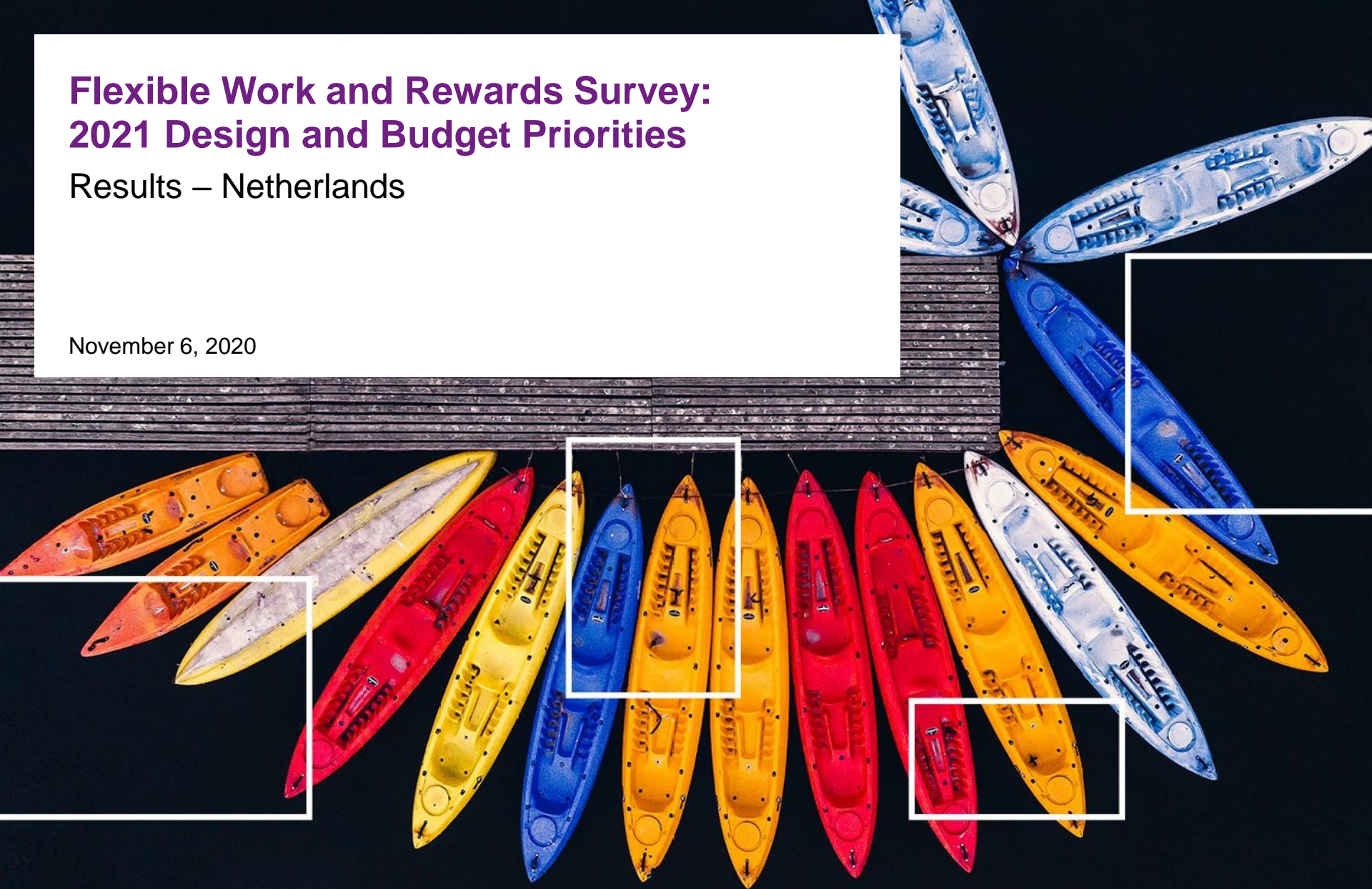


Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

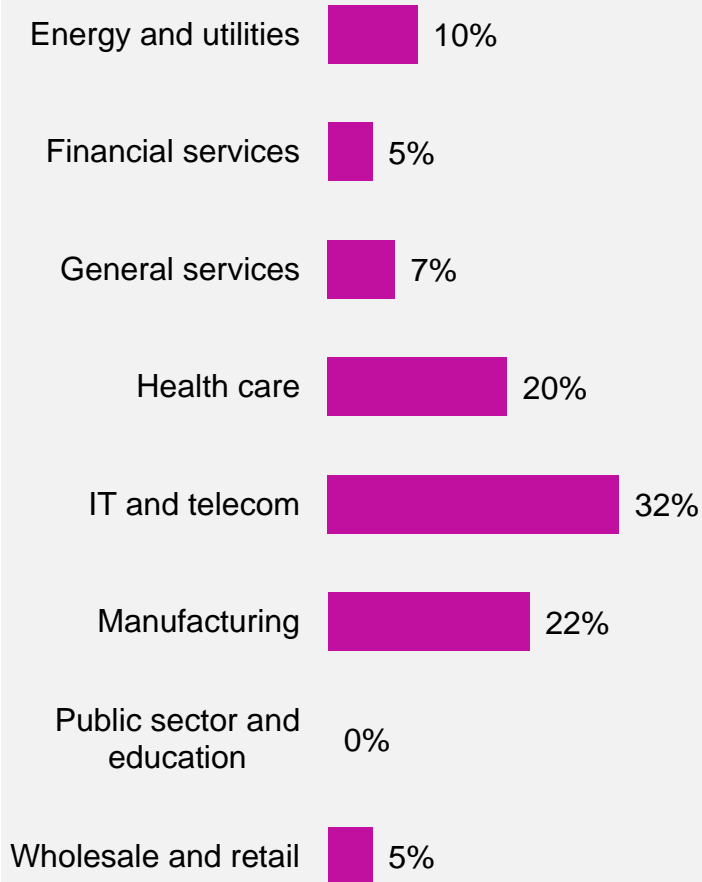
Results – Netherlands

November 6, 2020



About the survey

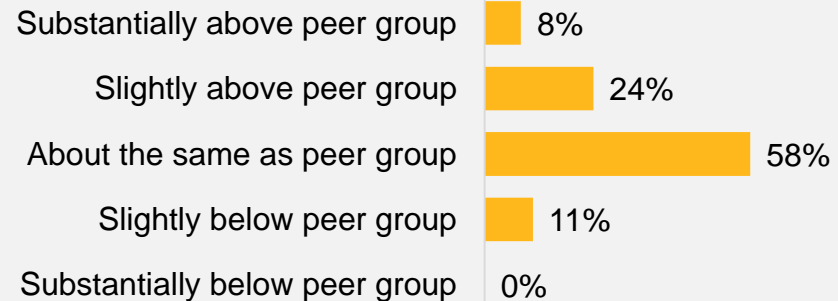
Industry



41 respondents completed the survey

180K employees at responding organizations

Financial performance during the past year



Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

About the survey

Which statement best describes your total organization?

Domestic.

12%

Majority of operations are in home country and mainly supply the domestic market; may have small operations with a few functions in other countries

International.

27%

Multifunction operations across an entire region (Asia Pacific, Europe, Latin America, North America, etc.) or in several countries on different continents

Global.

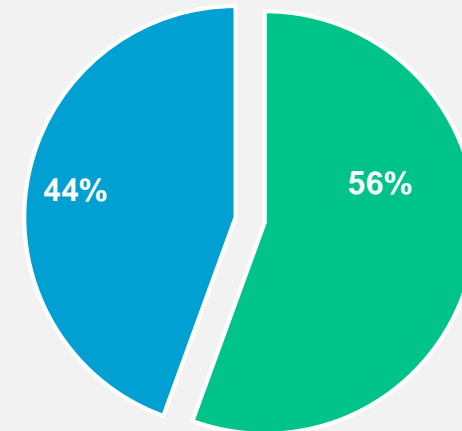
61%

Significant operations (i.e., majority of functions) represented on three or more continents

From what perspective would you like to complete this survey? (For International or Global organizations)

Local policies and programs: Provide responses about activities taking place in your country

Multinational governance and policies: Provide responses from a headquarters perspective in terms of your company's "general policy" across all countries in which you operate even if not everything applies in every country



- Local policies and programs
- Multinational governance and policies

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Executive summary – Global

01 Trend



(P6-P10)

- There's been a **sharp uptick in the number of employees working from home or using other flexible work arrangements**. Employers expect this to persist through first quarter of 2021
- **Employee safety concerns have been the main reason** for this shift but over time and employee **retention** and **engagement** are increasing in importance as well

02 Policies



(P11-P16)

- **Organizations have been adapting to this by** Instituting formal policies around flexible work arrangements
 - Many have put these policies in place **only recently or intend to add them very soon**
 - These new policies are likely to be **permanent**
 - Eligibility for these policies are driven by **job function** and **all employees are eligible**

03 Impact



(P17-P22)

- **The immediate impact of these policies are likely to be**
 - Reductions in real estate and commuting expenses, partially offset by increases in subsidies and allowances for flexible work arrangements
 - Not going to immediately change how people are paid
 - Not seen as a first step to offshoring in the immediate future

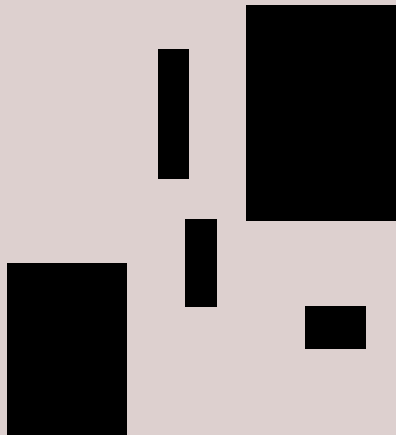
04 Future



- The longer term trends however are **around the way the changing workplace effects the business** and **Talent and Rewards opportunities** required to support a more flexible workplace in the future. These changes touch the **role of the manager, job architecture and pay and benefits**





Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Trend



Organizations experienced a dramatic uptick in the proportion of employees working remotely

