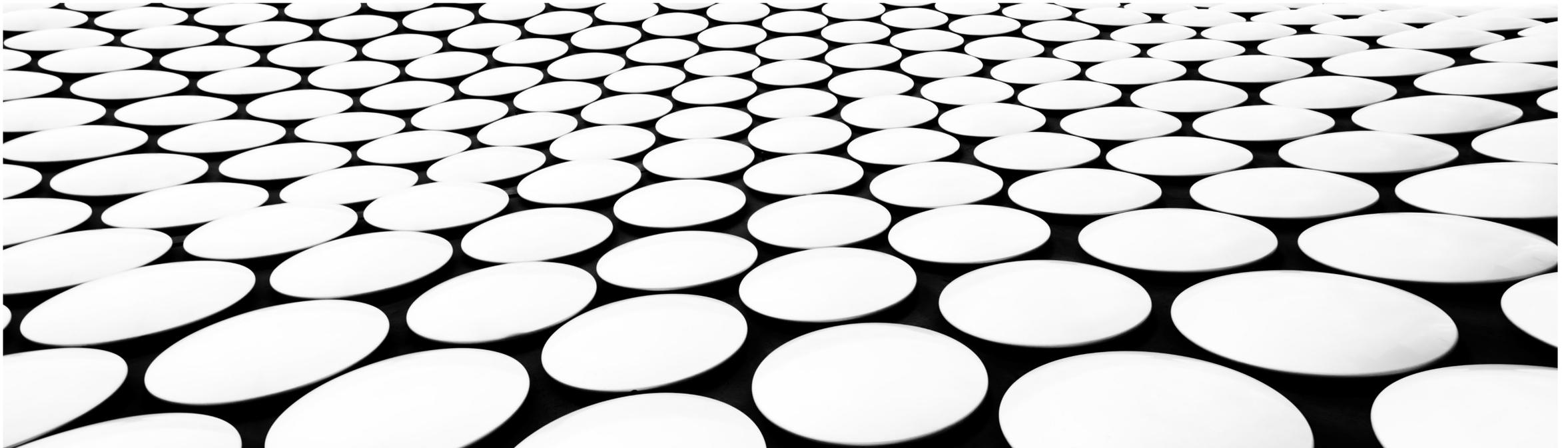


IMPACT OF INFLATION ON COMPENSATION STRATEGIES & COMPANY APPROACHES TO PAY TRANSPARENCY

HR POLICY ASSOCIATION SURVEY RESULTS | DECEMBER 2022

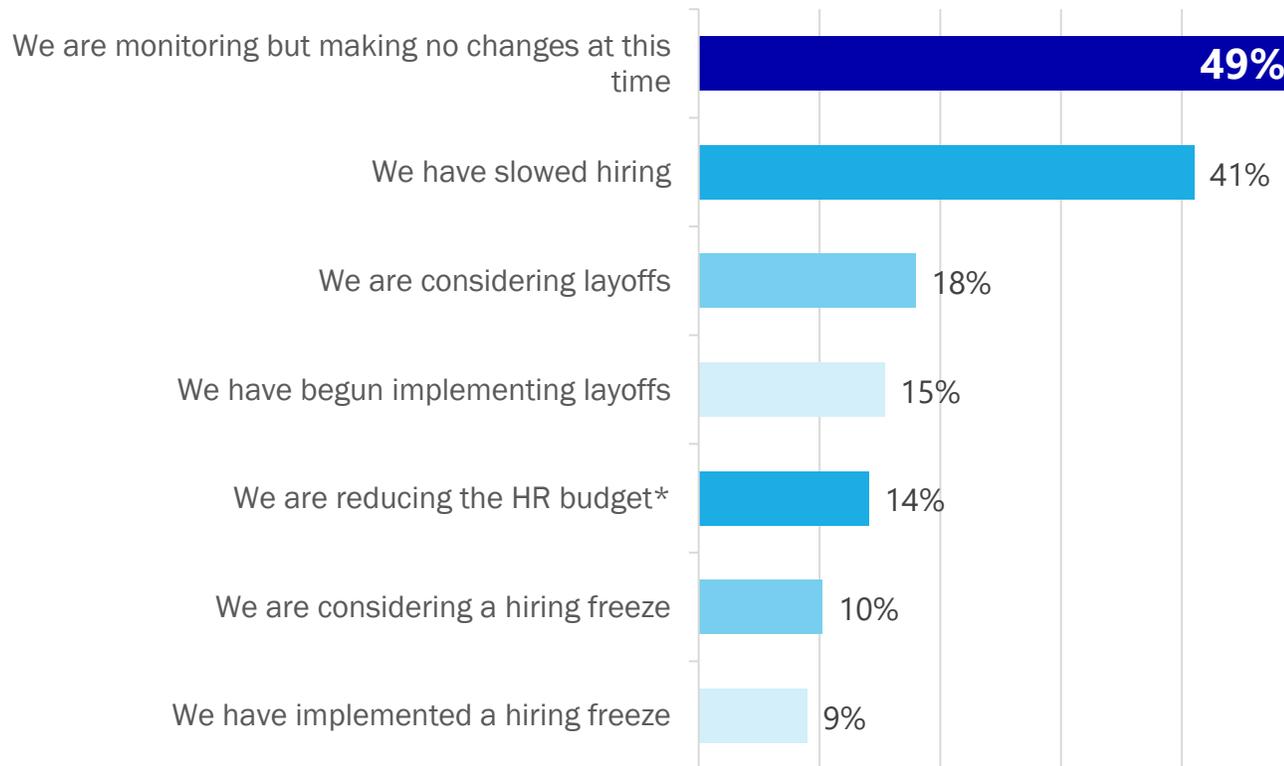
78 Responses | Survey open December 5–12, 2022



IMPACT OF INFLATION

COMPANIES ARE MONITORING THE SLOWING ECONOMY, REDUCING HIRING

Q: Regarding talent strategy, how are you responding to a potentially slowing economy and/or rising inflation for 2023?



