



COVID-19 Spot Survey

Implications on Total Rewards Programs

Global Reward Services

May 6, 2020

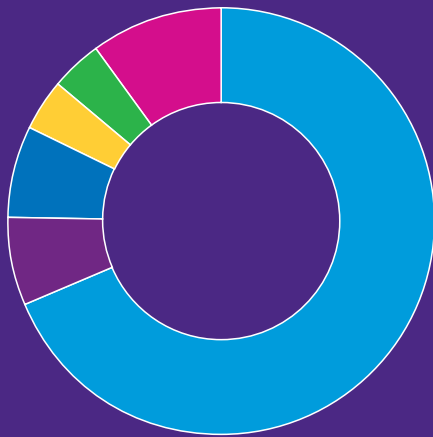


Executive summary

KPMG LLP (KPMG) recently polled nearly 100 global professionals in human resources, compensation and benefits, global mobility and tax regarding the impact of the global COVID-19 challenges on their organizations' total rewards programs. Respondents represented over 30 different industries globally. The majority of respondents were at the senior managerial and executive levels, including nearly one quarter being heads of total rewards in their organizations.

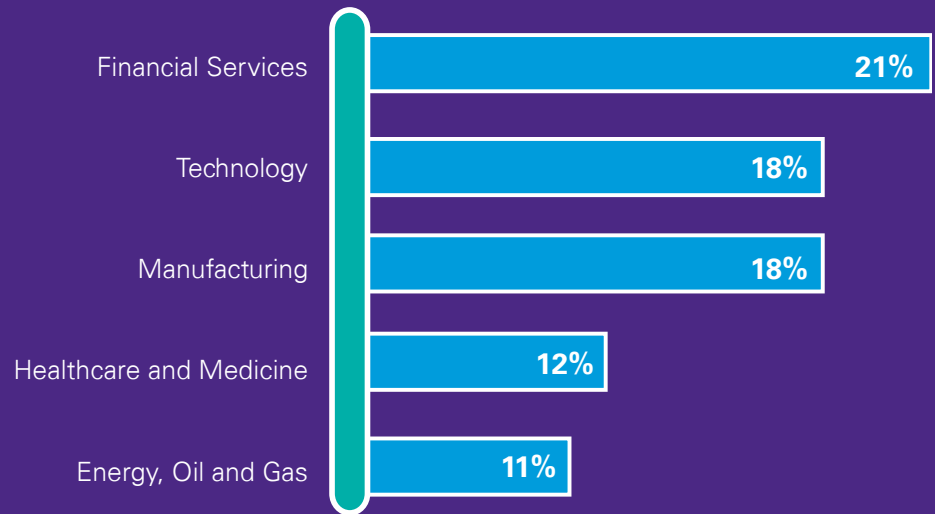
The survey reflects these organization's initial responses to maintaining employment status, potential changes to compensation and benefits structures, and new and more flexible work from home arrangements.

In which country is your headquarter located?



- U.S. – 69%
- Canada – 7%
- U.K. – 7%
- France – 4%
- Netherlands – 4%
- Others – 9%

How would you classify the industries in which you operate (Select all that apply)?



*Note: Multi industries noted. Does not equal 100%.

Key findings



In terms of COVID-19 related support to employees, just over half (**51%**) confirmed that they were tailoring support services, expense coverage, etc., by country and/or job roles/responsibility and/or specific individual needs.

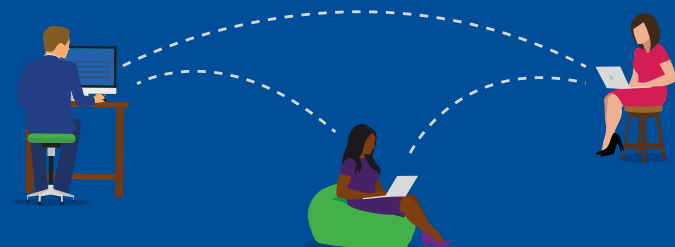


62 percent are not contemplating any changes to bonus plan performance metrics at this time.

For organizations with employees based outside of the United States, **70** percent reported that they are fully aware of these countries' social programs for workers on unpaid leave.



Nearly three-quarters of survey participants are not considering changes to their equity grant approach at this time.



There was a clear **50/50** split between organizations having a written Work from Home (WFH) policy and those not having WFH policies, with just under a half (**44%**) confirming they are making changes to their WFH policies based on COVID-19 needs.