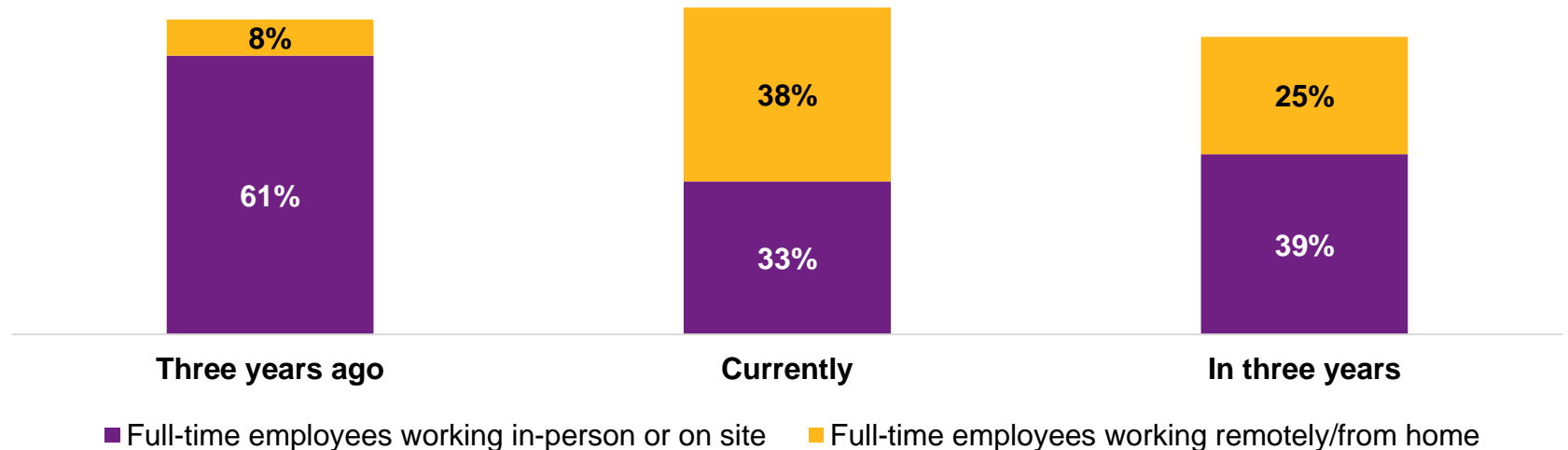
What is the approximate percentage of workers at your organization using the following alternative work arrangements last year? Currently? In Q1 of 2021?

	Last Year	Currently	Q1 of 2021
 Telecommuting / Working from home (WFH)	30%	76%	65%
 Working from anywhere	11%	25%	26%
 Compressed workweek	9%	14%	15%
 Flextime	26%	33%	34%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

On average, organizations currently have more workers who are fulltime employees working remotely/from home than in person

What is the approximate percentage of workers in each category at your organization three years ago, currently and expected in three years?* (n=22)



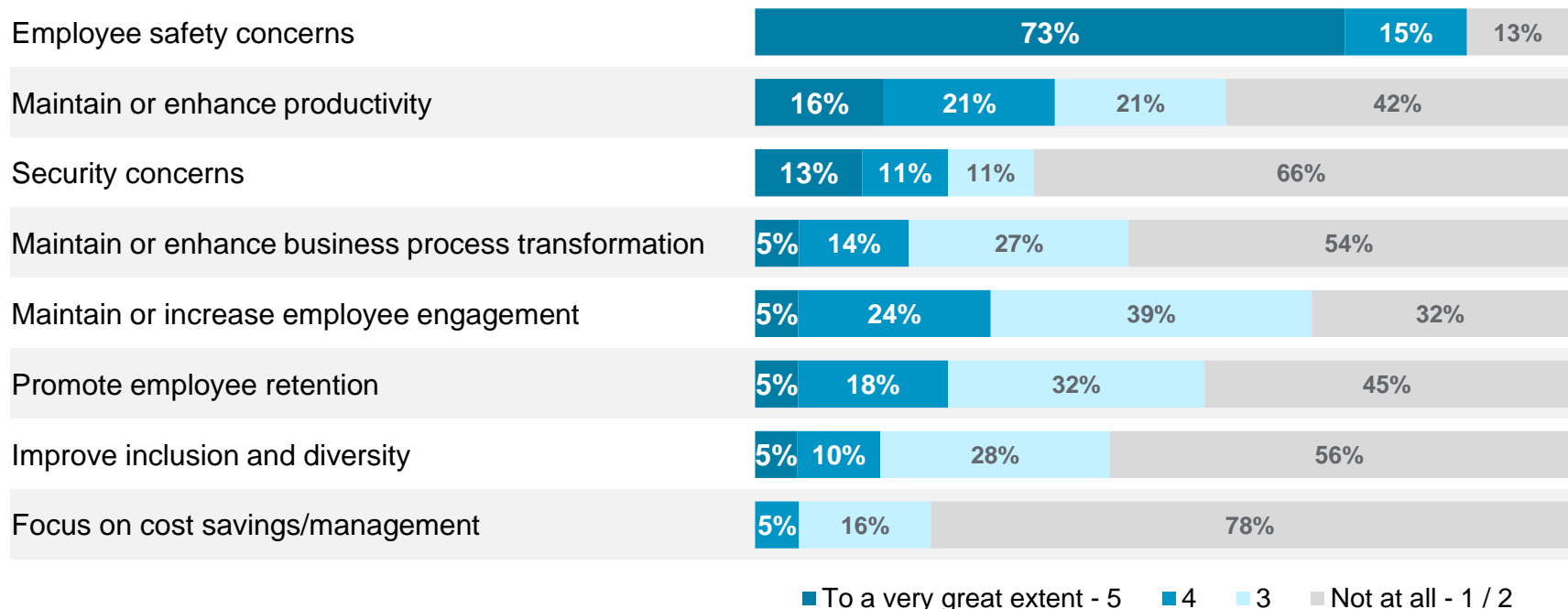
Respondents expect the proportion of their workforce who are full-time employees working from home in three years to be about **30% below** current levels, but over **3x** what it was three years ago

Note: *Sample size <25. Ratios calculated using actual numbers not rounded numbers.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations currently provide alternative work arrangements due to employee safety concerns

To what extent are the following reasons your organization currently provides alternative work arrangements?
(For those currently using any alternative work arrangements)

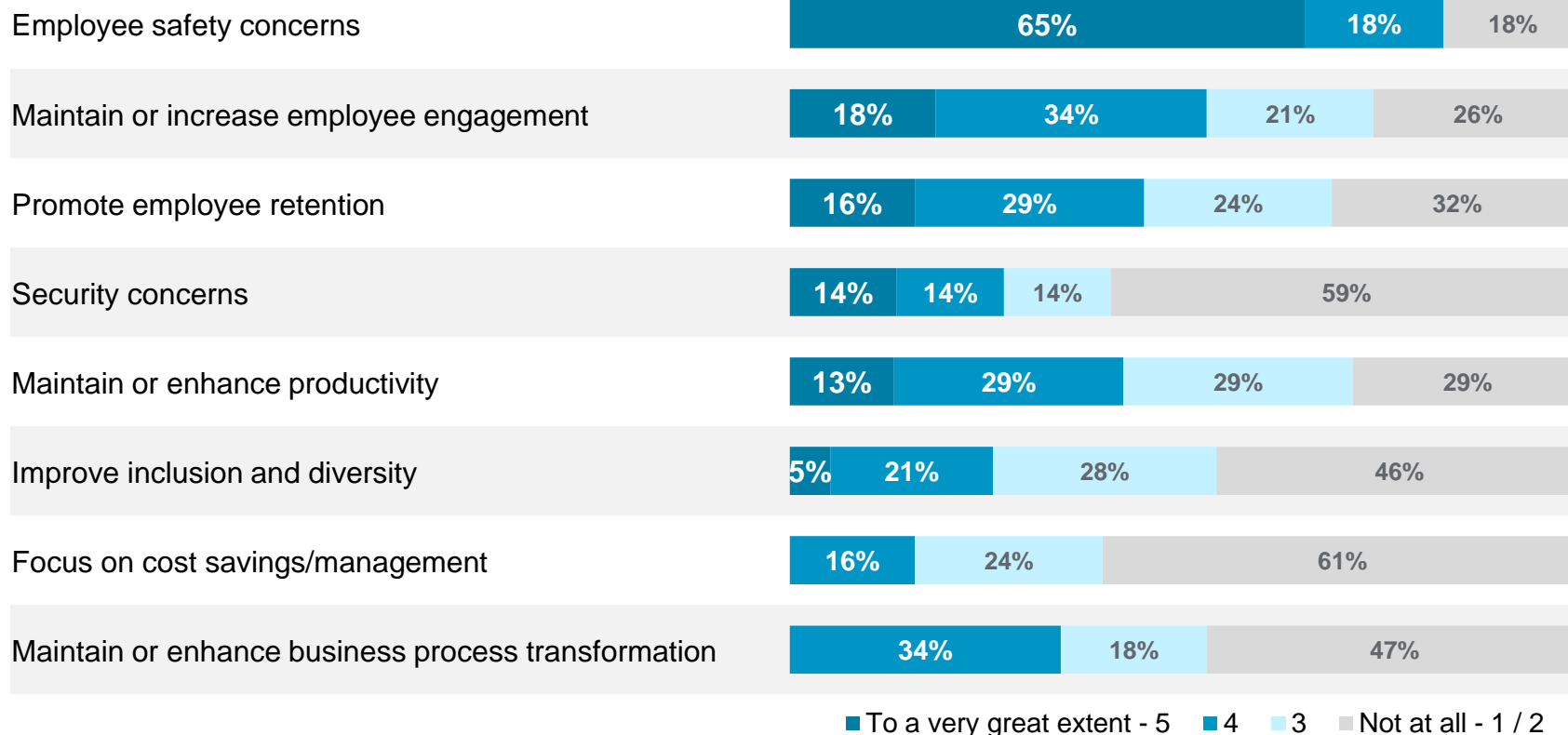


48% of organizations have conducted an **audit to identify any issues** that have arisen with respect to those employees who are currently working remotely

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations expect to provide alternative work arrangements in Q1 of 2021 due to employee safety concerns