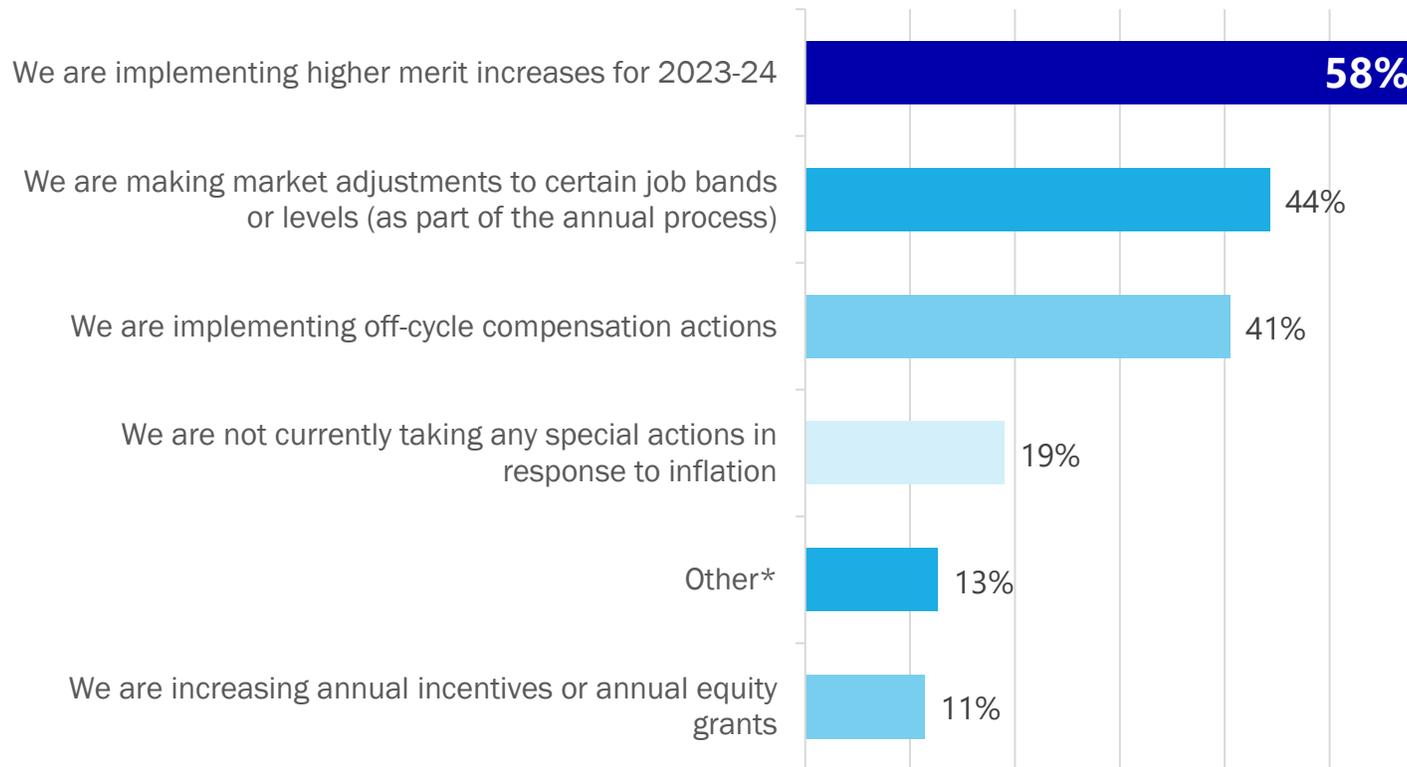
NOTE: Respondents could select more than one choice; totals may not equal 100%

***Please specify the area(s) in which you are reducing:**

- Every function is taking a 5% across the board reduction.
- Every budget will see reductions across the company.
- Across the board.
- Reduction of 15%.
- Targeting 40th percentile benchmark performance related to HR cost structure.
- We are benchmarking and targeting achieving the 40th percentile HR cost structure. In addition, we are evaluating benefit cost and ensuring we are investing in benefits that meet the evolving workforce needs.
- Professional Services, Professional Memberships, Travel, Training and Development.
- Discretionary Spending, Travel, Consultant Spend, Headcount.
- Talent Acquisition.
- Discretionary spend/travel and doing more internally with less outside partner support for marketing, comms and speakers.
- Recruiting.
- None of the above – our business is thriving and we have increased the HR Budget.

HIGHER MERIT INCREASES AND MARKET ADJUSTMENTS

Q: Regarding compensation, how are you responding to rising inflation and the corresponding change in the market for talent for 2023-24?