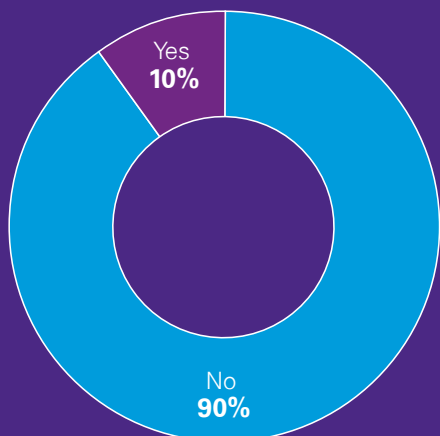


The clear majority of organizations that are headquartered in the United States (**90%**) have not made any "qualified disaster relief" payments to employees under U.S. Internal Revenue Code IRC § 139. Additionally, nearly the same number of U.S. headquartered organizations (**87%**) reported that they are not planning to make any IRC § 139 qualified disaster relief payments in the future.

Further, **82** percent of U.S. headquartered survey participants are not considering using a charitable organization (e.g., private foundation, public charity or donor-advised fund) to provide COVID-19 related support to employees.

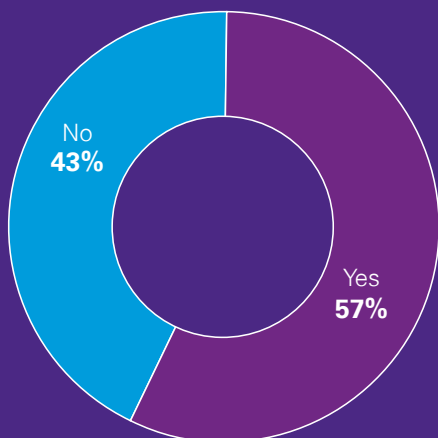


1 Has your organization made any qualified disaster relief payments to employees under U.S. Internal Revenue Code (I.R.C.) 139[1]?

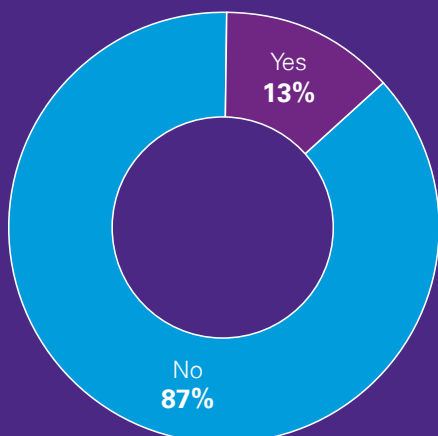


Footnote: 1. On March 13, 2020 the President declared a national emergency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act for the COVID-19 pandemic. This action will free up federal resources to combat the disease in the United States. This declaration also triggers the provisions of Internal Revenue Code Section 139, which addresses qualified disaster relief payments.

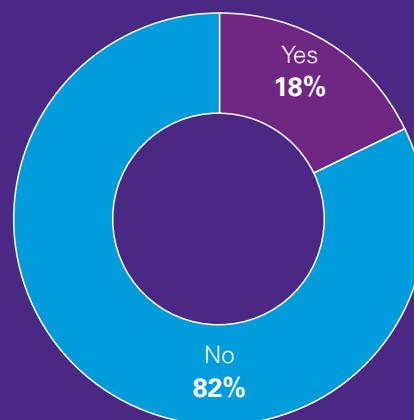
1a. Is the same amount being paid to all employees to cover COVID-19 related expenses?



1b. Are you planning to make any IRC 139, qualified disaster relief payments in the future?



2 Are you considering using a charitable organization (e.g., private foundation, public charity or donor-advised fund) to provide COVID-19 related support to your employees?

