MID-YEAR CHRO SURVEY RESULTS

HR POLICY ASSOCIATION SURVEY RESULTS | SEPTEMBER 2023

104 Responses | Survey open July 31–September 5, 2023
DISRUPTION HAS MINIMAL INFLUENCE ON BUSINESS DECISIONS

Q: To what extent is the increasing political and societal divide influencing your company’s business decisions on core initiatives such as employee well-being, DEI, and health care?

- Minimal influence on our approach: 55%
- Moderate influence on our approach: 29%
- No influence on our approach: 9%
- Significant influence on our approach: 8%
COMPANY APPROACHES TO SOCIAL ISSUES UNLIKELY TO CHANGE

Q: Has the increasing social and political divide caused your company to rethink its approach to issues such as employee well-being, DEI, and health care or other social issues?

- We will not change our involvement on social issues: 79%
- We have already/plan to expand some initiatives and reduce others: 10%
- We have already/plan to reduce our involvement on social issues: 7%
- We have already/plan to expand our involvement on social issues: 5%
ESG PUBLIC RESPONSE AND ENGAGEMENT MORE DELIBERATE

Q: Is this social and political divide influencing your ESG public response and engagement?

*Please indicate how you are changing your public response and engagement:

REVIEWING/RESTRUCTURING/BEING CAREFUL (15)
- We’ve become more disciplined/clearer on which topics require our public comment.
- We are revisiting our language and approach and continuing to ensure it is aligned to our business and shareholder needs.
- We are now more intentional about how we communicate regarding ESG, including DEI, to be very clear about the business impact and to avoid unintended consequences.
- We are revisiting policies on when staff can/should speak as private citizens vs. representatives of the company.
- We are reviewing the diversity modifier in the compensation plans.
- We are continuing our focused efforts but considering calling it something different than ESG.

TONED IT DOWN (6)
- We have taken a more muted tone with our communications.
- We will prioritize actions over words, avoiding unnecessary talk about social issues outside of the internal conversations we have with our team.
- Not looking to be an outlier but will keep our commitment to our values and employees.

REDUCED (1)
INCREASED (1)
CHROs EXPRESS CONCERN OVER 2024 EMPLOYEE RELATIONS

Q: Looking ahead to 2024, how concerned are you about the impact of the combination of tight labor markets, increased employee demands, and inflation/economic conditions on employee relations in your organization?
TALENT, ENGAGEMENT, PRODUCTIVITY ARE TOP CHALLENGES

Q: What are the top three workforce-related challenges your organization is currently facing?

NOTE: Bars listed in order of weighted average; top bar is top challenge

<table>
<thead>
<tr>
<th>Challenge</th>
<th>1 (Most Challenging)</th>
<th>2</th>
<th>3</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent acquisition and retention</td>
<td>63%</td>
<td>21%</td>
<td>16%</td>
<td>1.53</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>49%</td>
<td>41%</td>
<td>10%</td>
<td>1.61</td>
</tr>
<tr>
<td>Workforce productivity</td>
<td>44%</td>
<td>31%</td>
<td>25%</td>
<td>1.81</td>
</tr>
<tr>
<td>Supervisor and manager capability</td>
<td>44%</td>
<td>29%</td>
<td>27%</td>
<td>1.83</td>
</tr>
<tr>
<td>Employee well-being</td>
<td>31%</td>
<td>44%</td>
<td>25%</td>
<td>1.94</td>
</tr>
</tbody>
</table>
LABOR UNREST, DEI CHANGES, AI/PRIVACY ARE TOP CONCERNS

Q: Please rank your top five issues of most concern.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Weighted average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor relations unrest/unionization</td>
<td>2.46</td>
</tr>
<tr>
<td>Changes to DEI practices post-Harvard</td>
<td>2.46</td>
</tr>
<tr>
<td>Employee voice</td>
<td>2.74</td>
</tr>
<tr>
<td>Independent contractor/joint employer</td>
<td>2.75</td>
</tr>
<tr>
<td>Labor law (legislative) reform (PRO Act, NLRB Reform Act)</td>
<td>2.78</td>
</tr>
</tbody>
</table>

NOTE: Bars listed in order of weighted average; top bar is top concern
TALENT ACQUISITION/RETENTION, SUCCESSION PLANNING, WORK-LIFE BALANCE AMONG TOP DEMOGRAPHIC CHANGE CHALLENGES

Q: In managing demographic changes in the workforce, what are your top three challenges?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent Acquisition and Retention</td>
<td>1.68</td>
</tr>
<tr>
<td>Succession Planning and Knowledge Transfer</td>
<td>1.81</td>
</tr>
<tr>
<td>Work-Life Balance and Flexible Work Arrangements</td>
<td>1.87</td>
</tr>
<tr>
<td>Diversity and Inclusion</td>
<td>1.92</td>
</tr>
<tr>
<td>Multigenerational Workforce</td>
<td>1.95</td>
</tr>
</tbody>
</table>

**NOTE:** Bars listed in order of weighted average; top bar is top challenge.
83% HAVE ALREADY OR PLAN TO RE-EVALUATE DEI PROGRAMS

Q: Following the Supreme Court’s Harvard decision, have you evaluated your DEI programs for compliance with Title VII?