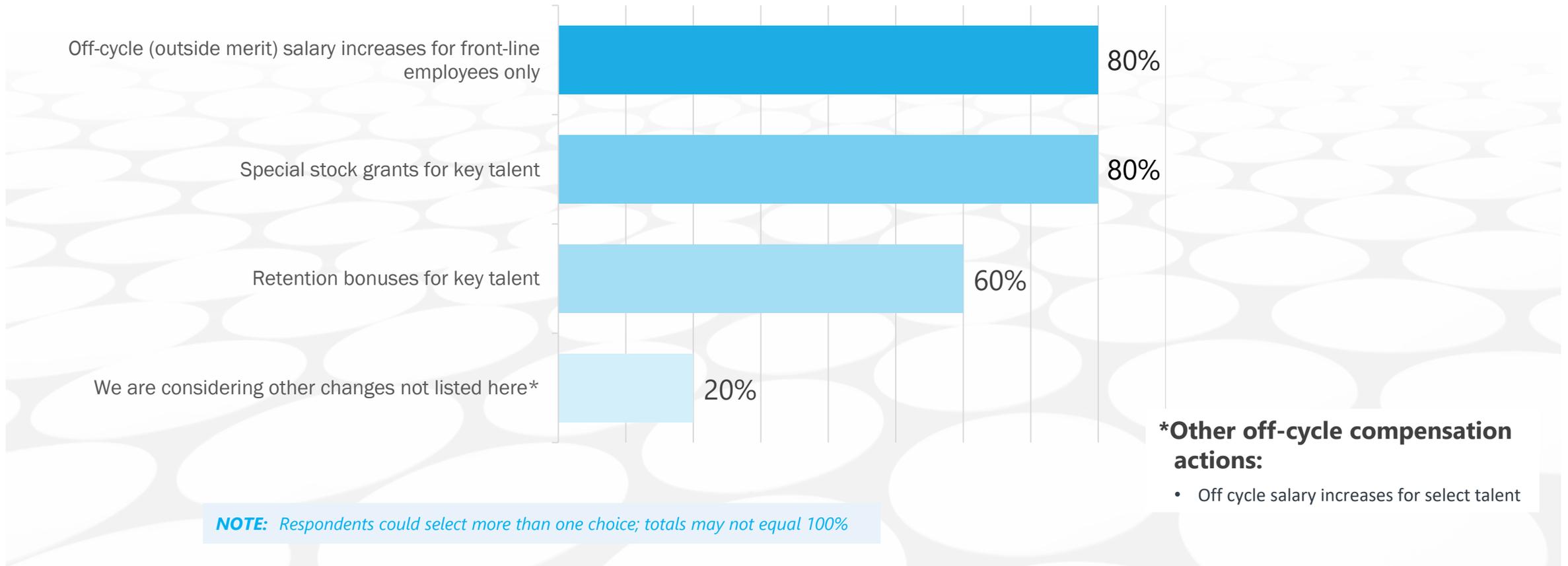
NOTE: Respondents could select more than one choice; totals may not equal 100%

***Other ways companies are responding:**

- We are setting merit budgets based on the market forecast for 2023, using market adjustments where needed to ensure employees are appropriately positioned based on skills and capabilities, and using targeted retention awards.
- We are looking at 0% merit increases based on the anticipated recession.
- We are not taking actions specifically related to inflation, but our budgets for merit are higher due to what we believe our competitors are providing (we want to stay aligned to market).
- We are incorporating annual equity grants in select non-executive job roles.
- We made off cycle retention adjustments in 2022 and are considering a slightly higher increase.
- We are opening eligibility to the annual bonus plan lower into the organization for select positions and granting more special LTI awards for those not normally eligible for the annual award.
- We implemented a higher merit increase in 2022 and increased wages of front-line associates to be competitive in market (industry increase).
- Due to the market, we are pushing out merit increase to July. We are doing a special bonus to reward for 2022 that will bridge the gap between beginning of the year and merit.
- We are continuing to monitor market merit increases.

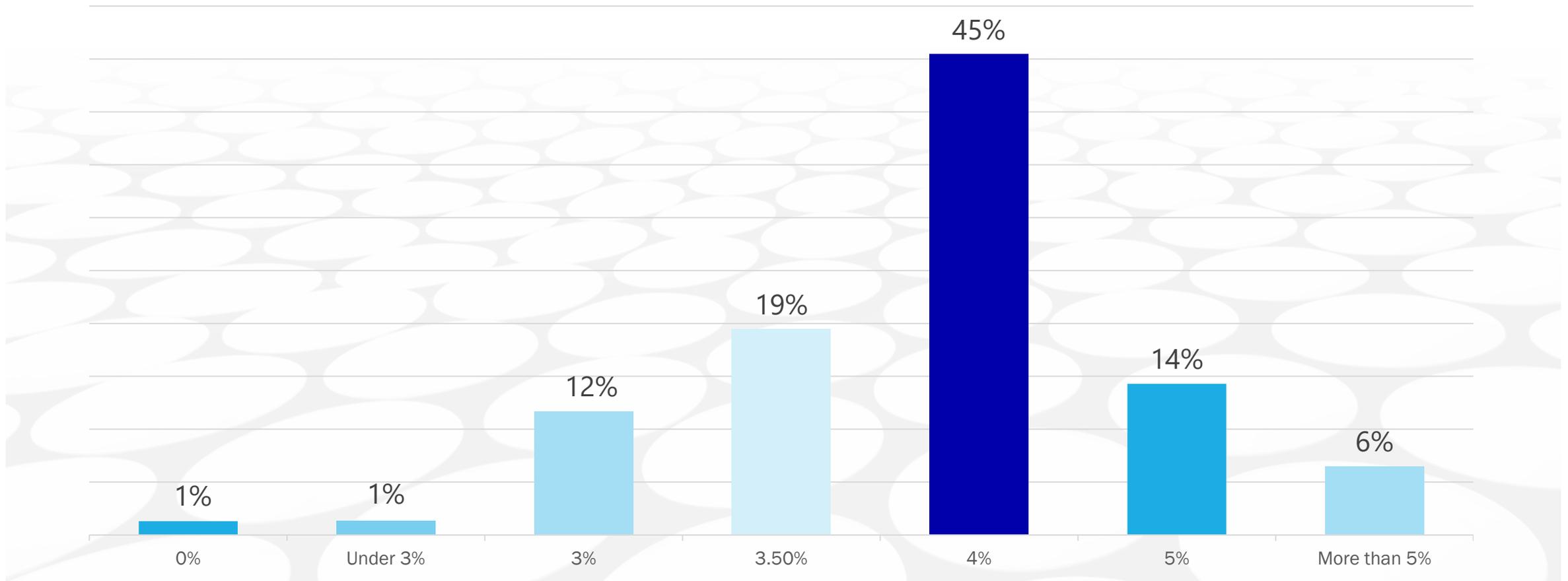
41% ARE IMPLEMENTING OFF-CYCLE COMPENSATION ACTIONS

Q: What types of off-cycle compensation actions are you taking?



MERIT BUDGET INCREASES AROUND 4%

Q: For your broad-based U.S. population, what is the total level of merit budget increase you are currently planning for 2023? This should include any “holdback” or “extra” for targeted positions.

