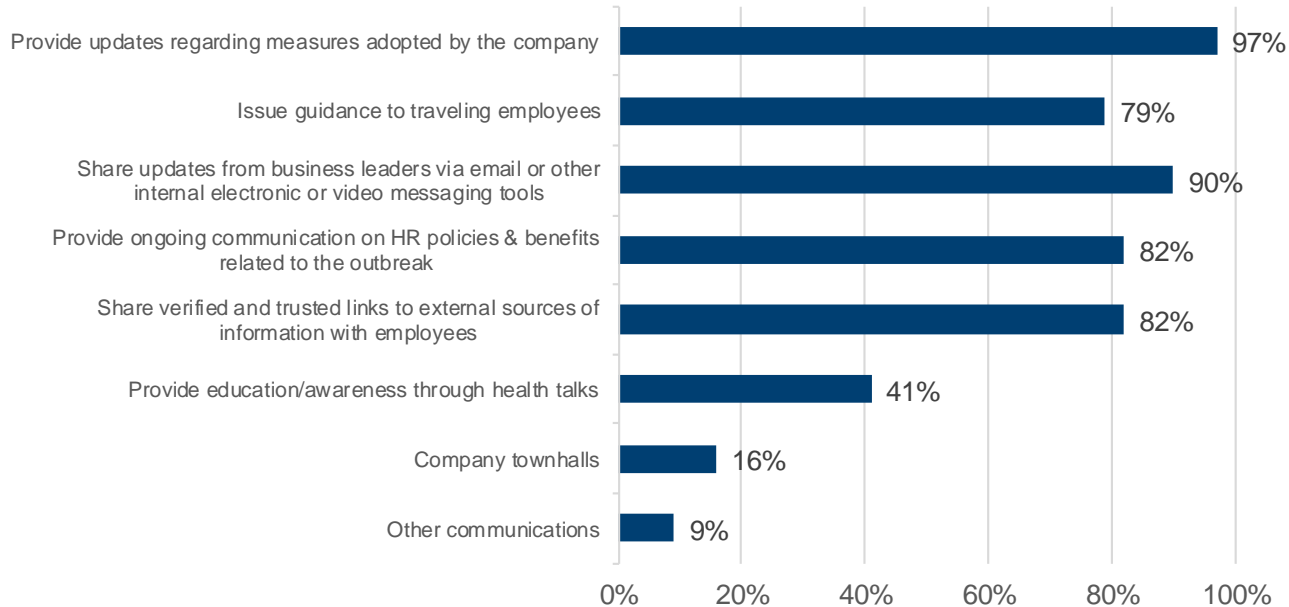
Instant Insight

Most companies have taken multiple actions to assist employees in light of COVID-19, with employee assistance programs (EAP) emerging as a top priority. Other practices include paid pandemic leave, introduction of temperature scanning of employees and reimbursement for at-home technology.

Employee Assistance and Communication (Cont.)

Question:

How is employee communication related to the COVID-19 pandemic being managed in your organisation? (Please select all that apply)



Number of Responses = 154

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Instant Insight

Companies have ramped up employee messaging related to COVID-19, with most efforts still focused on sharing new corporate policies and key business updates. Other responses included text messaging and creation of an online COVID-19 hub.