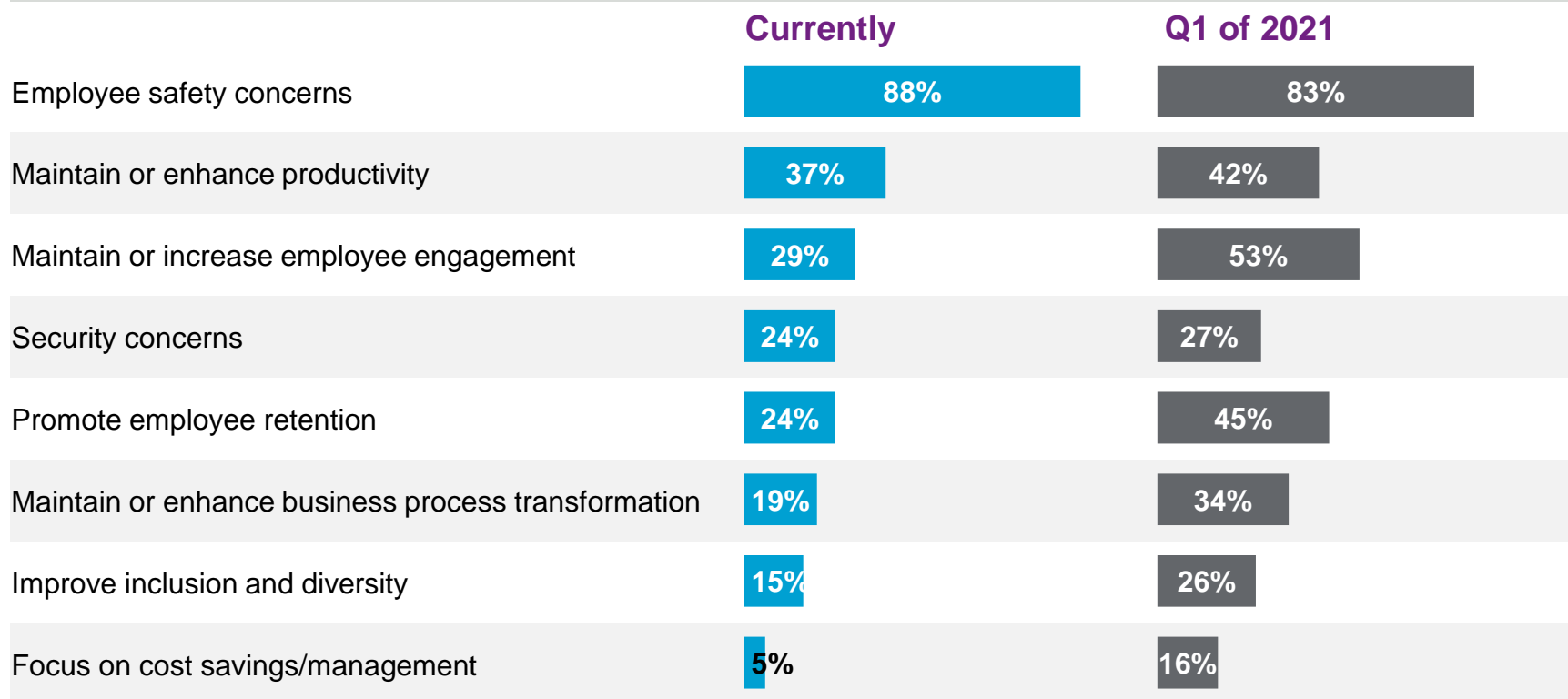
To what extent are each of the following reasons you expect your organization to provide alternative work arrangements to employees in Q1 of 2021? *(For those expecting to use any alternative work arrangements in Q1 of 2021)*



Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

As safety considerations continue to remain important, productivity, retention and employee engagement increase in importance for providing alternative work arrangements

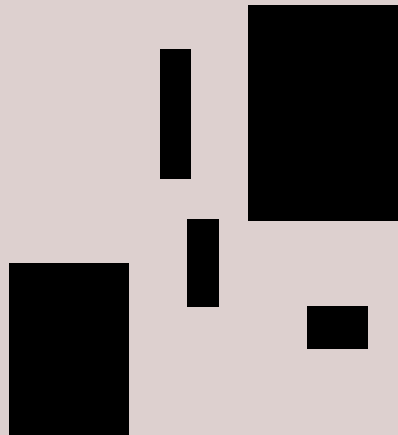
To what extent are the following reasons your organization currently provides alternative work arrangements? In Q1 of 2021? (For those expecting to use any alternative work arrangements in Q1 of 2021)



Note: Percentage based on those who responded “To a very great extent – 5” or “4” on a 5 point scale.

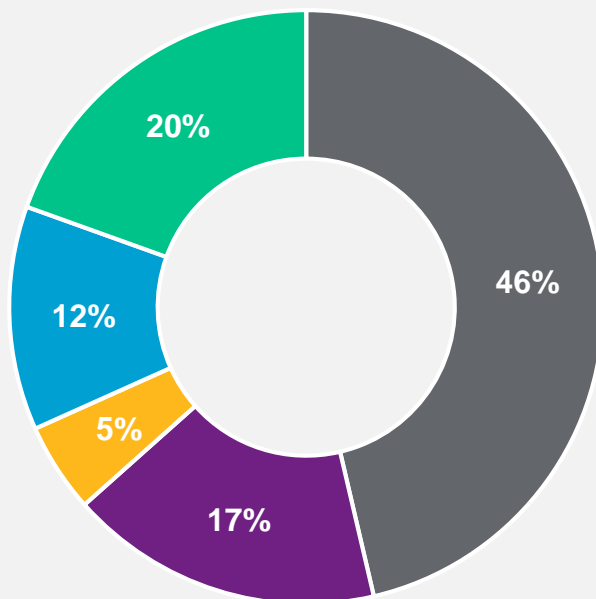
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Policies



Nearly half of organizations do not have a formal policy or set of principles to manage alternative work arrangements

Does your organization have a formal policy or set of principles to manage alternative work arrangements?



- No
- Yes, we created them in the last 6 months
- Yes, we created them in the last year
- Yes, we created them 2 or 3 years ago
- Yes, we created them more than 3 years ago

Over **1 in 5** just created a formal policy this year

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Nearly 3 in 5 organizations that do not have a formal policy are planning or considering adopting one to manage alternative work arrangements

Is your organization planning or considering adopting a formal policy or set of principles to manage alternative work arrangements? (If answer **no** to formal policies or principles)* (n=19)

Yes, we are **planning** to adopt formal policies or principles to take effect **this year**

21%

Yes, we are **planning** to adopt formal policies or principles to take effect **next year**

26%

Yes, we are **considering** adopting formal policies or principles to take effect **next year**

11%

No, we are neither planning nor considering adopting formal policies or principles

16%

Not sure

26%

100%

Note: *Sample size <25.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Over 4 in 5 organizations with a formal policy are planning or considering making changes to current policies or principles to manage alternative work arrangements

Is your organization planning or considering making any changes to these policies or principles to manage your alternative work arrangements? (If answer **yes** to formal policies or principles)* (n=22)

Yes, we are **planning** to make changes to take effect **this year**

27%

Yes, we are **planning** to make changes to take effect **next year**

41%

Yes, we are **considering** making changes to take effect **next year**

14%

No, we are neither planning nor considering making changes

18%

Not sure

0%

100%

Note: *Sample size <25.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations with new policies expect these policies or principles to be permanent

Are these policies or principles expected to be permanent? *(If created formal policies in last 6 months or year or answer yes to planning or considering adopting formal policies or principles)* (n=20)*

Yes

75%

No, they are likely to end by end of 2020

0%

No, they are likely to end by end of June 2021

0%

No, they are likely to end by end of 2021

5%

No, they are temporary but not sure of end date yet

Not sure if they are permanent or temporary

20%

100%

Note: *Sample size <25.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Job function and discretion are the most common criteria to determine eligibility for using alternative work arrangement

But at some organizations everyone will continue to be eligible

What are the criteria you are using to determine eligibility for using alternative work arrangements now? In the future?

Currently* (n=22)

Respondents who have policies or principles **in place now**

50%	All employees are eligible
41%	Job function (e.g., technology, support services, call center)
18%	Discretionary
14%	Performance-based
14%	Health concerns
5%	Job type and level (e.g. senior professional)
0%	Years of service
5%	Other



Future

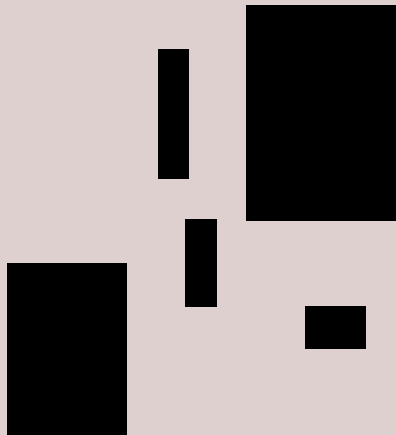
Respondents who are **planning or considering putting policies or principles in place or making changes** to existing policies or principles

All employees are eligible	68%
Job function (e.g., technology, support services, call center)	25%
Discretionary	11%
Health concerns	11%
Performance-based	7%
Years of service	0%
Job type and level (e.g. senior professional)	0%
Other	4%

Note: *Sample size <25.

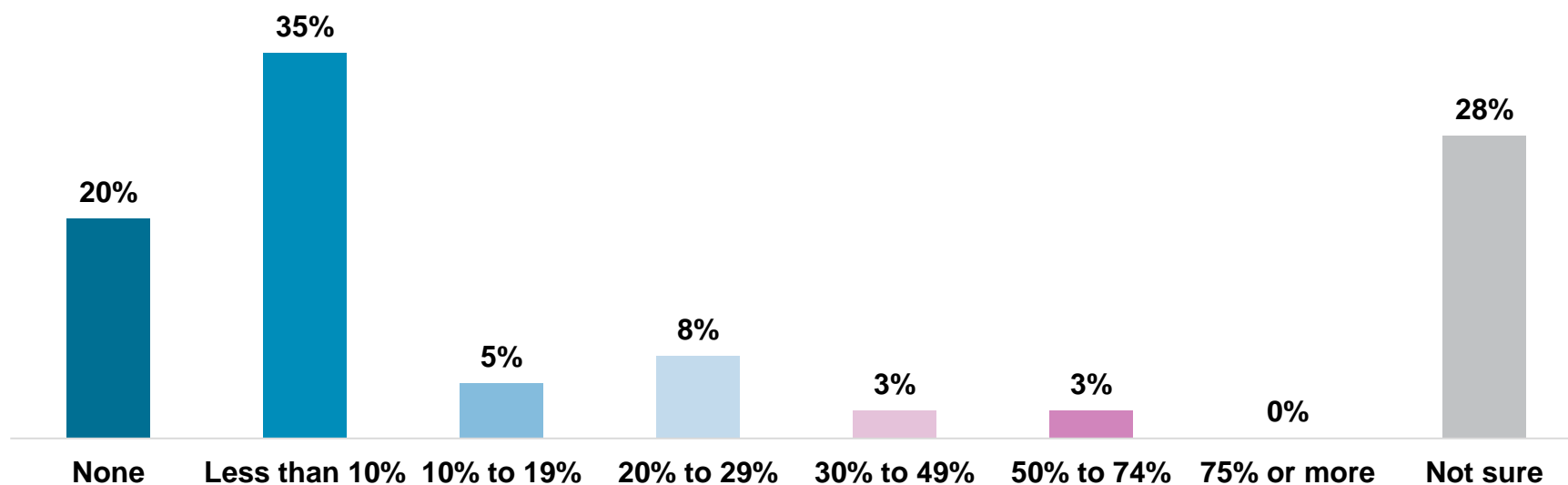
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Impact