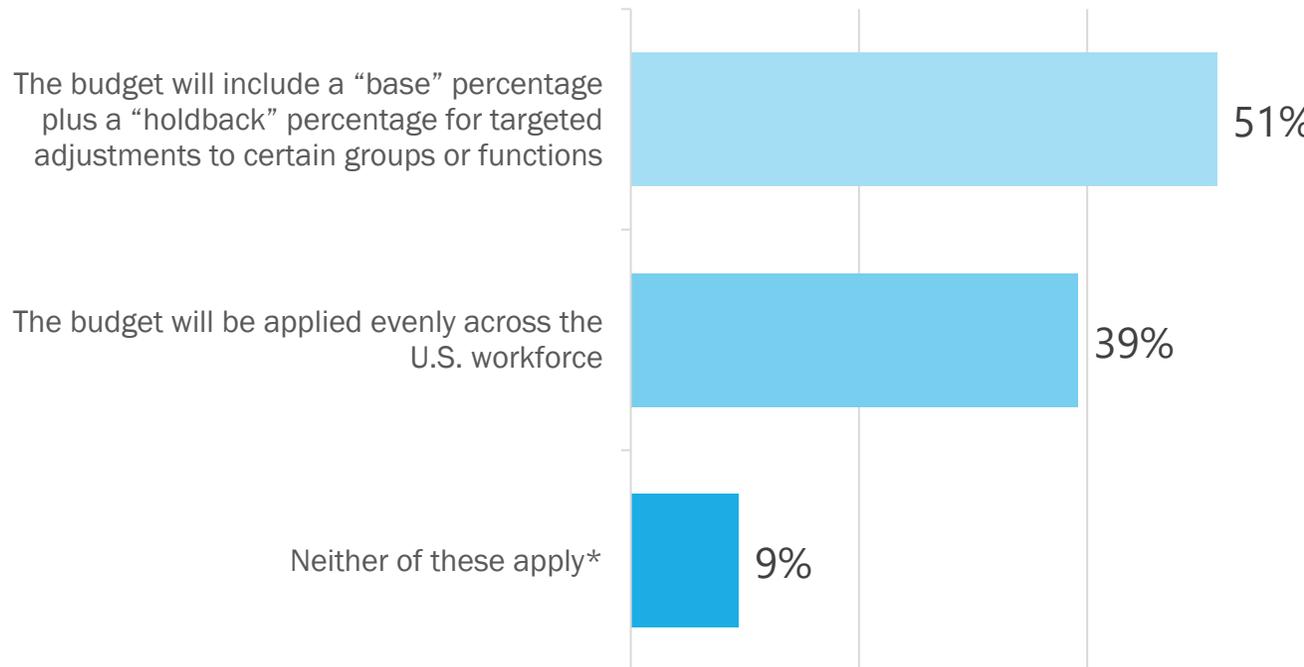


51% OF MERIT BUDGETS TO INCLUDE BASE PLUS HOLDBACK PERCENTAGES

Q: How are you differentiating within your merit budget for 2023?

***Please specify how you are differentiating within your merit budget:**

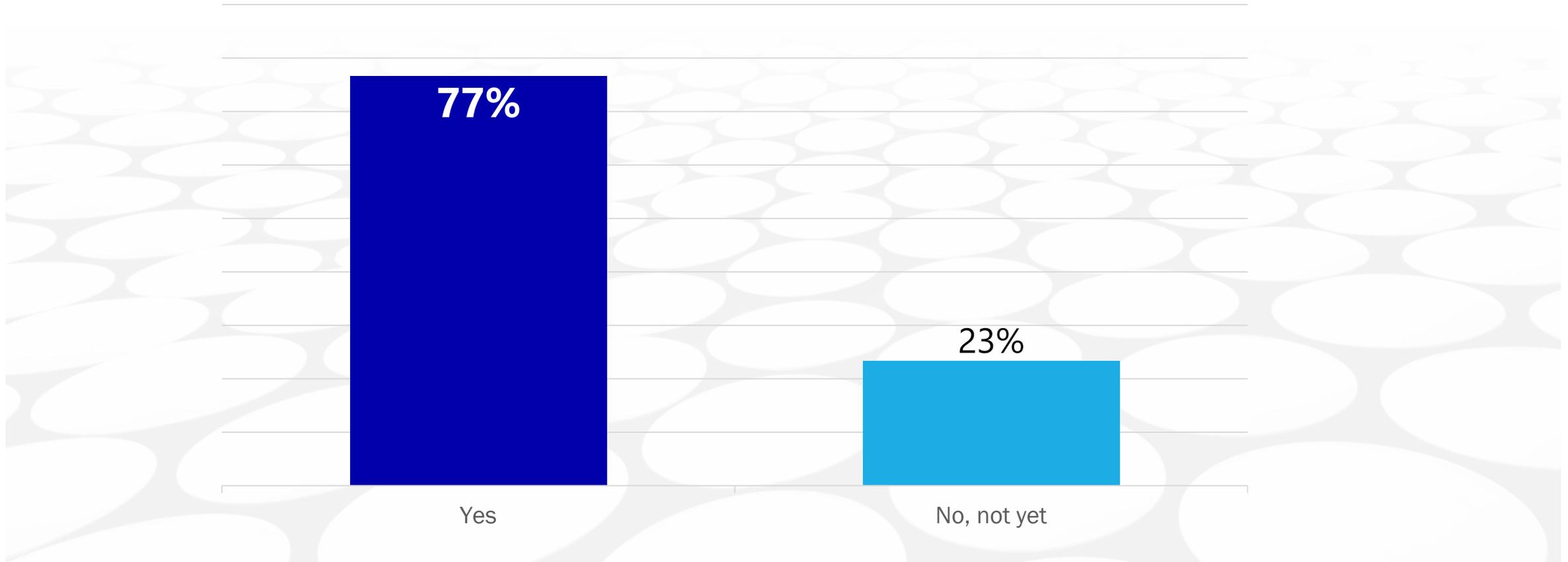
- Higher merit budget for employees below the manager level.
- We are withholding a merit budget for 2023.
- We are allowing managers to differentiate.
- Managers decide where to apply the budget based on performance and positioning to competitive benchmarks.
- This applies to our merit-eligible population. Our manufacturing workforce is subject to local pay determination (LPD) and rates are set based on roles and step levels. NOTE: LPD wage increases are 1.5-2.5% (despite the inflationary pressure).
- Budget will be administered with discretion based on performance and market positioning with a focus on bringing those below the range minimum above the minimum.



PAY TRANSPARENCY

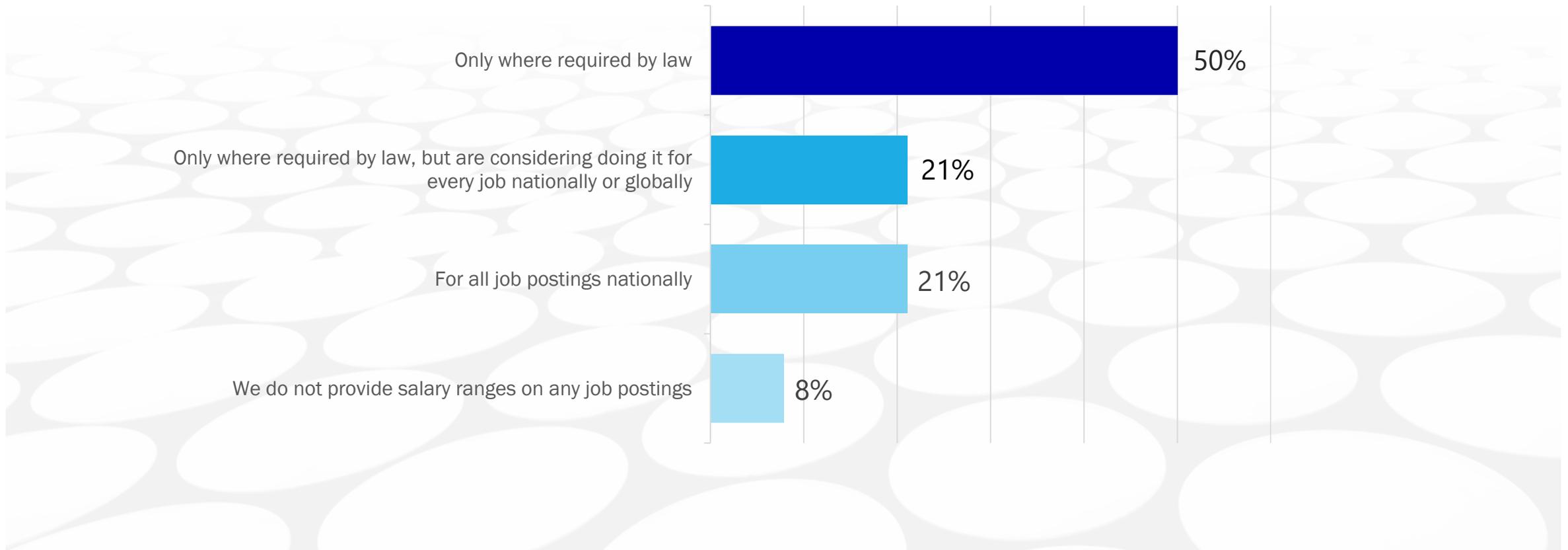
MOST COMPANIES REQUIRED TO INCLUDE PAY IN JOB POSTINGS

Q: Are you subject to a state or local pay transparency law that requires pay ranges to be included in job postings?



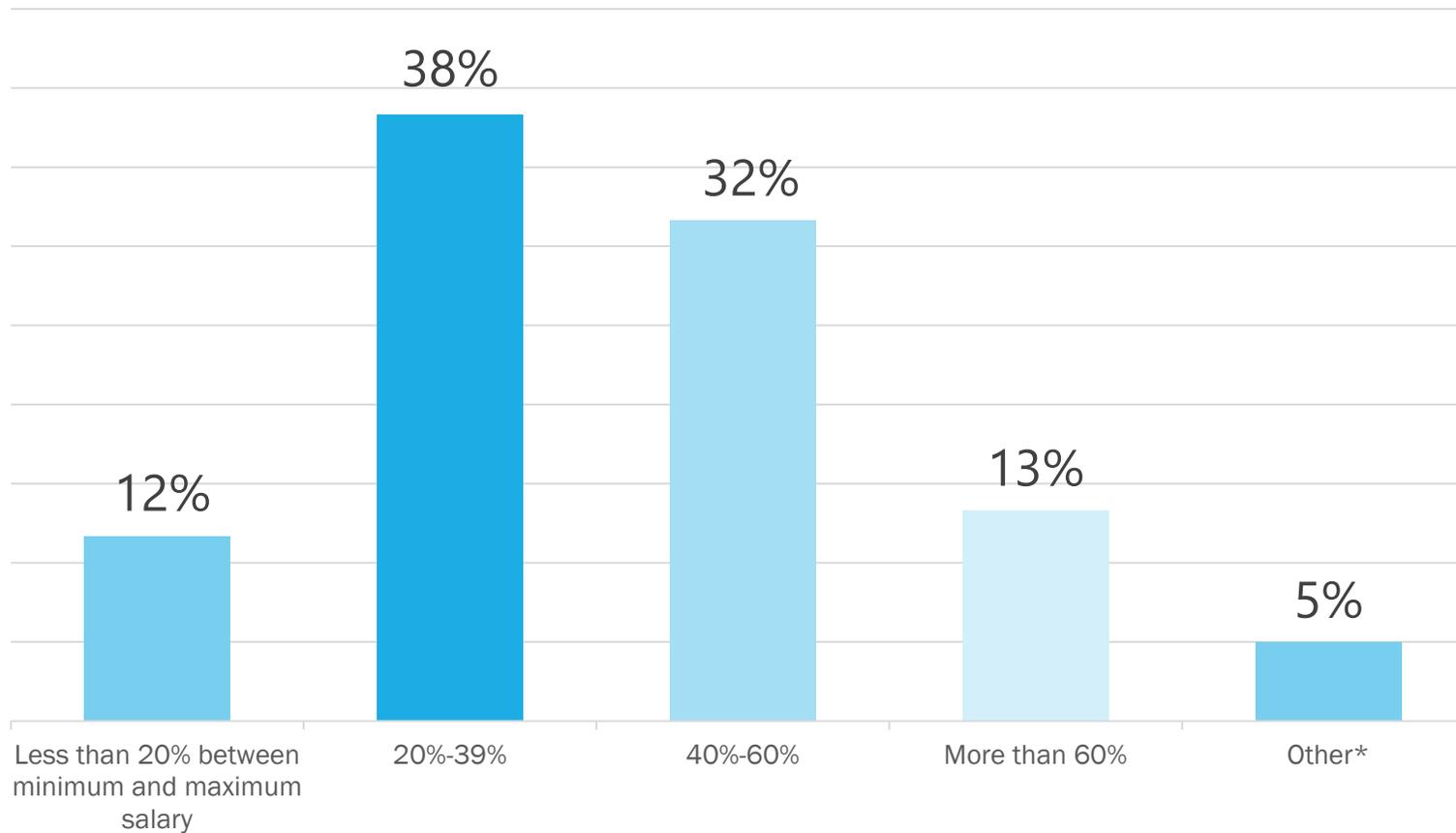
71% ARE INCLUDING PAY IN JOB POSTINGS ONLY WHERE REQUIRED BY LAW

Q: To what extent are you including salary ranges in job postings?



SALARY RANGE WIDTH FOR MOST JOB POSTINGS BETWEEN 20–39%

Q: Salary range width has come under fire in the media for misrepresenting realistic salary bands. In general, what is the width of the salary range are you including in most of your job postings, understanding there may be exceptions?

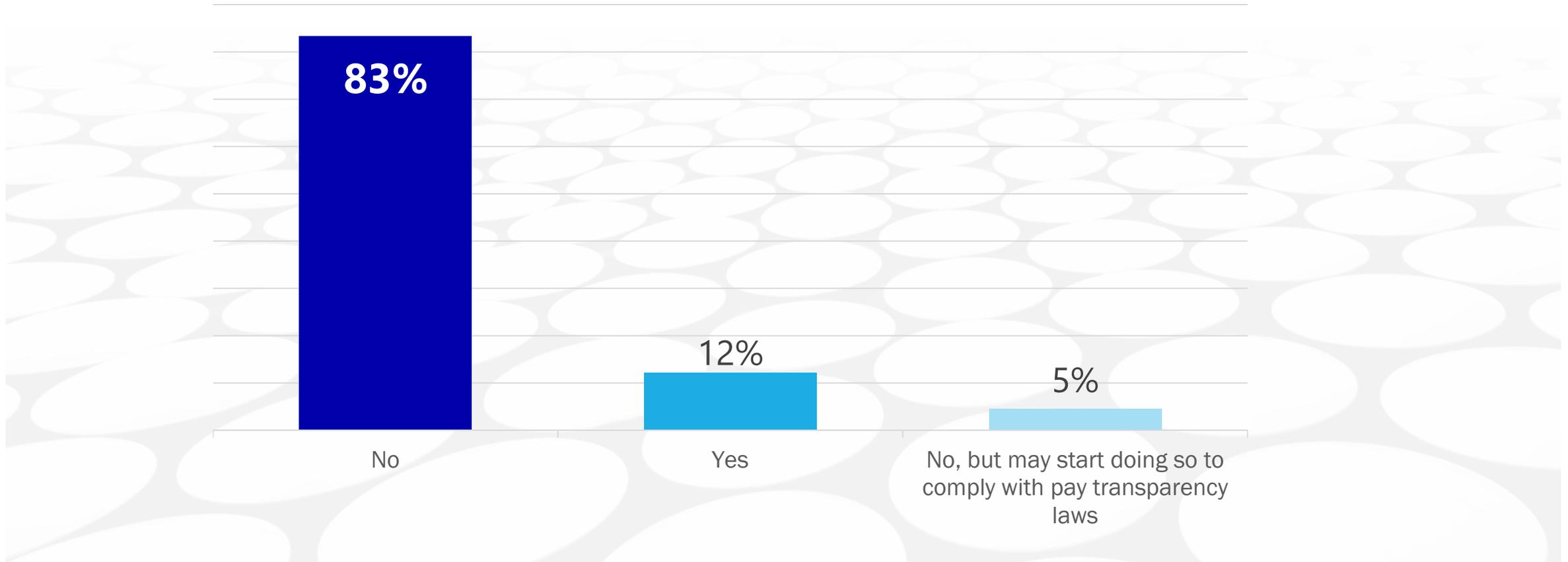


***Please specify the width of salary range you are including on most job postings:**

- 25–50%
- 50–70%

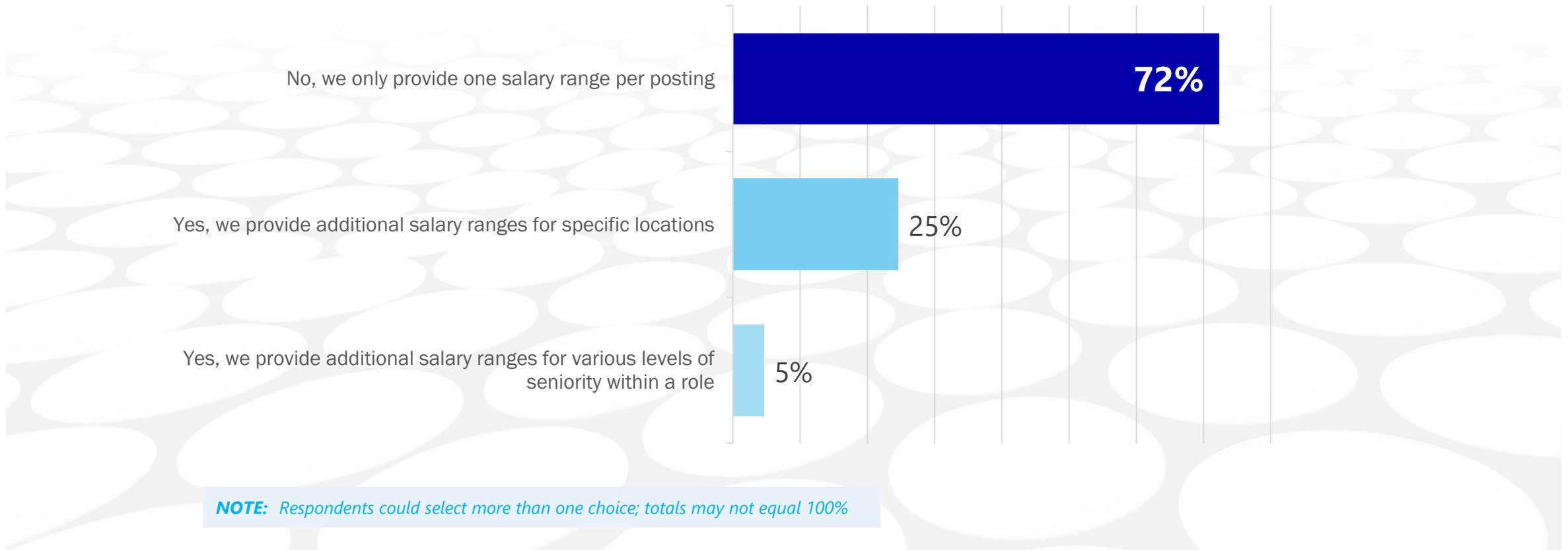
MOST COMPANIES DO NOT USE THIRD PARTY IN CREATION OF JOB POSTINGS, SALARY RANGES

Q: Do you use a third party, such as a recruiter, to create job postings and salary ranges?



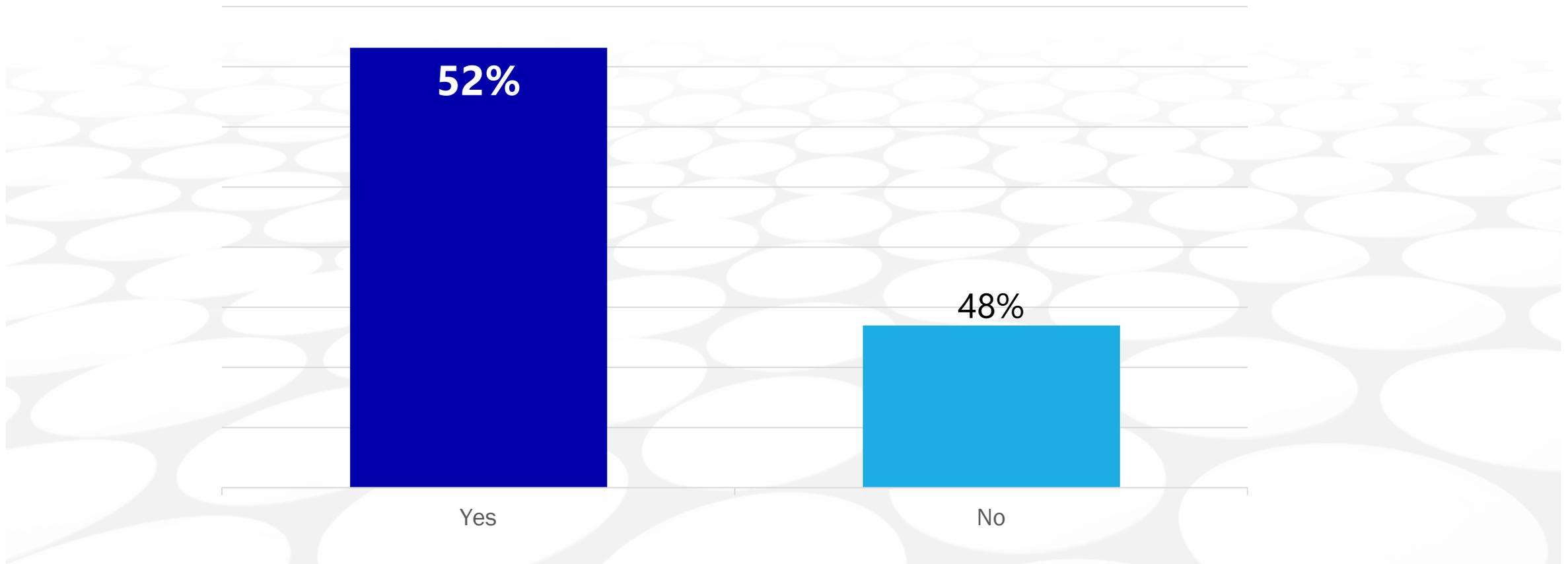
ONLY ONE SALARY RANGE PROVIDED PER POSTING

Q: Do you provide variation within a single job posting, such as additional salary ranges based on geographical location or level within a role?



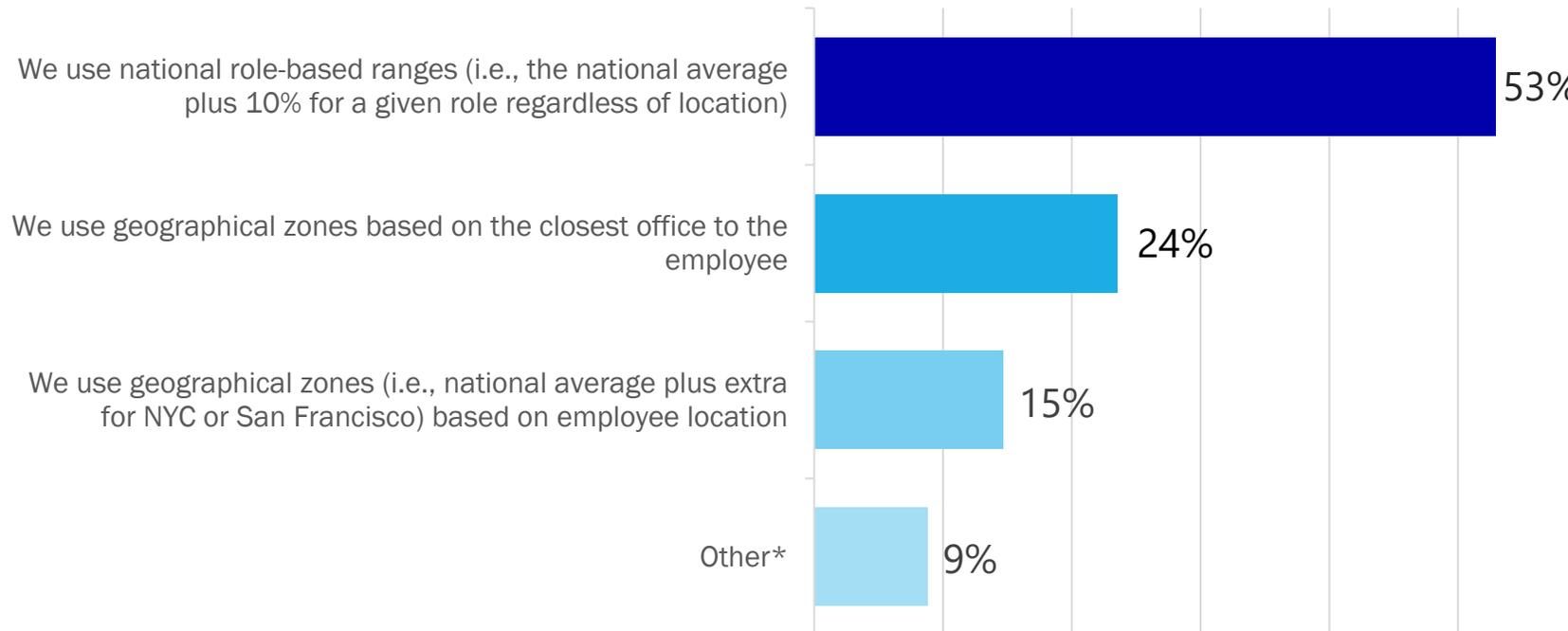
REMOTE POSITIONS SOMETIMES ACCOMPANIED BY SALARY RANGES

Q: Do you provide salary ranges for any remote positions?



REMOTE POSITIONS OFTEN USE NATIONAL ROLE-BASED RANGES REGARDLESS OF LOCATION

Q: How do you handle salary ranges for remote positions?

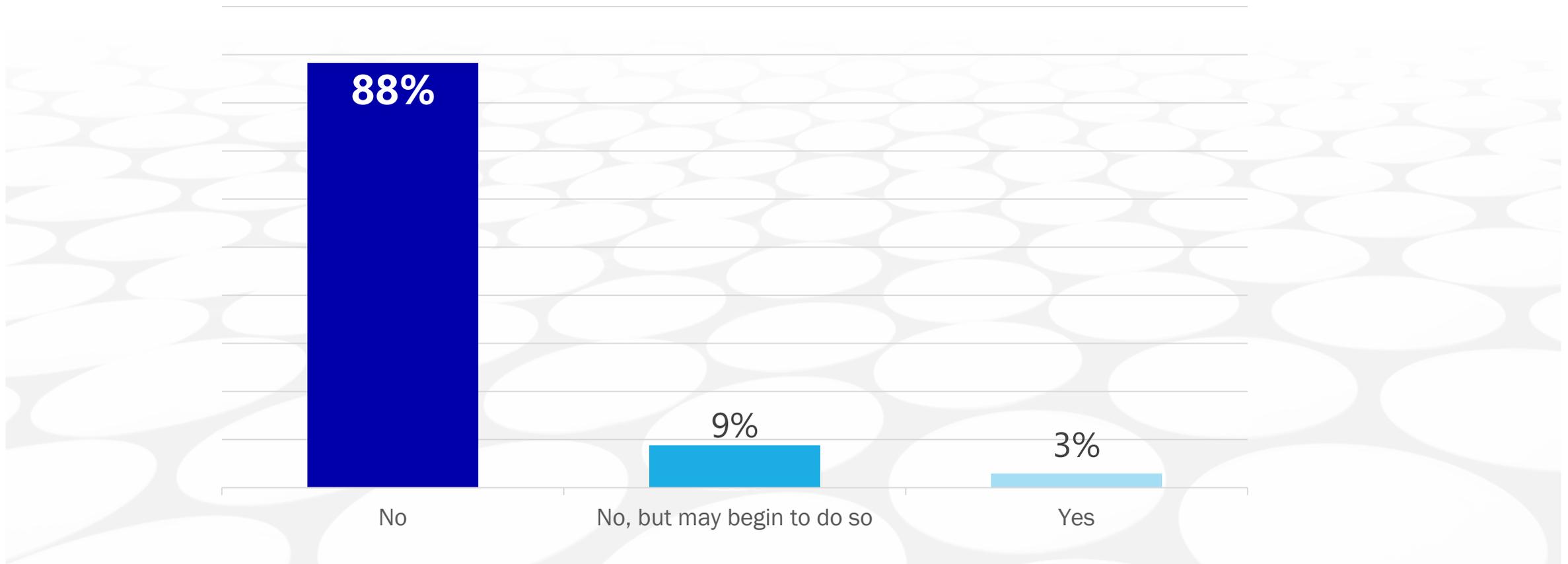


***Other methods of determining salary ranges for remote positions include:**

- National ranges by salary grade
- Combination of local for non-exempt and national for exempt

MOST COMPANIES DO NOT EXCLUDE APPLICANTS BASED ON LOCATION

Q: For remote positions, do you exclude applicants from jurisdictions that have pay transparency laws?



SALARY RANGE NOT ALWAYS PROVIDED TO EXISTING EMPLOYEES

Q: Do you provide salary ranges to existing employees for their jobs?