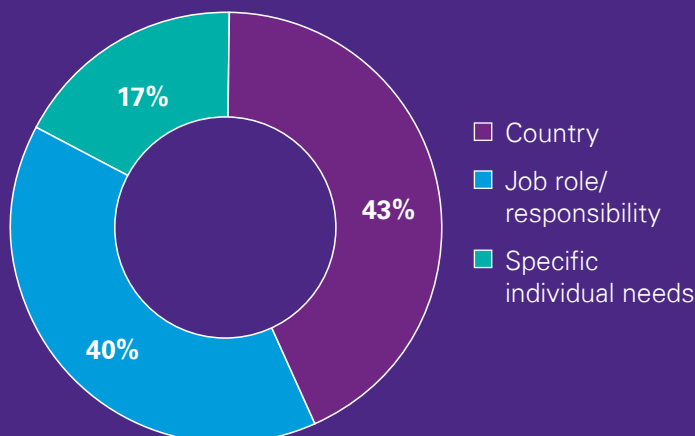


3 In terms of COVID-19 related support to employees, is your organization:

- a** Providing the same level of support services, expense coverage, etc. to all employees in all countries.
- b** Tailoring the support services, expense coverage, etc. by country and/or job role/responsibility and/or specific individual needs.
- c** We are not providing any unique COVID-19 related support to our employees.

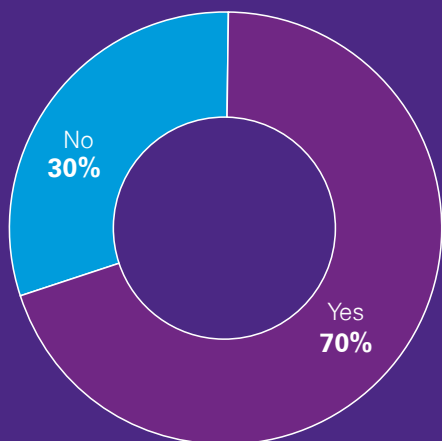


3a. Tailoring the support services, expense coverage, etc. by (select all that apply):



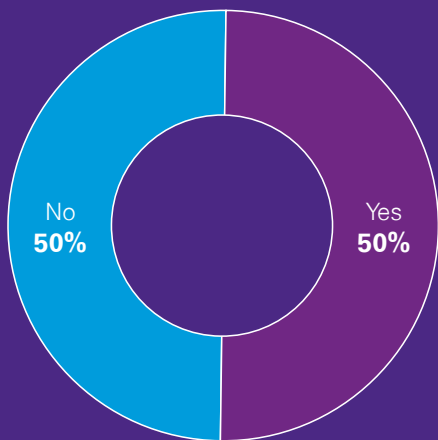
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For employees based outside the United States, is your organization fully aware of the benefits available under countries social programs for workers on unpaid leave?

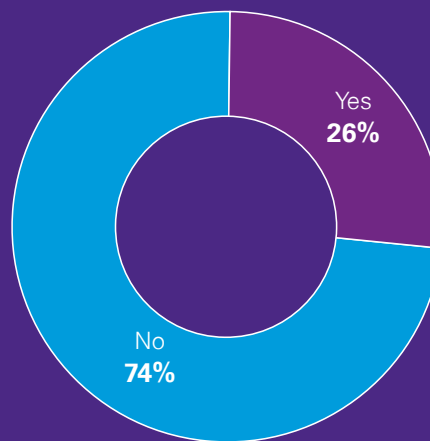


5

Does your organization currently have a written Work From Home policy?

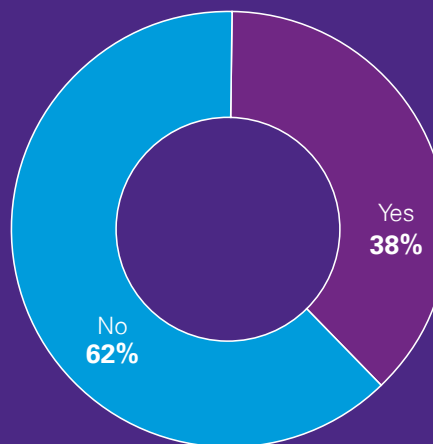


5b. Are you planning to implement a written policy within the next 6 months?

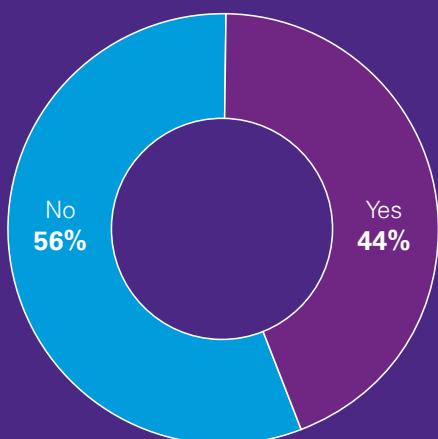


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At this time, is your organization contemplating any changes to bonus plan performance metrics?