Working from home or working from anywhere is not seen as the first step to offshoring jobs in the near

What proportion of the jobs that will be done through telecommuting or working from anywhere are likely to be offshored over the next 3 years? (For those that have workers Telecommuting or Working from anywhere in Q1 of 2021)

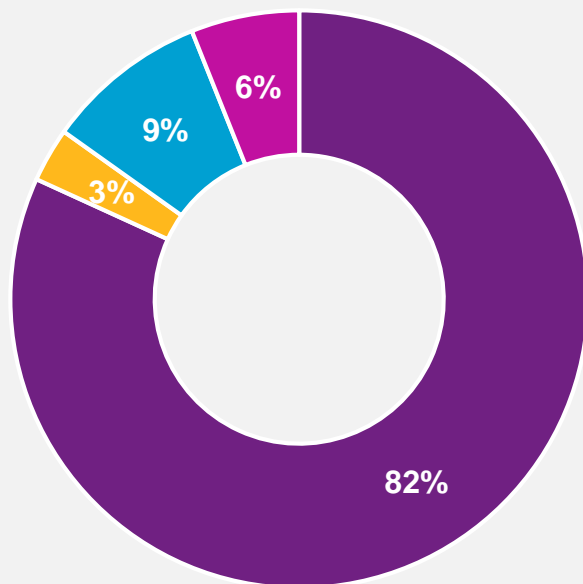


On average, organizations expect about **10%** of the jobs that will be done through telecommuting or working from anywhere are likely to be offshored over the next 3 years

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

4 in 5 will pay fully remote workers the same as in-office employees regardless of worker's actual locations for all jobs

Which of the following best describes how pay will be determined for employees who are allowed to work fully remote – working from anywhere in 2021? *(For those expecting to allow employees to work from anywhere in 2021)*



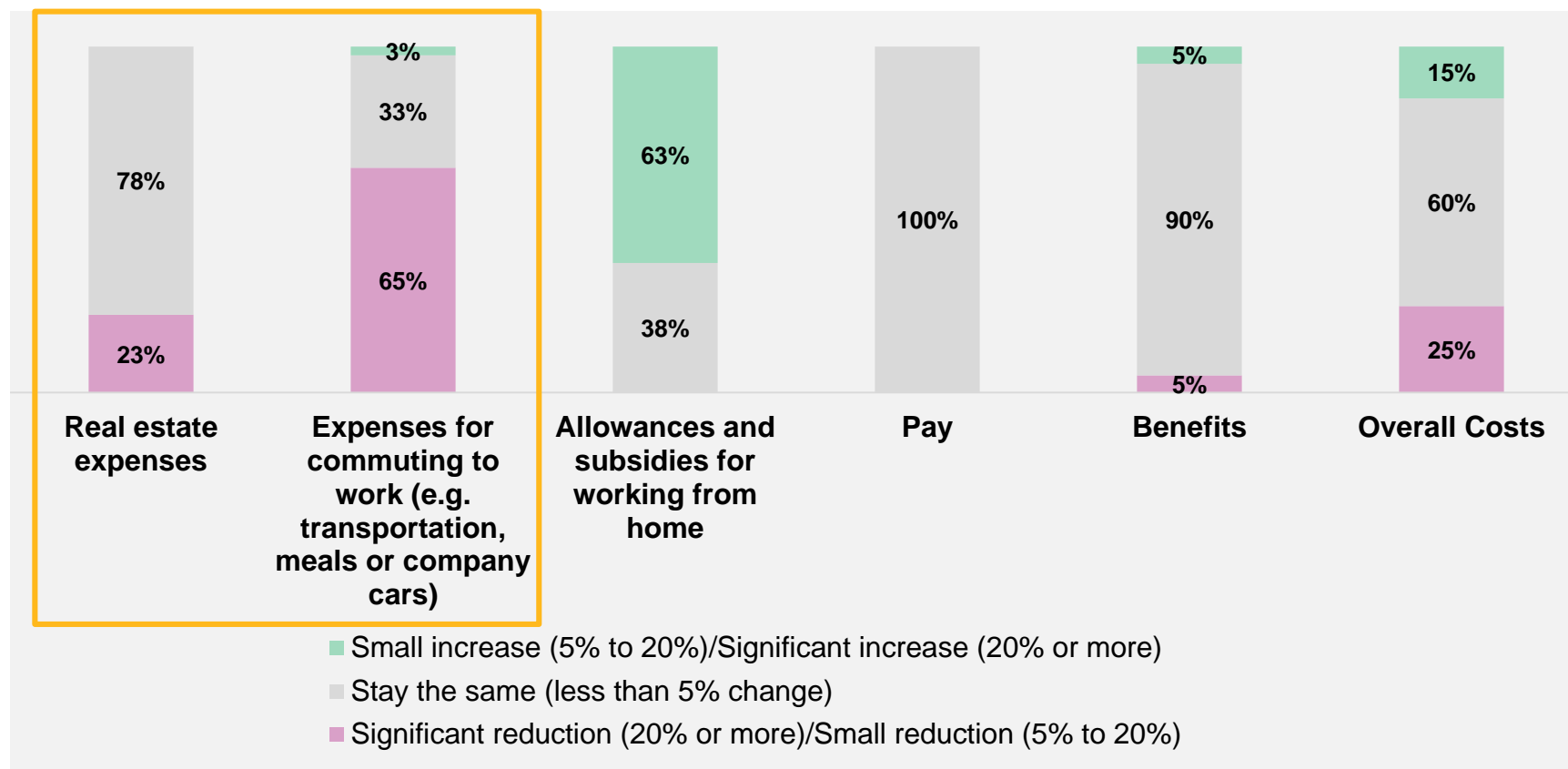
- Same as in-office employees regardless of worker's actual location for all jobs
- Based on location (e.g. city/ area) of remote worker for all jobs
- Same as in-office employees regardless of worker's actual location for hot skills, critical roles while based on location (e.g., city / area) for most roles
- Other

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Many organizations expect a decrease in commuting to work and real estate expenses in 2021 – partially offset by increases in allowances for working from home

Few organizations expect substantial changes to pay and benefits

What is the anticipated budget impact in 2021 of your flexible/remote working policy?

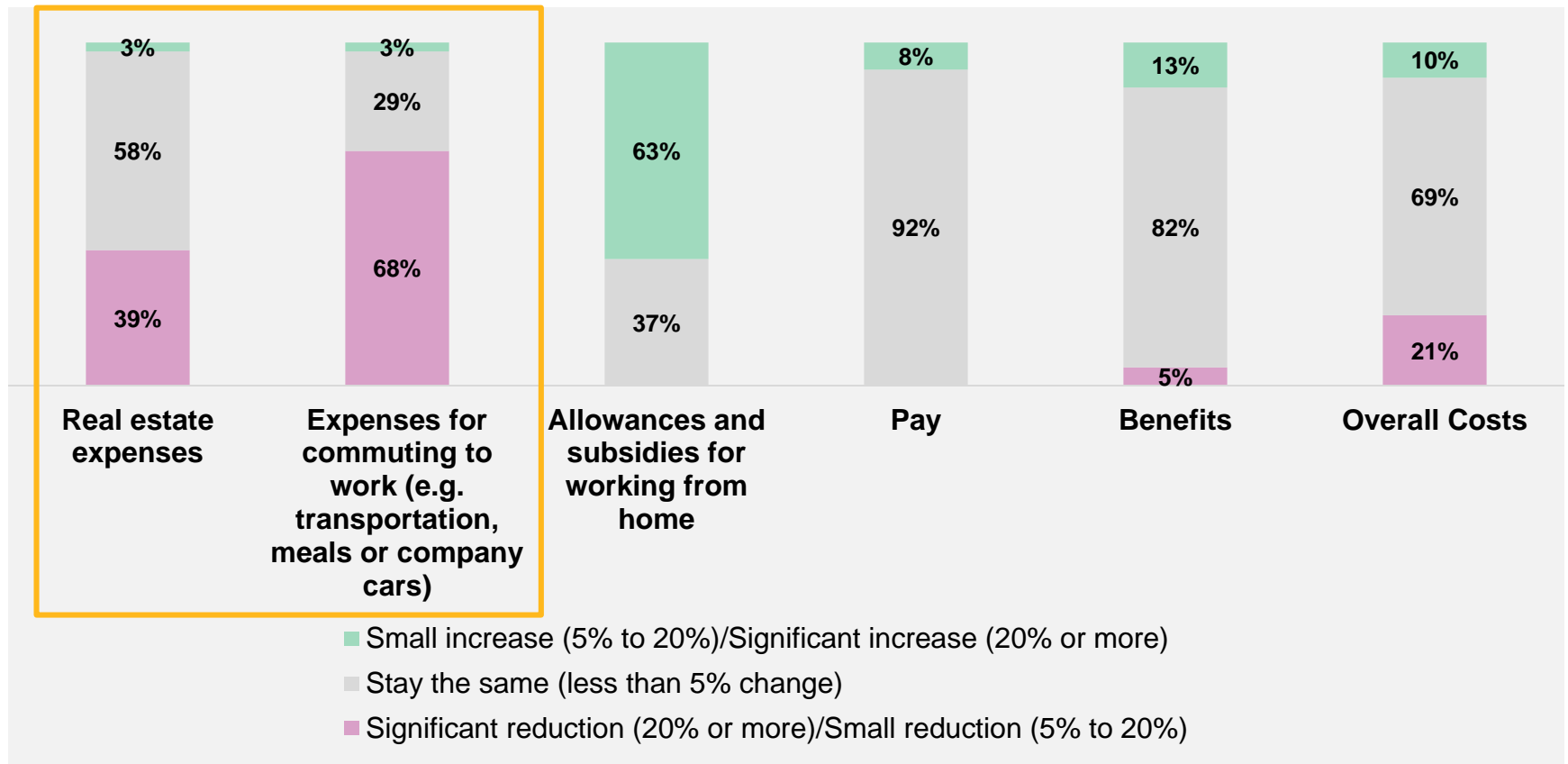


Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Over the next 3 years, most organizations expect declines in commuting to work or real estate expenses

Some of these savings could be used to help facilitate necessary changes to Total Rewards programs