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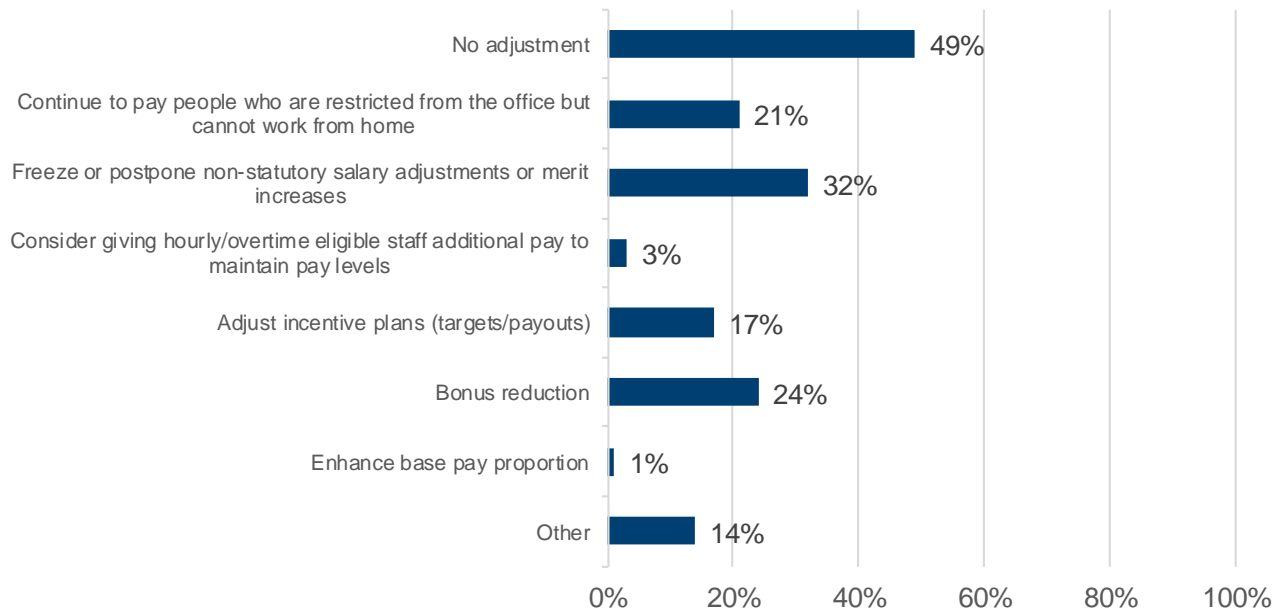
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Changes to Compensation and Hiring Plans

Changes to Compensation and Hiring Plans

Question:

Is your organisation considering ways to compensate employees differently in light of the COVID-19 pandemic? (Please select all that apply)



Number of Responses = 152

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Instant Insight

While approximately 50% of firms are yet to take action, we see this changing quickly. In the coming weeks, more examples of companies moving to manage costs and adjust targets to reflect new market conditions will emerge.

Changes to Compensation and Hiring Plans (Cont.)

New Practices Are Emerging Quickly

While nearly half of firms have yet to take action on adjusting rewards programs, again, we see this changing quickly over the next two weeks. At the same time, a variety of new practices are emerging on a day-to-day basis. Such practices, often reported in the “Other” category on the previous page, include:

- A variety of cost-management activities including forced annual leave, reduced working hours, voluntary reduction in compensation and redundancies
- Additional allowances provided for employees who do not have the option to work from home
- Providing allowances or stipends to workers, for technology costs, to facilitate working from home, especially when additional equipment must be purchased
- Postponing non-statutory salary increases and adjustments

Changes to Compensation and Hiring Plans (Cont.)

Question:

Is your organisation planning to re-evaluate and adjust performance targets/incentive payouts in light of the COVID-19 pandemic?

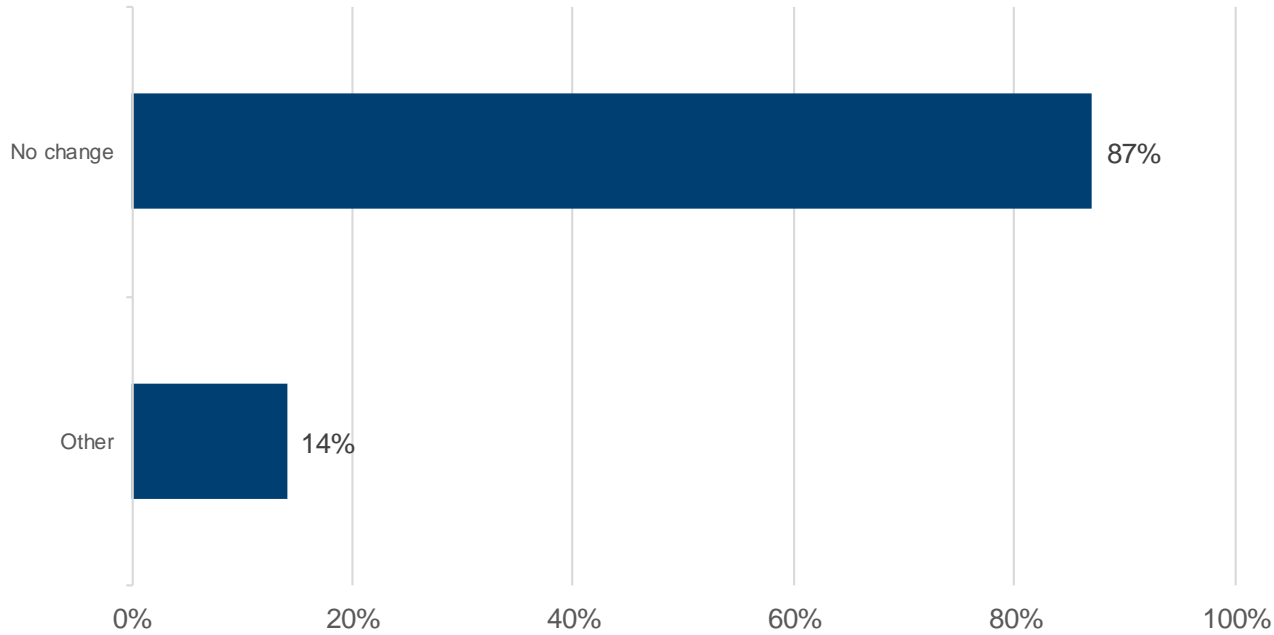
	Corporate bonus	Executive incentives	Sales incentives	Retail incentives
Yes, adjustments have already been made	4%	7%	4%	3%
Yes, there are plans to make adjustments	12%	11%	4%	5%
Unsure, will continue monitoring the situation	60%	57%	56%	49%
No plans to adjust	22%	22%	32%	41%
Other adjustments	2%	4%	4%	3%