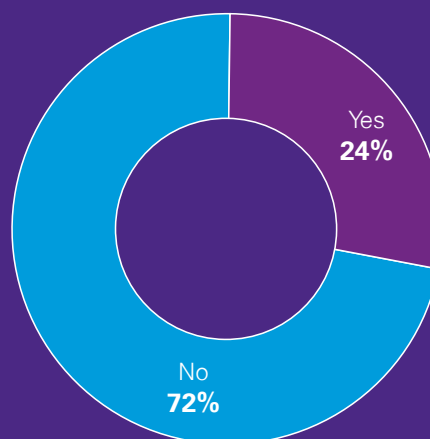


5a. Are you making any amendments to the policy based on COVID-19 needs?



7

At this time, is your organization contemplating any changes in the equity grant strategy?



7a. Is the organization contemplating:

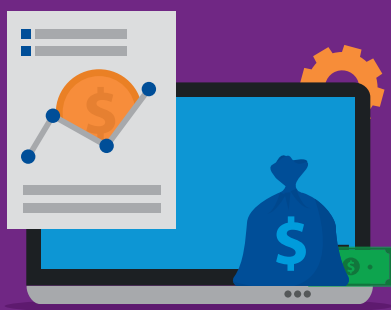
- a** New retention grants for current equity award holders
- b** Repricing existing stock options to account for stock price deterioration
- c** Extending the grant strategy to include additional employees that have not received grants in the past



Looking ahead – actions to consider

Organizations continue to wait and see how the current situation will affect potential secondary steps associated with COVID-19 as well as future total rewards planning for 2020. Below is a summary of steps that organizations may wish to consider for their total rewards programs over the coming weeks and months ahead.

- As organizations transition from work-from-home back to office work, KPMG has observed that many organizations, regardless of local government positions, may not transition their entire workforce back immediately, and particularly until full testing is available and a COVID-19 vaccine exists. We are anticipating a staged return to the office at most organizations.
- Due to this phased approach, it may be worth developing or revisiting your work-from-home policy.
- 70 percent of survey participants are aware of local country social programs that are available for their employees. KPMG suggests that organizations continue to look at COVID-19 related relief and legislation that is being passed with additional social relief assistance that could be available depending on the country.
- While the vast majority of companies are not making any immediate changes to their equity grant approach, some are beginning to evaluate potential future changes. The considerations range from new retention grants, grants to a larger employee population or more dramatic changes such as repricing stock options. For those contemplating changes, it will be important to consider how these actions can carry their own set of complexities, including shareholder and other approvals, tax and accounting consequences and administrative considerations.
- For organizations facing business continuity and cash flow challenges, when looking at options for retaining employees, some organizations may wish to consider replacing a percentage of salary with equity or using equity in lieu of cash for 2020 bonuses or salary reductions. Some organizations are also targeting incentive or support programs to certain groups like the essential workers that are putting themselves at risk or additional support for elder or child care, parental leave etc.



For additional guidance, please consult KPMG's [COVID-19: Preparing for the Future](#) series. The series of articles is designed to help organizations emerge stronger from the COVID-19 crisis by evaluating and revolutionizing their mobility and total rewards program to adapt to the changing business world.

Contact us

To learn more about KPMG Global Reward Services, contact your local KPMG adviser or any of the professionals listed below.

Michael A. Bussa
Partner, National Global Reward Services Lead
T: 212-954-1811
E: mbussa@kpmg.com

Jill M. Hemphill
Partner, New York/Metro Lead
T: 212-954-1942
E: jhemphill@kpmg.com

Kathy Lo
Principal, San Francisco Lead
T: 415-963-8988
E: kathylo@kpmg.com

Parmjit Sandhu
Principal
T: 212-954-4063
E: parmjitsandhu@kpmg.com

Terrance Richardson
Principal, West Region Lead
T: 214-840-2532
E: trichardson@kpmg.com

Leann Balbona
Managing Director
T: 212-872-3671
E: lbalbona@kpmg.com

Jennifer Link
Managing Director
T: 212-909-5381
E: jlink@kpmg.com

Dinesh Sinniah
Managing Director
T: 312-665-3603
E: dsinniah@kpmg.com

Mark Spittell
Managing Director
T: 214-840-4394
E: mspittell@kpmg.com

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