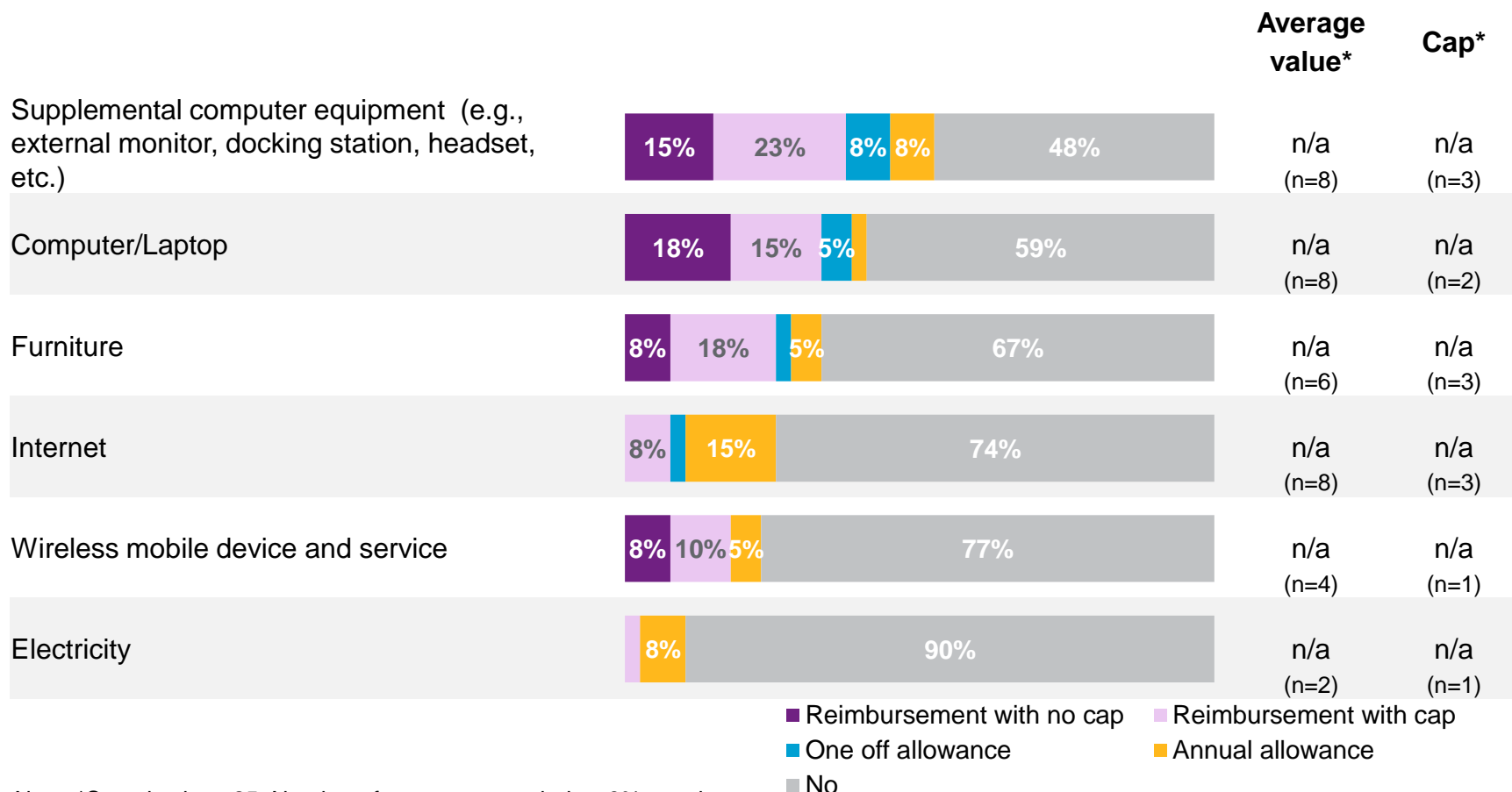
What is the anticipated budget impact over the next 3 years of your flexible/remote working policy?



Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Organizations are more likely to cover expenses for supplemental computer equipment

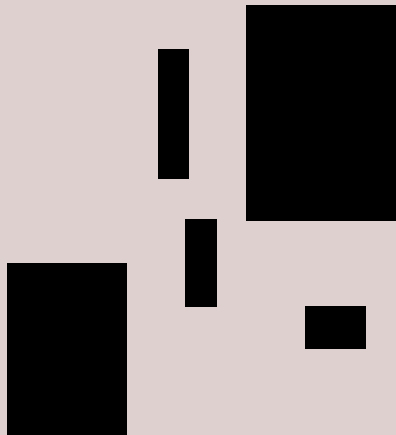
Does your organization cover expenses in the following areas? (For those providing any of the following options for working remotely: working from anywhere, telecommuting or working from home)



Note: *Sample size <25. Numbers for percentages below 3% not shown.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

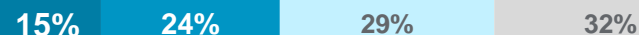
Future



Almost half organizations are effective at recognizing the need to create a more agile and flexible workforce

To what extent is your organization effective at the following?

Integrating contingent workers with specialized skills into our work teams



Retaining critical talent (employees and contingent workers) with needed technology skills



Recognizing our need to create a more agile and flexible work force



Integrating automation with talent



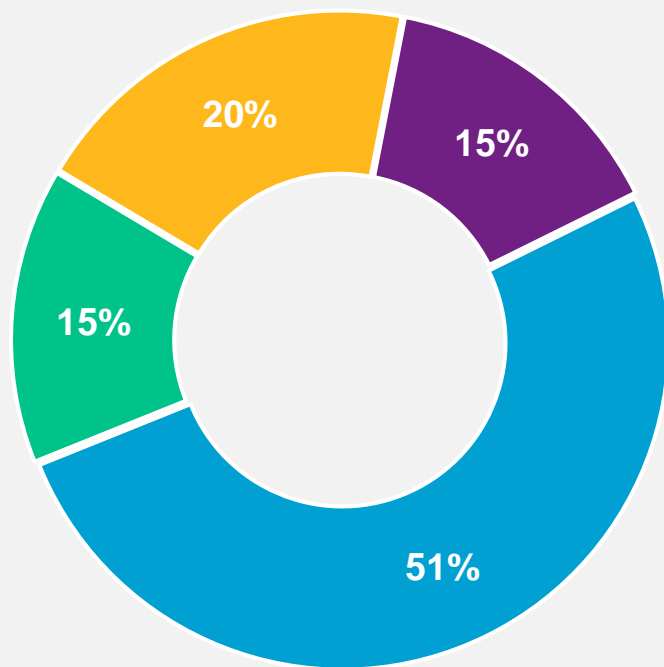
■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

But they struggle to be effective because of shortcomings in strategy, systems and other factors

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Only 15 percent of organizations have an integrated digital and business strategy

Which of the following best describes the current state of your organization digital strategy?



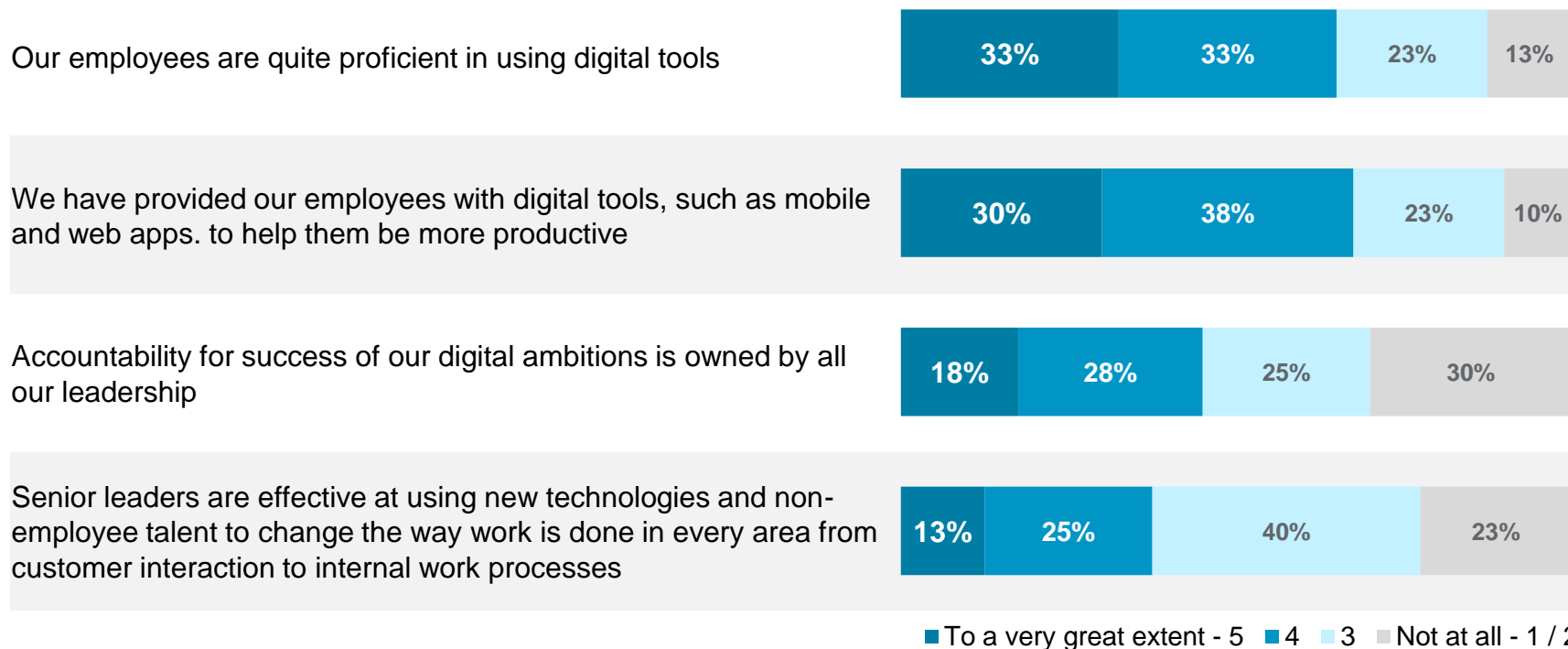
- We have an integrated digital and business strategy enabling new sources of value with digital capabilities embedded in the organization's value chain.
- We have a well-developed digital strategy that is clearly aligned with business strategy.
- We have a digital strategy, but it is not clear how that is aligned with our business strategy.
- We have a very basic, reactive digital strategy with rudimentary digital capabilities.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Nearly 7 in 10 organizations have provided employees with digital tools and technologies to help them to be more productive