- 38% Yes, but we have not finished this process
- 35% Yes, and we have completed our review
- 17% No, and we do not yet have plans to do so
- 10% Not yet, but we plan to
HR AND LEGAL PRIMARILY RESPONSIBLE FOR EVALUATING DEI PROGRAMS

Q: Who in your organization is involved in the evaluation of your DEI programs?

*Other responses:

• External third party/External counsel (4)
• Chief Diversity Officer/DEI team (3)
• Executive Team/Senior Leadership (3)
• ESG leader/ESG team (2)
• CEO (1)
• Board of Directors (1)
• Labor Relations (1)
• ELT (1)
• External Affairs (1)
• Marketing (1)
MOST DEI PLANS WILL SEE MINIMAL OR MODERATE CHANGES

Q: Given the findings of your evaluation so far, do you plan to make changes to your DEI programs and strategic plans?

- We plan to continue our existing programs with minimal changes: 62%
- We plan to make moderate changes: 20%
- Don’t know/not sure: 11%
- We plan to expand our DEI programs: 5%
- We plan to make substantial changes: 2%
TALENT ACQUISITION WILL SEE THE MOST INCREASE AMONG DEI PROGRAMS

Q: Which aspect(s) of diversity programs do you plan to change?

*Other responses:

- Adding additional review to our approach and communications.
- Probably more change in communications than the substance of the programs.
- Emphasis shift to belonging vs. diversity as the headline vs. social consciousness to align with our organization's mission and brand.
- Expanding target audiences for development program that were exclusive to certain groups, (LOC, Women, etc.).
- DEI strategy
STATE LIMITS TO DEI PROGRAMS TO BE REVIEWED BY INTERNAL COUNCILS

Q: It is anticipated that certain states will attempt to limit corporate DEI programs. What process do you have for determining whether to publicly respond to such attempts?

- A multidisciplinary council for reviewing issues (e.g., HR, Legal, PR, Government relations) - 54%
- A framework that helps us determine the importance of the issue and the response warranted, if any - 36%
- We do not respond publicly to such issues - 23%
- External legal and consulting resources - 23%
- We do not yet have a process - 14%
- We are revising our process - 0%

**NOTE:** Respondents could select more than one choice; totals may not equal 100%
DISCOUNT, TUITION PROGRAMS AMONG COMMON BENEFITS

Q: Which of the following financial well-being benefits does your company offer to employees?

NOTE: Respondents could select more than one choice; totals may not equal 100%
AI MOST COMMONLY USED FOR TALENT ACQUISITION, SHARED SERVICES

Q: AI and related technologies are being incorporated into various aspects of the workplace. In which of the following functional areas of HR is your company using AI and related technologies?

- Talent Acquisition (sourcing, recruiting, selection, onboarding)
- None - We are not using AI in our HR programs and practices
- Shared services (employee relations, efficiency plans)
- Benefits (health care plan design and administration, claims analysis, cost analysis/forecasting, retirement plan design and administration, participant communications, compliance)
- Talent Development (learning design and administration, workforce planning, succession planning, retention planning)
- Compensation (job evaluation, market pricing, salary administration, incentive design, special awards, executive compensation)
- Labor and employee relations (grievance analysis, contract negotiations, contract administration, turnover analysis, discipline, termination administration)
- Performance Management (assessment, feedback)

Note: While 36% have indicated they are not using AI in HR programs, this figure appears to be inconsistent with responses to the other questions on AI.

**NOTE:** Respondents could select more than one choice; totals may not equal 100%
CHROs SOMEWHAT CONCERNED WITH FORTHCOMING AI REGULATIONS

Q: AI and related technologies have sparked interest among policymakers in developing regulations to govern the tools. How concerned are you with forthcoming AI regulations and laws?

67% Somewhat concerned
22% Not concerned
11% Very concerned
TOO SOON TO PREDICT HOW MANY JOBS WILL BE REPLACED BY AI

Q: What is the estimated percentage of jobs/functions you expect to replace with AI/automation by 2025?

32% for Less than 5%, 24% for 5-10%, 6% for 11-20%, 2% for More than 20%, and 37% for Don’t know/not sure.