Number of Responses = 107, 106, 78 and 39, respectively. Percentages may not add up to 100% due to rounding.

Changes to Compensation and Hiring Plans (Cont.)

Question:

Is your organisation granting some type of extra equity for new hire grants to “make up” for recent stock price declines?



Number of Responses = 106. Percentages may not add up to 100% due to rounding.

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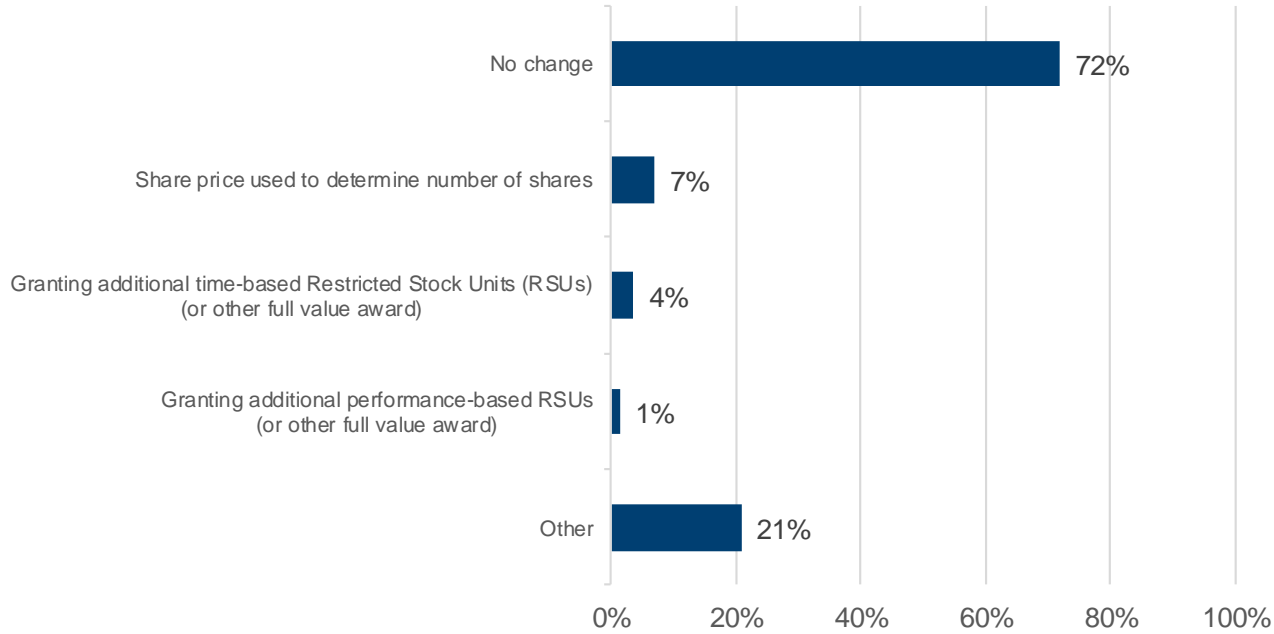
Instant Insight

Most companies are holding firm on recent new hire grants despite a significant dip in stock markets. If current conditions persist, many clients report changes are likely on the horizon. One organisation noted a pause in the long-term incentive (LTI) scheme.

Changes to Compensation and Hiring Plans (Cont.)

Question:

Do you expect the stock market downturn to impact grants yet to be made this year?
(Please select all that apply)



Number of Responses = 102

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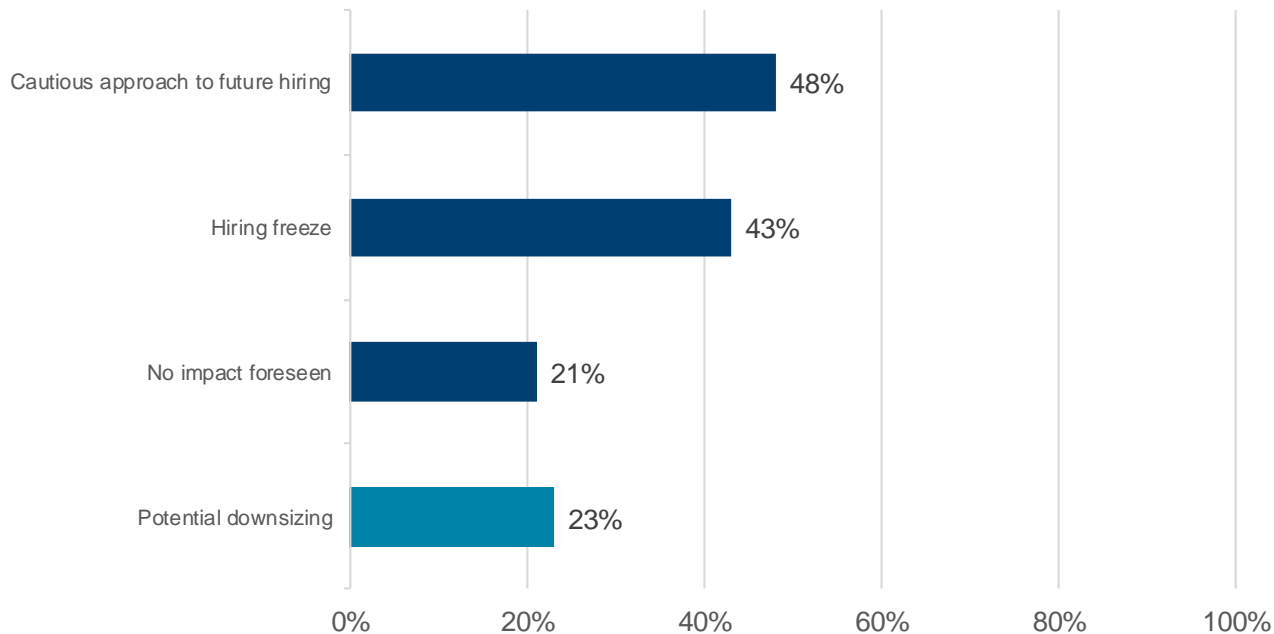
Instant Insight

As companies face the prospect of granting more shares to adjust for failing stock prices, it will be interesting to see how investors and proxy advisors react. Most organisations believe it is too early to make a call given the volatility in share prices

Changes to Compensation and Hiring Plans (Cont.)

Question:

How do you expect the COVID-19 pandemic to impact workforce planning? (Please select all that apply)



Number of Responses = 154

Instant Insight

Only 21% of companies currently expect to see no impact on their hiring plans. The outlook for all other firms is more negative, spanning from cautious hiring to hiring freezes. 23% of firms already report the potential for downsizing.

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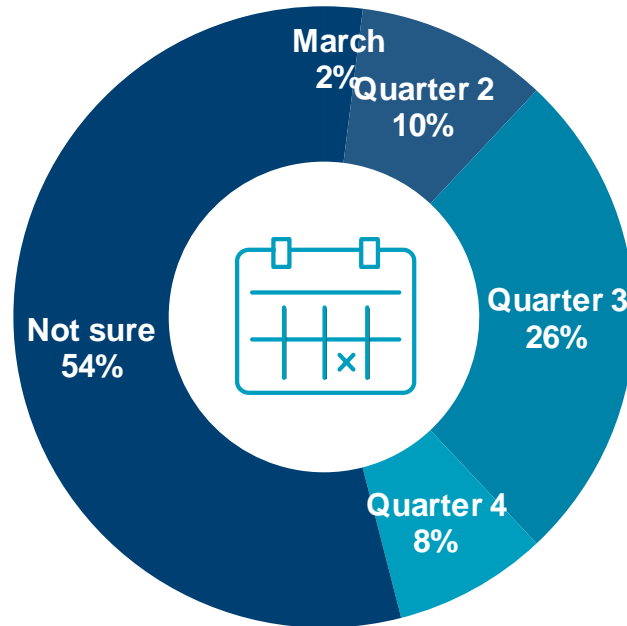
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Workforce Safety Measures

Workforce Safety Measures

Question:

When do you estimate your organisation will resume normal operations?



Number of Responses = 151. Quarters are aligned with the calendar year.

Instant Insight

More than half of companies (54%) cannot estimate when they expect to resume normal operations, while others, at least for now, see the potential to do so before the end of the year.

Workforce Safety Measures (Cont.)

Question:

Which of the following control measures have been adopted by your organisation in the context of the recent COVID-19 pandemic? (Please select all that apply)

	Retail staff (such as consumer goods, fashion, banks, hotels, restaurants)	Manufacturing/operations staff (such as logistics, production)	Head office staff (corporate roles)
Restrictions to essential domestic travel	85%	86%	97%
Restrictions to non-essential domestic travel	88%	75%	95%
Restrictions to essential international travel	96%	75%	97%
Restrictions to non-essential international travel	92%	75%	95%
Voluntary work from home	38%	36%	51%
Mandatory work from home	42%	29%	81%

Number of Responses = 55, 73 and 120, respectively

Workforce Safety Measures (Cont.)

Question:

Which of the following control measures have been adopted by your organisation in the context of the recent COVID-19 pandemic? (Please select all that apply)

	Retail staff (such as consumer goods, fashion, banks, hotels, restaurants)	Manufacturing/operations staff (such as logistics, production)	Head office staff (corporate roles)
Mandatory no-pay leave	0%	0%	2%
Split workforce (e.g. rotation of staff)	23%	26%	25%
Encourage employees to take annual leave	35%	25%	27%
Extended sick leave/treat quarantine days (where the employee may not be sick) as sick leave	35%	29%	36%
Other measures	15%	21%	29%

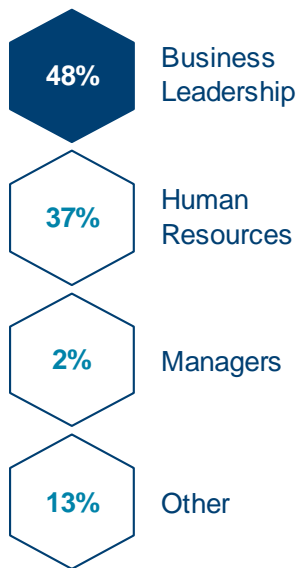
Number of Responses = 55, 73 and 120, respectively

Workforce Safety Measures (Cont.)

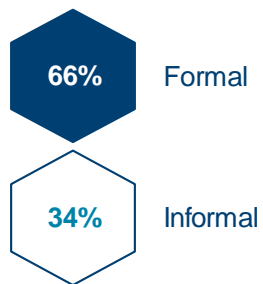
Question:

If your organisation is implementing a work-from-home policy, please respond to the following questions:

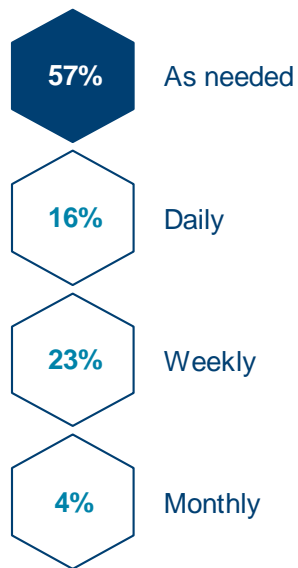
Who is responsible for determining these policies?



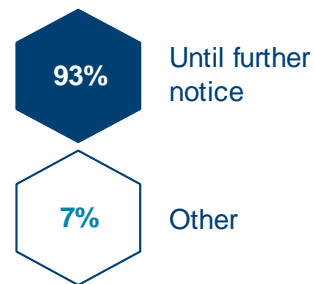
Is this policy formal or informal?



How often are you re-evaluating this policy?



For what duration do you intend to implement this policy?



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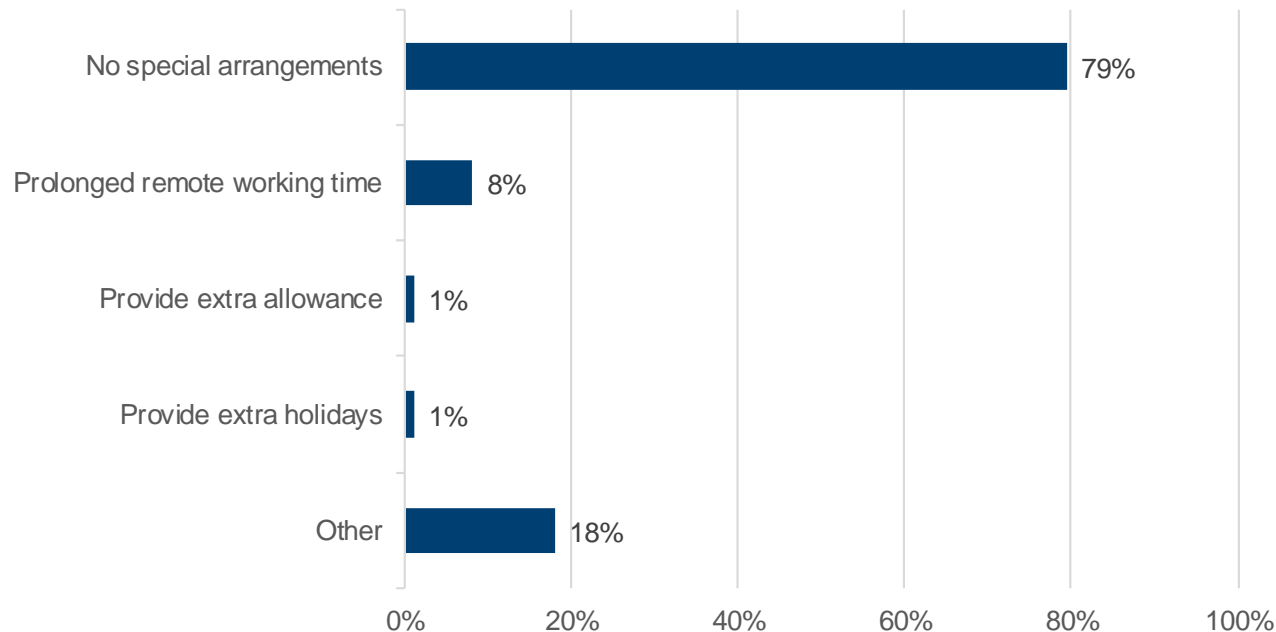
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Expatriate Practices

Expatriate Practices

Question:

Does your company have special arrangements for expats in the context of the recent COVID-19 pandemic? (Please select all that apply)



Number of Responses = 101

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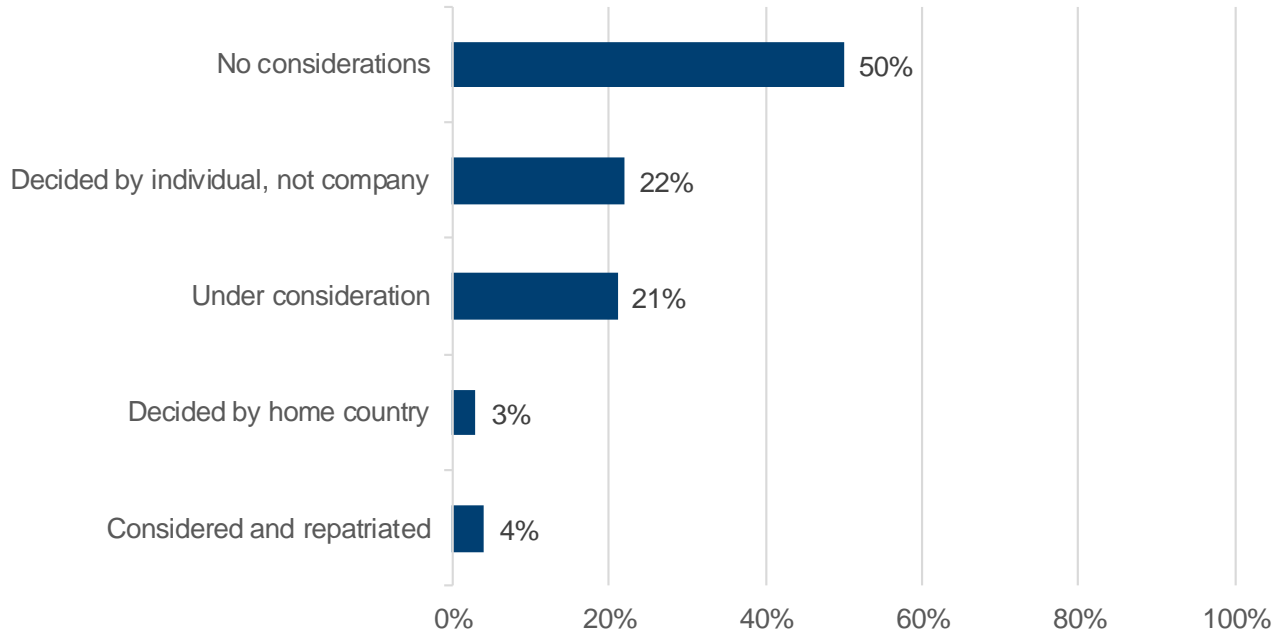
Instant Insight

The “Other” category includes offering arrangements for expats to go back to their home country, providing additional allowance and managing this on a case-by-case basis taking into consideration the individual’s visa status.

Expatriate Practices (Cont.)

Question:

Is your company considering arranging repatriation for expats in the context of the recent COVID-19 pandemic?



Number of Responses =96

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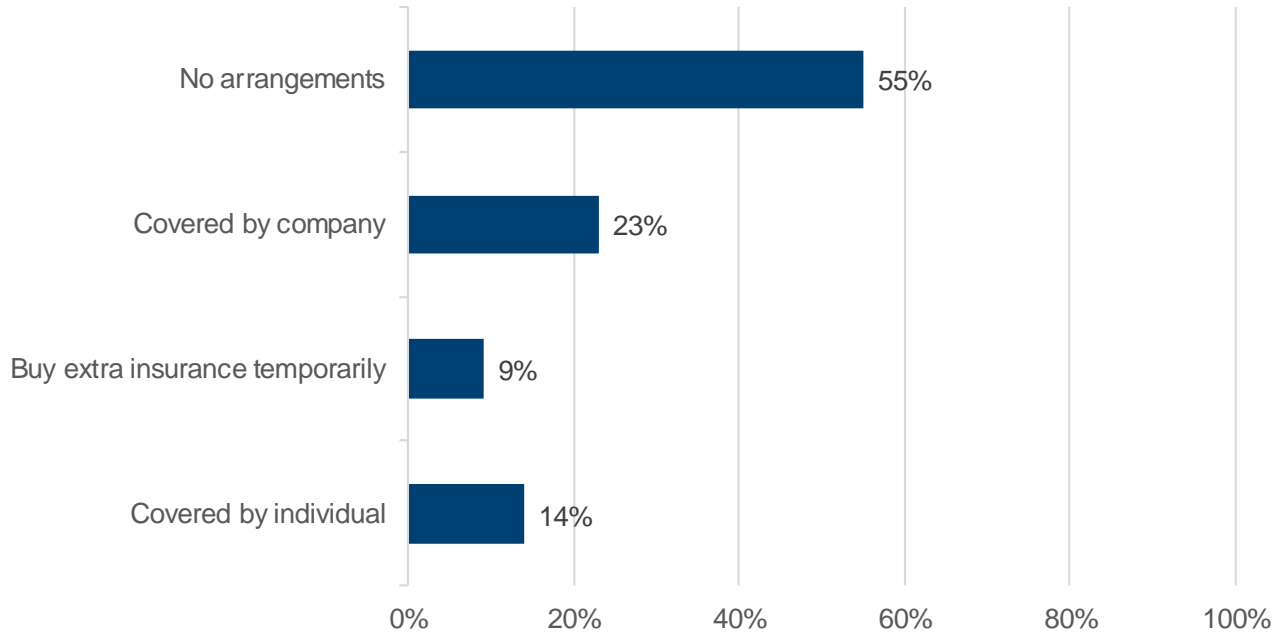
Instant Insight

Only 4% of companies have repatriated expat employees, a practice that may become increasingly difficult as companies and nations expand travel bans and border restrictions.

Expatriate Practices (Cont.)

Question:

How will you respond if your company decides to repatriate expats and their current insurance plans do not cover medical fees in their home country?



Number of Responses = 88

Instant Insight

Over half of the companies (55%) do not have special arrangements made for this circumstance, but in most cases insurance will cover repatriation if the person is sick and needs medical attention.

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Participant List

Participant List

▪ A S HARRISON & CO	▪ BNZ	▪ First State Super	▪ Mitsubishi Development Pty Ltd	▪ Saxo Capital Markets Pte Ltd
▪ "K" Line (Australia) Pty Ltd	▪ Bradken	▪ Fuji Xerox Asia Pacific Pte Ltd	▪ Mizuho Bank	▪ SEEK
▪ AA Insurance	▪ Brambles	▪ Gen Re	▪ MLC Life Insurance	▪ Slalom Pty Ltd
▪ Accenture	▪ Bravura Solutions	▪ GenesisCare	▪ MMG Ltd	▪ SMEC
▪ Achmea	▪ Brown-Forman	▪ GHD Pty Ltd	▪ MNF Group	▪ South32
▪ Aci Worldwide Pacific Pty Ltd	▪ Bupa	▪ Governance Institute of Australia	▪ Mylan Australia	▪ Sparke Helmore SPECIAL BROADCASTING SERVICE CORPORATION
▪ Adobe Systems Pty Ltd	▪ Burbank	▪ GrainCorp Operations Limited	▪ NBN Co	▪ SPL
▪ AECOM	▪ BWX Limited	▪ GSK	▪ nib	▪ Sportsbet
▪ Allianz	▪ Canva	▪ GUD Holdings LTD	▪ nib nz limited	▪ Statewide Super
▪ Aon	▪ Capital International, Inc.	▪ Hannover Life Re of Australasia Ltd	▪ Novartis Healthcare Philippines	▪ Straightarrow Corporation
▪ Arab Bank Australia Limited	▪ CBHS Health Fund	▪ HCF	▪ NTT Group Australia	▪ Swiss Re
▪ Arup	▪ CCI	▪ Henley Property Group	▪ NTT Ltd New Zealand	
▪ ASB Bank Limited	▪ Charter Hall	▪ Hitachi Consulting Asia Pacific Pte Ltd	▪ NZ Post	▪ TAL
▪ Ashurst	▪ Cheetah Digital	▪ Hudson Global Resources Pty Ltd	▪ OFX	▪ Teach For Australia
▪ Assurity	▪ Chubb Insurance	▪ icare NSW	▪ Oil Search	▪ tenX
▪ Aten International Co., LTD.	▪ CIMIC Group	▪ IFM Investors	▪ oOh! media	▪ The Financial Markets Authority
▪ Auckland Transport	▪ ClearView	▪ Indeed	▪ Optus	▪ The fullerton hotel
▪ Australia Post	▪ Coca-Cola Amatil	▪ Institutional Shareholder Services, Inc.	▪ ORIX Australia	▪ The George Institute
▪ Australian Ethical	▪ Cover Genius	▪ Intergraph	▪ Perenti Global	▪ Toll Group
▪ Australian Unity	▪ Danone	▪ IQumulate Premium Funding	▪ Perpetual	▪ Toyota Motor Corporation Australia
▪ AustralianSuper	▪ Decmil	▪ ISPT Operations Pty Ltd	▪ Phocas	▪ Transurban
▪ Auto & General Holdings	▪ Deloitte Australia	▪ Isuzu Australia Limited	▪ Poly Global	▪ Tyro
▪ Axicom	▪ Deputy	▪ KFC Pty Limited	▪ QBE Insurance Group Limited	▪ UniSuper Management UST Global (Singapore) PTE. Limited
▪ BAI Communications	▪ Docusign	▪ King and Wood Mallesons	▪ Qube Holdings Limited	▪ Veolia
▪ Bapcare Ltd	▪ Douglas Partners Pty Ltd	▪ KPMG Australia	▪ Queensland Treasury Corporation	▪ Vocus Group
▪ Batesford Consulting	▪ DRA Global	▪ Lendlease	▪ Rest Super	▪ WesTrac Pty Ltd
▪ BDO	▪ DXC Technology	▪ Lime Technology Pte Ltd	▪ Ricoh Australia	▪ Xylem Water Solutions
▪ Beca Group Limited	▪ eBay	▪ Marsh Pty Ltd	▪ Roche Diagnostics Australia	▪ Yancoal Australia
▪ Bega Cheese Limited	▪ Endace	▪ McMillan Shaeekspeare Limited	▪ Roche Products	
▪ BetEasy	▪ Envato	▪ Mesoblast	▪ Salesforce	▪ Youi
▪ BMC Software	▪ Experian	▪ Metcash	▪ SAP ANZ	

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Additional Information

Contact Our Team

If you have questions about this study, or want to speak to a member of our team about developing new workplace and rewards practices in response to COVID-19, please contact our study leaders below:

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Additional Aon Resources

To learn more about Aon's complete set of COVID-19 resources and insights, including information on business continuity, communications, cyber security, healthcare, insurance, risk management and supply chain issues, among others, please visit: <https://www.aon.com/event-response/coronavirus.aspx>

We encourage all clients to bookmark Aon's COVID-19 response site to stay connected to our latest insights on addressing this pandemic at an enterprise-wide level.

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This study was produced by the Rewards Solutions practice at Aon, which includes our McLagan and Radford compensation survey platforms:

Rewards Solutions at Aon

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