But fewer say senior leaders are effective at using them

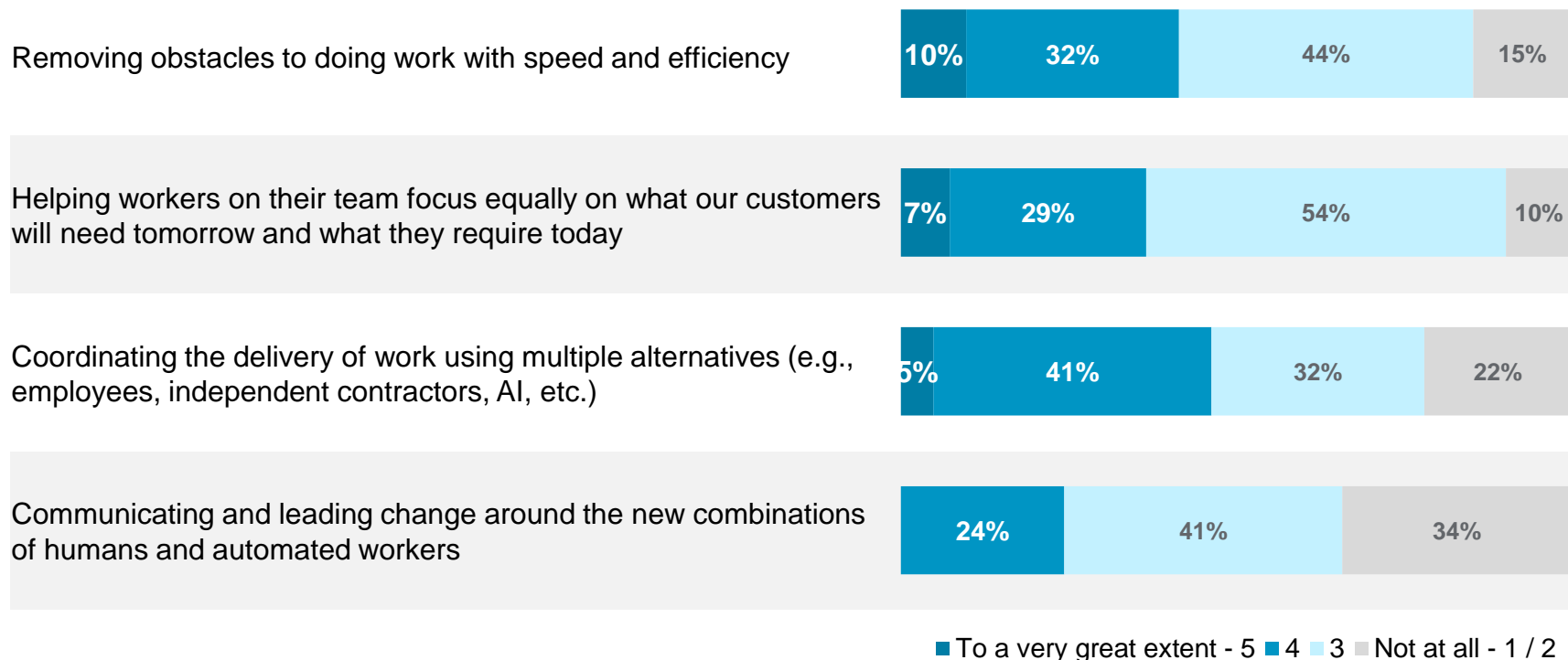
To what extent are the following applicable to your organization's digital efforts?



Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Fewer than half of organizations report their managers are effective at using alternatives and removing obstacles to delivering work

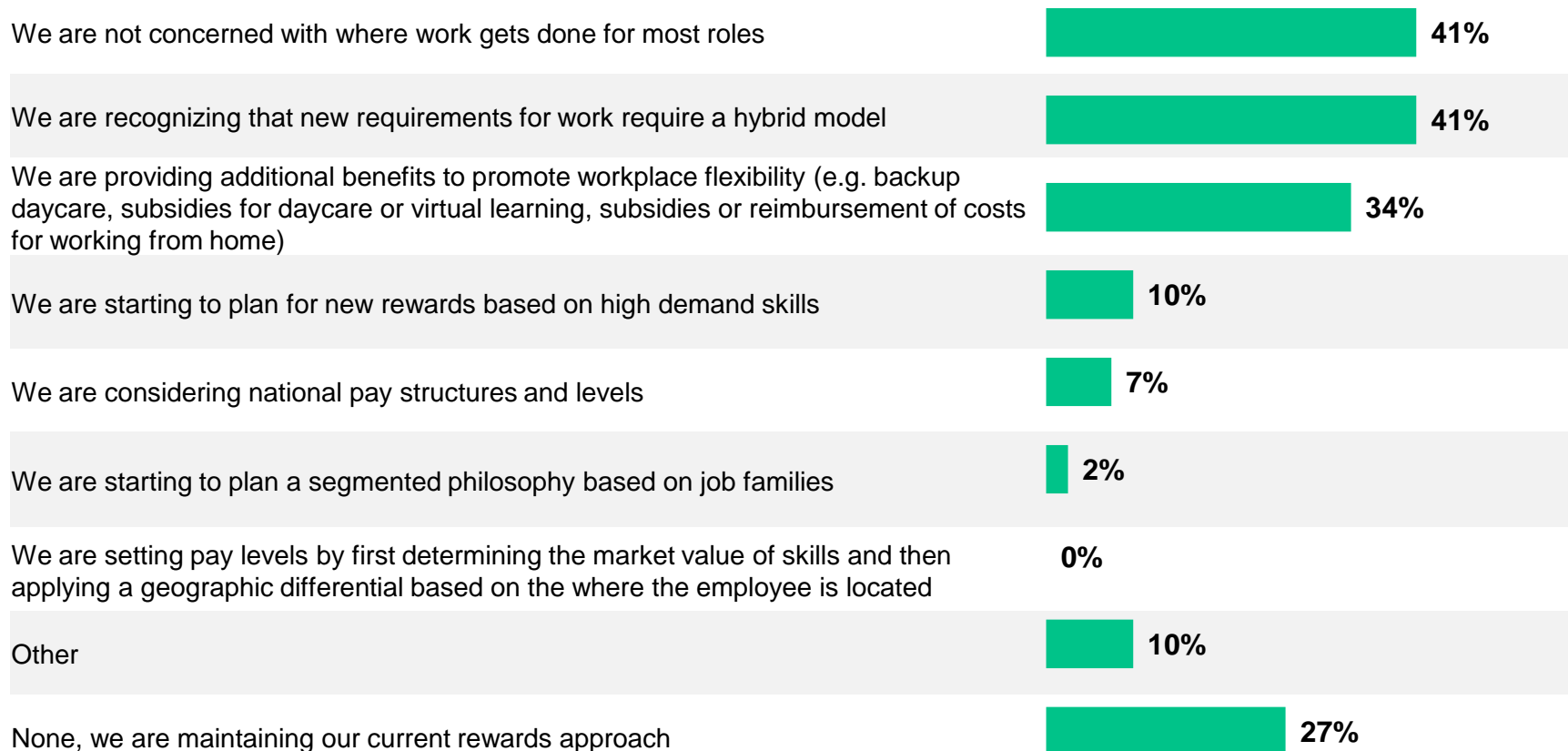
To what extent are managers in your organization effective at the following?



Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Two fifths of organizations are recognizing that new requirements for work require a hybrid model for rewards and pay

In what ways are your rewards and pay philosophy shifting due to new ways of working?



Two fifths (41%) of organizations appear to be **embracing flexible work** and about **one third (34%)** are **aligning some benefits** with this philosophy

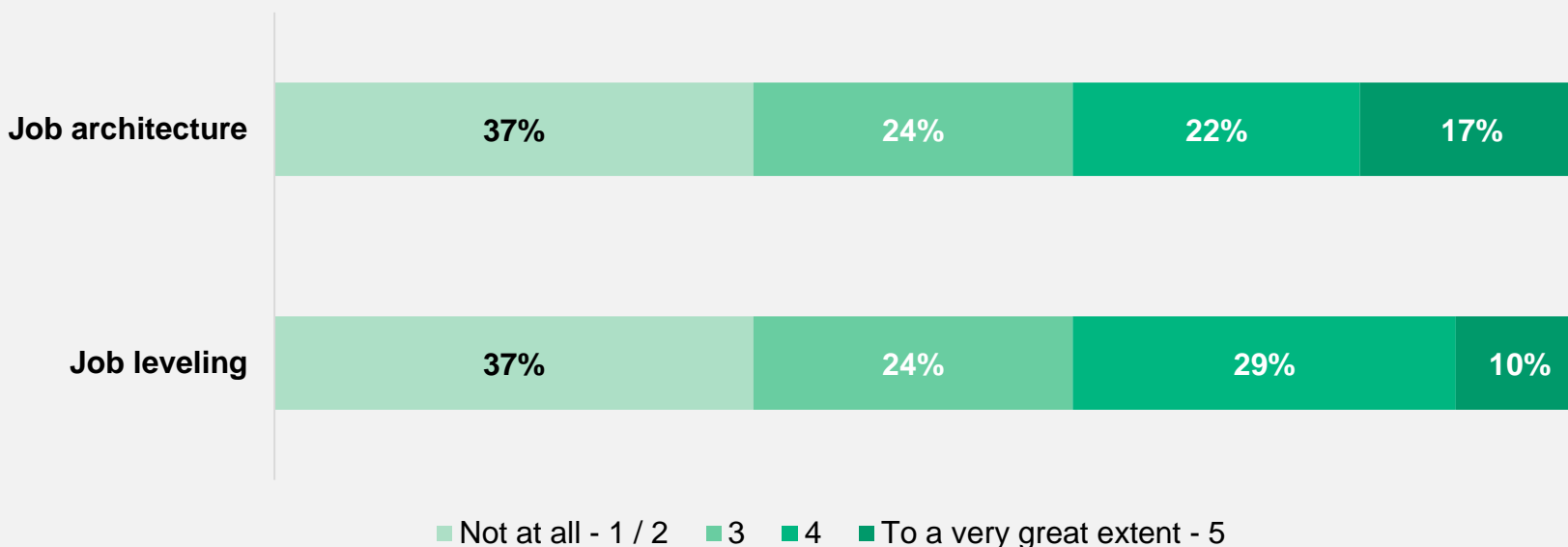
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Fewer than 1 in 5 organizations think that their current job architecture and job leveling process support developing a flexible and agile workforce to a very great extent

To what extent do the current job architecture and job leveling process at your organization support developing a flexible and agile workforce?

Job Architecture – Groups jobs based on utilization of similar knowledge and skills, e.g. HR, Finance, IT, Engineering

Job Levelling – Groups jobs based on relative size and value, e.g., Senior Professional, Supervisors



Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations agree that their benefits programs provide the security necessary to support workers now

Those pursuing more flexible work arrangements may require changes to pay and benefits programs in the future

To what extent do you agree with the following statements about the pay and benefits programs at your organization?

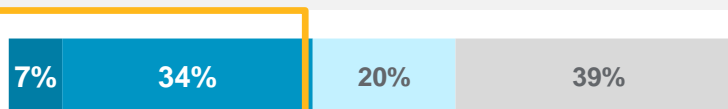
The health and wellbeing programs provide the security necessary to support workers



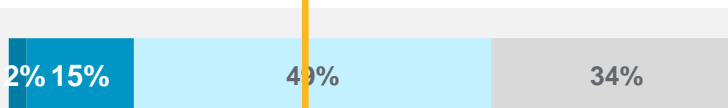
The retirement and financial wellbeing programs provide the security necessary to support workers



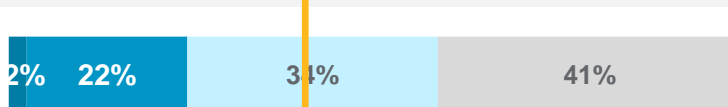
The health and wellbeing programs **need to change** to provide the security necessary to support workers in a more agile and flexible workplace in the future



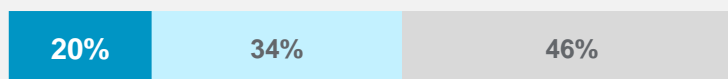
My organization needs to **make changes** to increase the importance of skills in pay decisions relative to the importance of the job or performance



The retirement and financial wellbeing programs **need to change** to provide the security necessary to support workers in a more agile and flexible workplace in the future



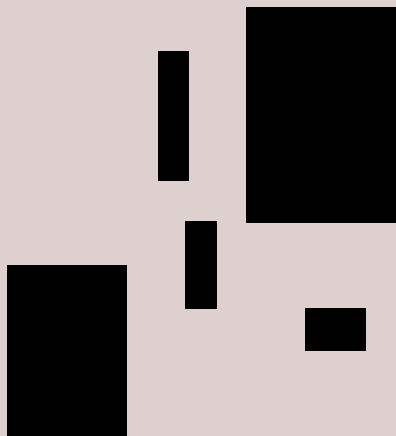
People are paid primarily based on their skills, rather than their job or performance



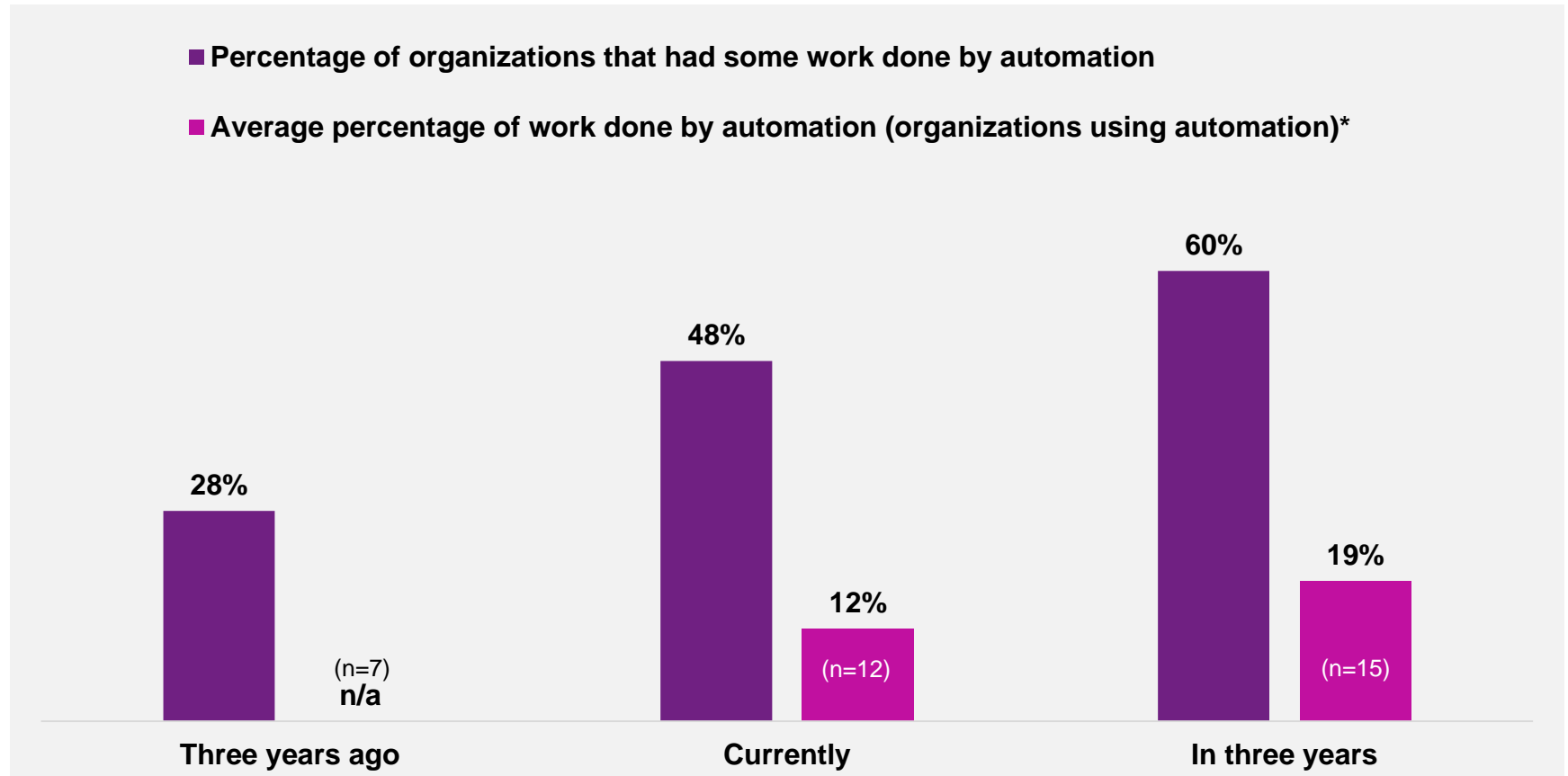
■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Appendix



Use of automation continues to grow as more organizations are taking up automation for greater proportion of work

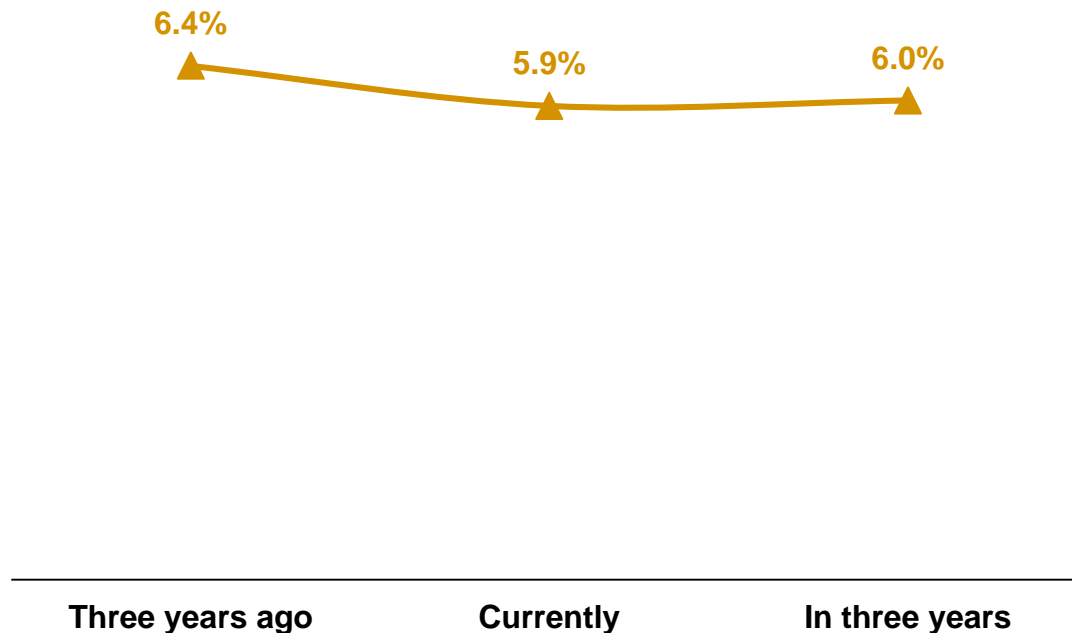


Note: *Sample size <25.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Use of non-employee talent has remained relatively high and is expected to continue to do so

What is the approximate percentage of workers in each category at your organization three years ago, currently and expected in three years?* (n=22)



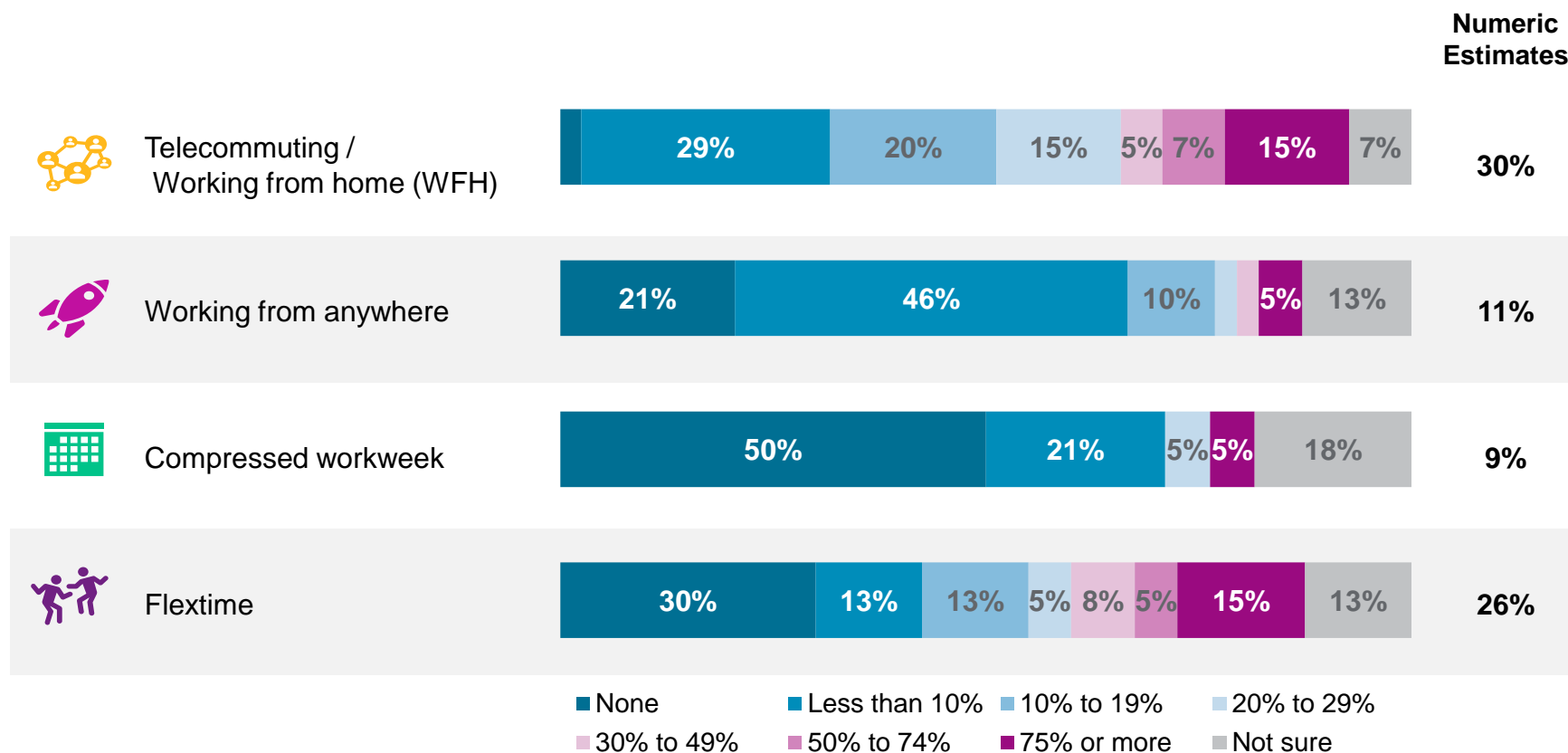
Free agent workers
(e.g. contractors, contractors hired from a talent platform, workers on loan from other organizations)

Note: *Sample size <25.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

More workers were using working from home and flextime than other types of alternative work arrangements last year

What is the approximate percentage of workers at your organization using the following alternative work arrangements last year?

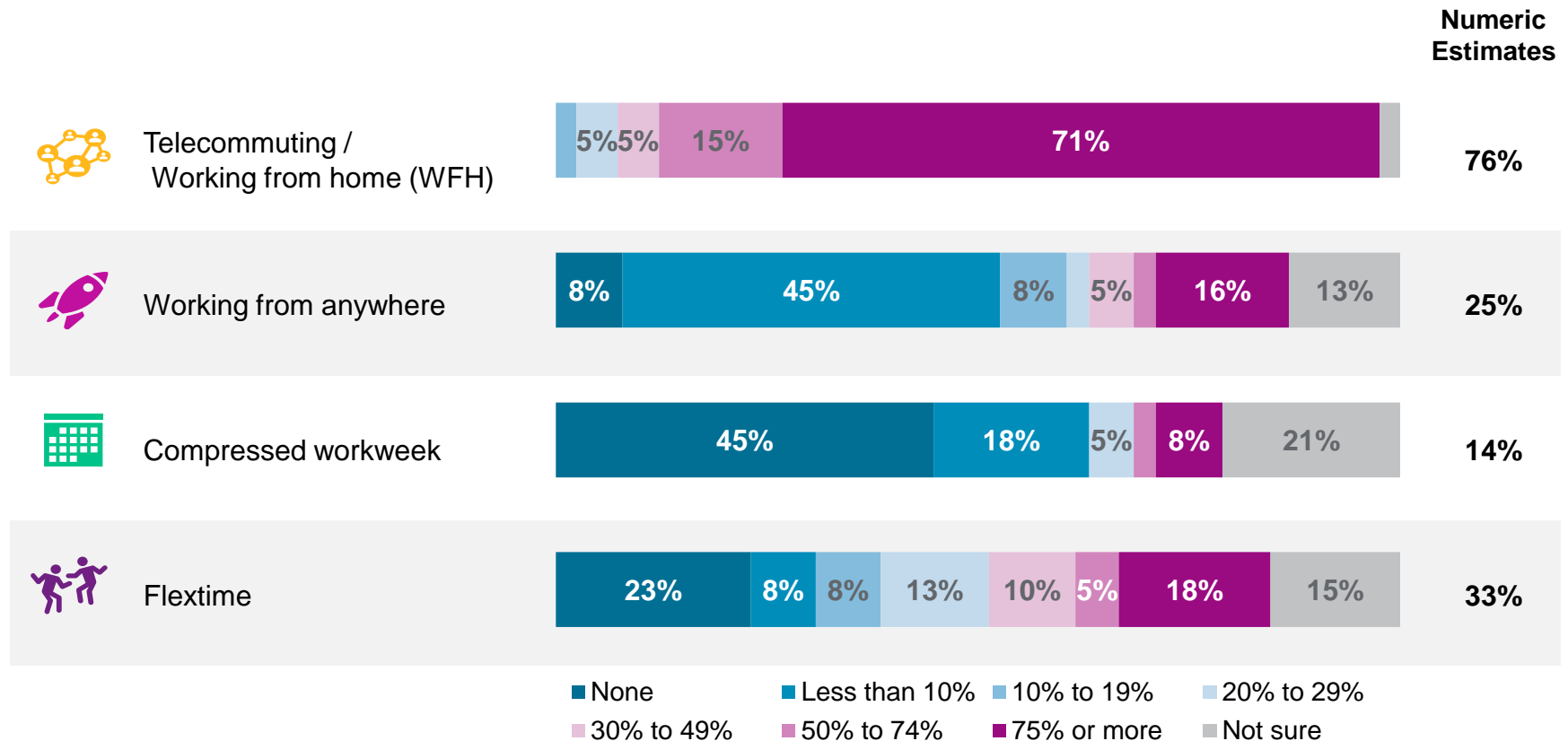


Note: Numbers for percentages below 3% not shown. Numeric Estimates are “not sure” removed results.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Three quarters of workers are using working from home; some are also using flextime and working from anywhere

What is the approximate percentage of workers at your organization currently using the following alternative work arrangements?

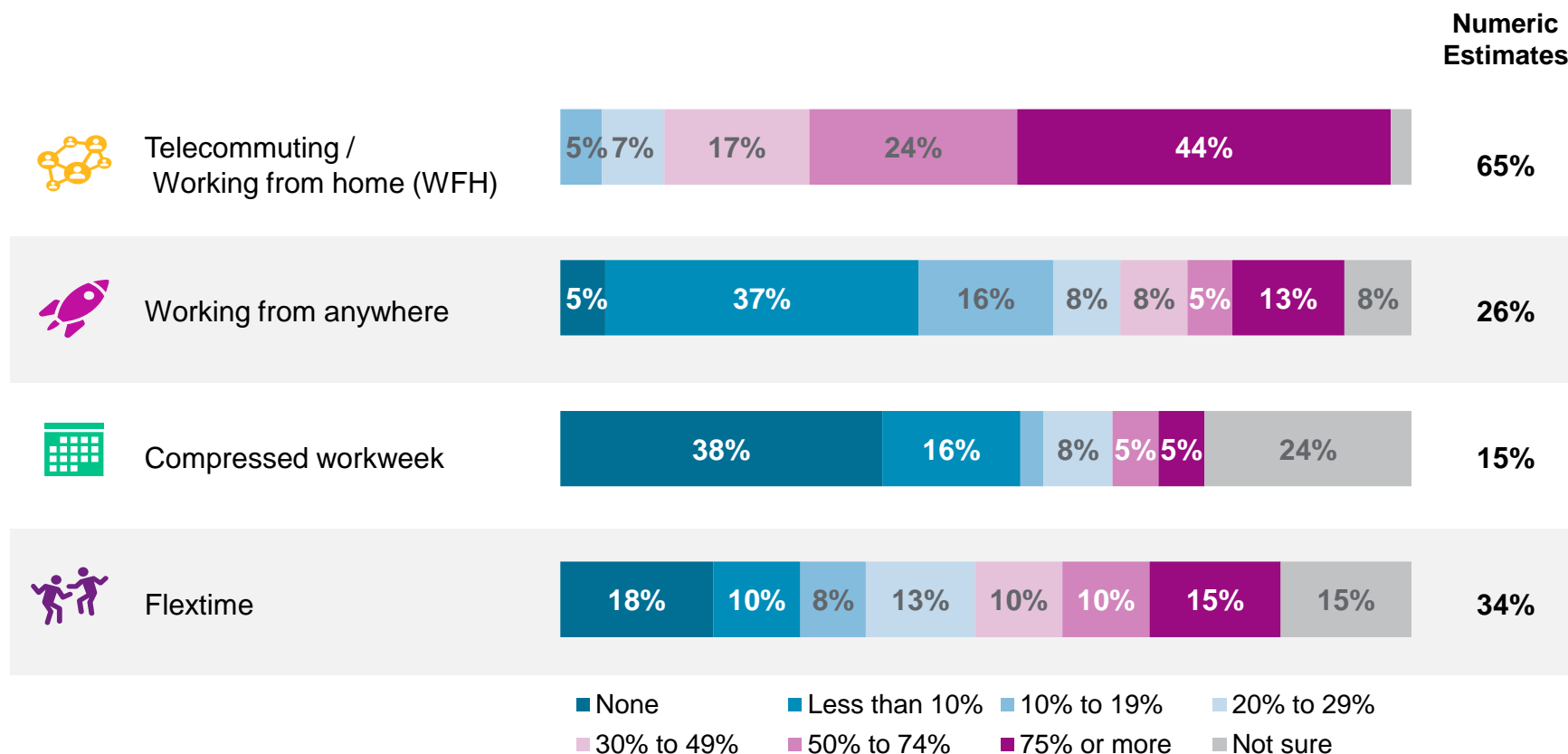


Note: Numbers for percentages below 3% not shown. Numeric Estimates are “not sure” removed results.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

About two thirds of workers are expected to use working from home in Q1 of 2021

What is the approximate percentage of workers at your organization that you expect to be using the following alternative work arrangements in Q1 of 2021?



Note: Numbers for percentages below 3% not shown. Numeric Estimates are “not sure” removed results.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities