



aires

COVID-19
Update

Looking Forward
May 2020

pulse
survey

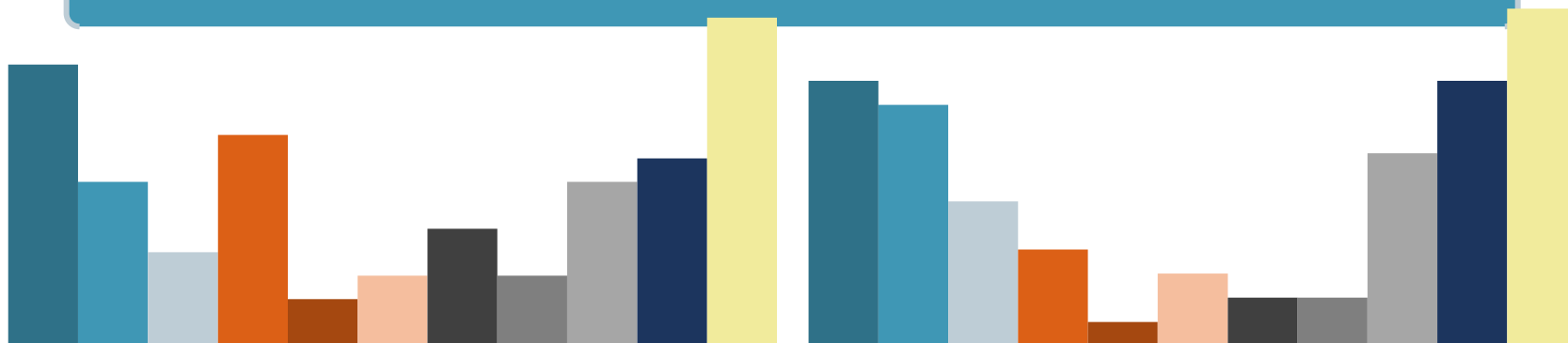
The COVID-19 pandemic is something that many considered to be unthinkable. Five months after the virus' discovery, nations, economies, cities, families, and businesses have been devastated. All are looking for a road to recovery and many are uncertain where that road will lead.

As many parts of the world either begin or are in the process of discussing plans to reopen, it is now time to *discuss post-pandemic employee mobility*.

It is clear that the pandemic has created a disruption in the employee mobility industry with a lasting effect. Relocations and assignments have been put on hold, indefinitely suspended, postponed, and some even cancelled. The discussion about employee mobility is part of a larger discussion of the overall impact on employment. As some large companies are forced to consider bankruptcy, layoffs, reduction in force, and furloughs, and millions of employees are now working from their homes, it is too soon to tell just what those lasting effects will be.

Southwest CEO Gary Kelly said during an interview on CBS on May 6 that air travel may take up to five years to return to pre-pandemic volumes. Is employee mobility in for a similar road to recovery? Based on the encouraging results of this fourth survey in our COVID-19 series, it appears that a majority of programs plan to be back on track by late 2020.

Based on the encouraging results of this fourth survey in our COVID-19 series, it appears that a majority of programs **plan to be back on track by the end of 2020**.



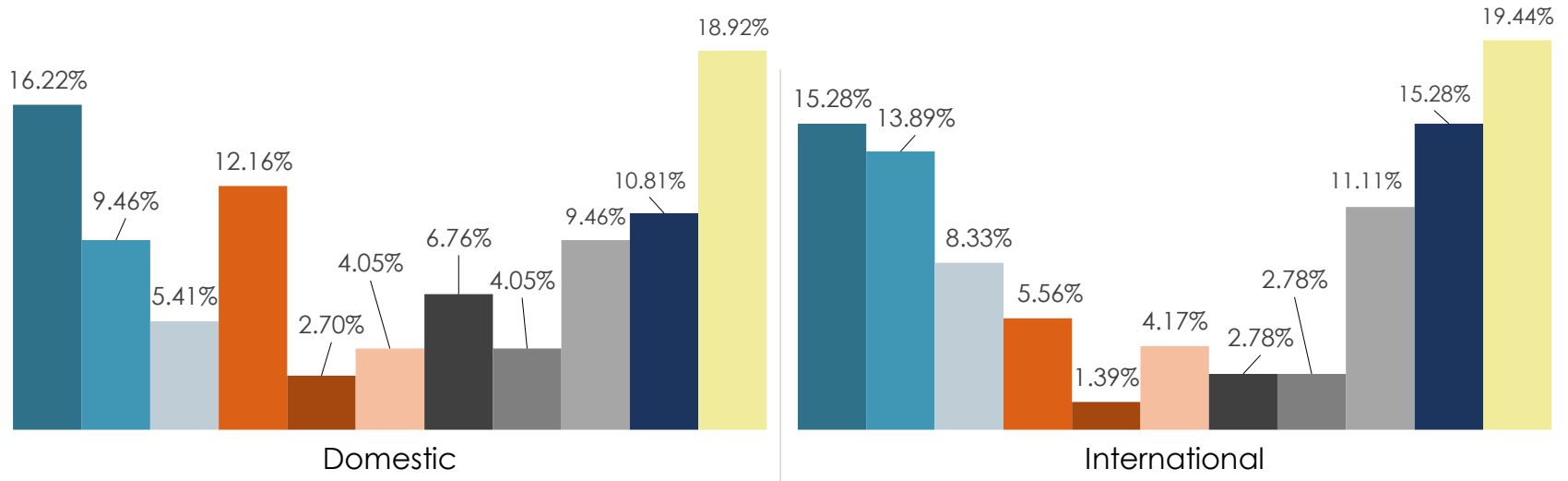
As reported in the three previous COVID-19-related surveys published by Aires, employers have experienced delays, postponements, and some cancellations of relocations and assignments. This fourth survey asked respondents to identify how many of their annual relocations and assignments were impacted in some way (delayed, postponed, canceled).

The answers ranged from 0% to 100% with no correlation at all to company size. Sixteen percent of respondents said that none of their domestic relocation volume was impacted, while 14% said none of their international volume was impacted. Contrary to that, 17% said that all their domestic relocation volume and 20% of all their international volume was impacted. There were varying levels reported in between *none* and *all*. Survey respondents tended to note either very low levels of impacted employees or very high levels of impacted employees. The most common responses for both domestic and international were *none* or *all*.

Overall, the responses indicate that slightly more international assignments were impacted than domestic relocations. The average percentages impacted were 55% domestically and 58% internationally.

In response to the pandemic, approximately what percentage of your annual relocations/assignments were impacted in some way (e.g. delayed, postponed, canceled)?

■ 0% ■ 10% ■ 20% ■ 30% ■ 40% ■ 50% ■ 60% ■ 70% ■ 80% ■ 90% ■ 100%

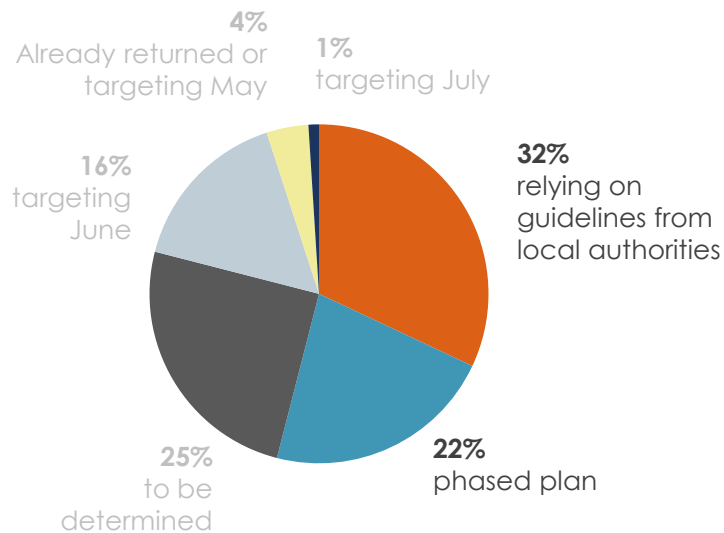


Returning Employees to Work

Every country, state, and city impacted by COVID-19 must determine when is the right time to relax stay-at-home orders. Different locations will follow different timelines.

When asked what type of plan is in place to return employees to their workplace, the respondents' answers varied greatly but centered around what will be permitted in accordance with local guidelines. Based on several comments made by respondents, it is also clear that other considerations are being evaluated, such as an employee's comfort level with returning to the workplace and childcare availability. All the responses were analyzed and classified into six different categories.

Plans for Returning Disrupted International Assignees



““ Plan comments:

Will vary by specific country, state/province, and office in alignment with government guidelines.

Gradually over the next several weeks, 25% of employees the first two weeks, 50% following, etc. We will follow authorities' recommendations.

Not sure on the timing, but it will be a four-phased approach for going back into the office. We are months away from non-essential employees going back to the office.

We have a three-phase approach. Phase one is returning on May 4 (25% of workforce). If no COVID-19 cases for three weeks, phase 2 will return on June 8 (another 25%). If no additional cases for the next three weeks, the remaining employees are expected to return June 29. Consideration will be given to those who have childcare and/or medical conditions that prevent them from returning in phases one & two.

Plans for Returning Disrupted International Assignees – continued

“ Plan comments:

For place-dependent workers, there is a plan to phase back for each worksite once permissible according to local regulations. For non-place-dependent workers, there is a plan to phase back for each worksite much later this year (perhaps the July timeframe).

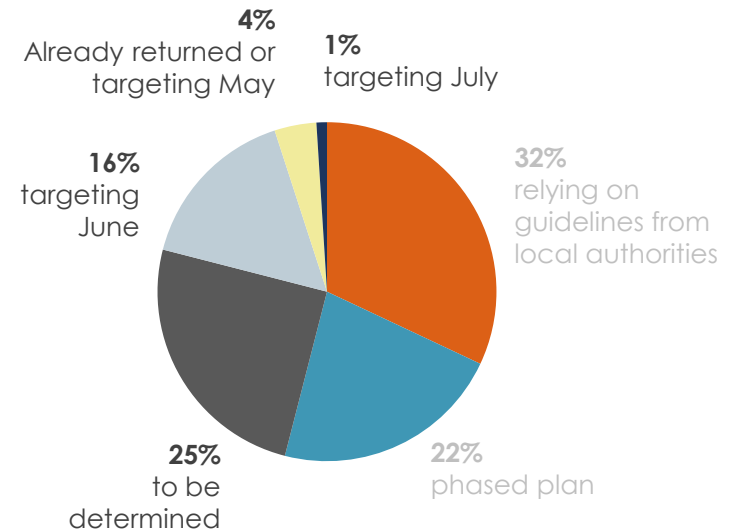
Employees were welcome to come back to the office (in states where it's allowed) starting May 4, but we're supposed to follow certain safety/hygiene protocols.

Authorizing relocations/assignments that have been placed on hold.

Possibly in June but depends how May goes. It will be later for parents with children and no childcare options.

Unknown at this point – there is an internal focus group and committee focused on this effort.

Waiting on company leadership; even if a state is reopening, our offices are not.

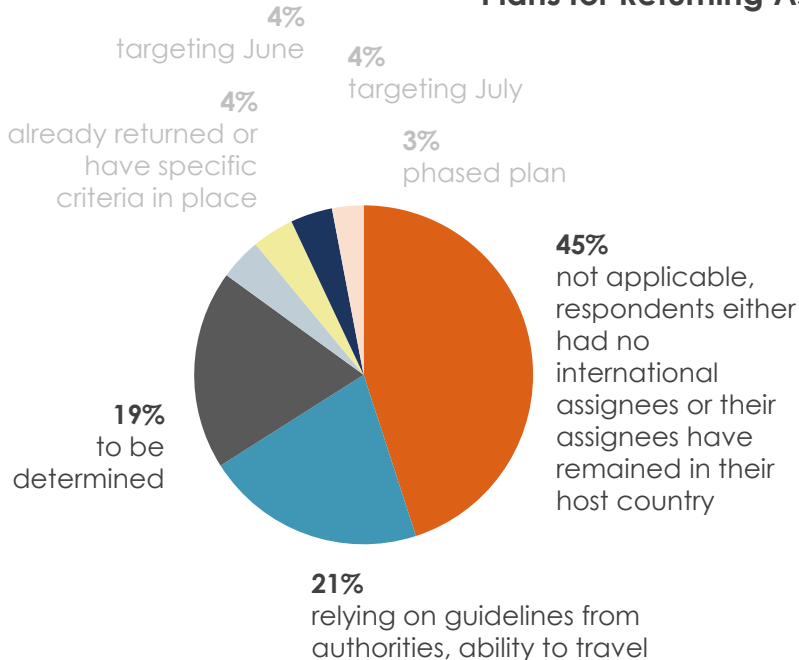


Returning Assignees to Host Countries

Not only are organizations faced with returning employees to their workplaces, some employers have international assignees whose assignments have been disrupted mid-stream and have temporarily returned to their home country. The survey asked when those assignees might be returned to their host locations. As reported for returning to employees to the workplace, these answers also rely heavily on local guidelines (e.g., lifting of stay-at-home orders, what is permissible with travel, and entry into countries).

Almost half of survey respondents had no international assignments disrupted, meaning that assignees remained on assignment in their home countries. For the organizations that brought assignees back to their home location, their approaches to returning assignees varied. All the responses were analyzed and classified into seven different categories.

Plans for Returning Assignees to Host Countries



“ Plan comments:

Waiting for borders to open and restrictions to be lifted in respective host locations.

Once country bans are lifted and employees feel safe with new work arrangements.

Employees whose work assignments have been disrupted have been deployed to handle other work that is essential. TBD at this time.

We are monitoring but there is no definite date yet.

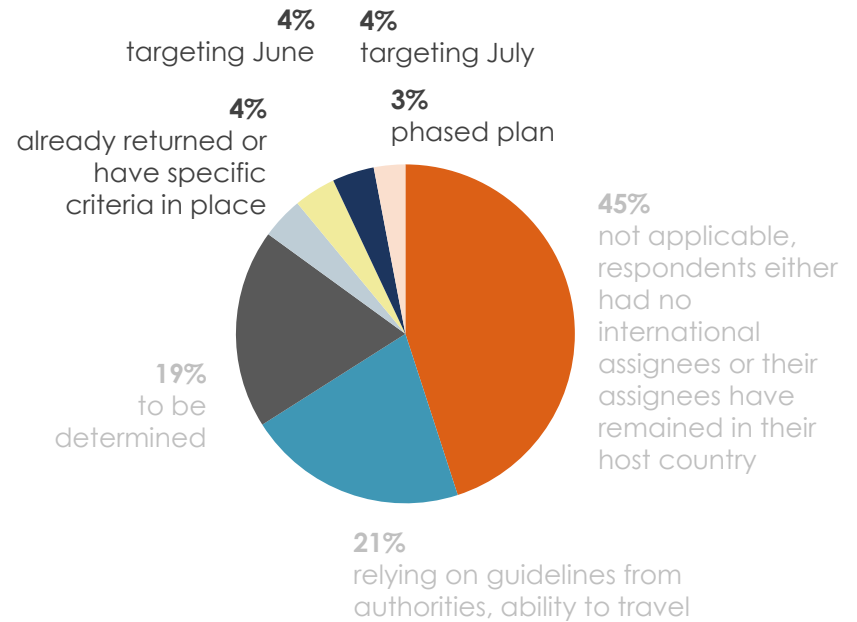
Plans for Returning Assignees to Host Countries – continued

“ Plan comments:

Gradually over the next several weeks, 25% of employees the first two weeks, 50% following, etc. We will follow authorities' recommendations.

We are reviewing in 30-60-90-day increments and consulting businesses on estimated costs and if the assignment is critical to business.

This is reviewed on a month-to-month basis. If we can clear immigration, the employee is comfortable traveling, and leadership supports travel, we will move forward.



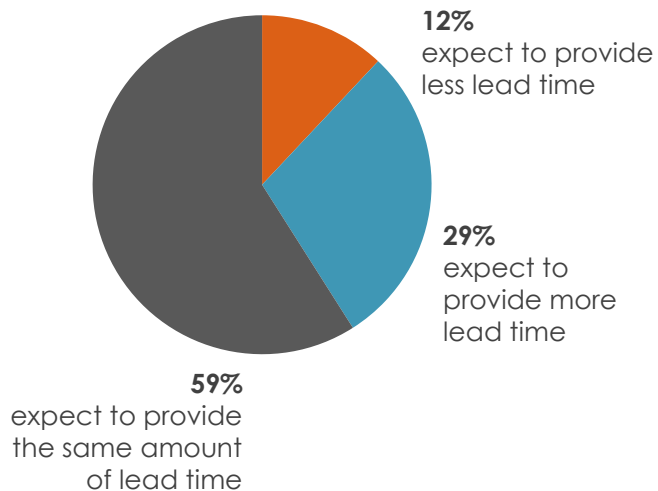
New Relocations and Assignments

With the backlog of postponed relocations to be authorized for some, will the timing of those new authorizations be rushed? It appears that more than half of respondents expect to provide the same amount of lead time as pre-pandemic authorizations, while almost a third expect to provide even more lead time than they normally would.

It is also a possibility that some organizations may authorize relocations to a location prior to its stay-at-home guidelines being lifted. While only 11% confirmed they will authorize such as relocation, another 37% said they may.

11% will move and **37% might consider moving** an employee to a location prior to local authorities allowing all non-essential employees back to work.

Timing of New Authorizations

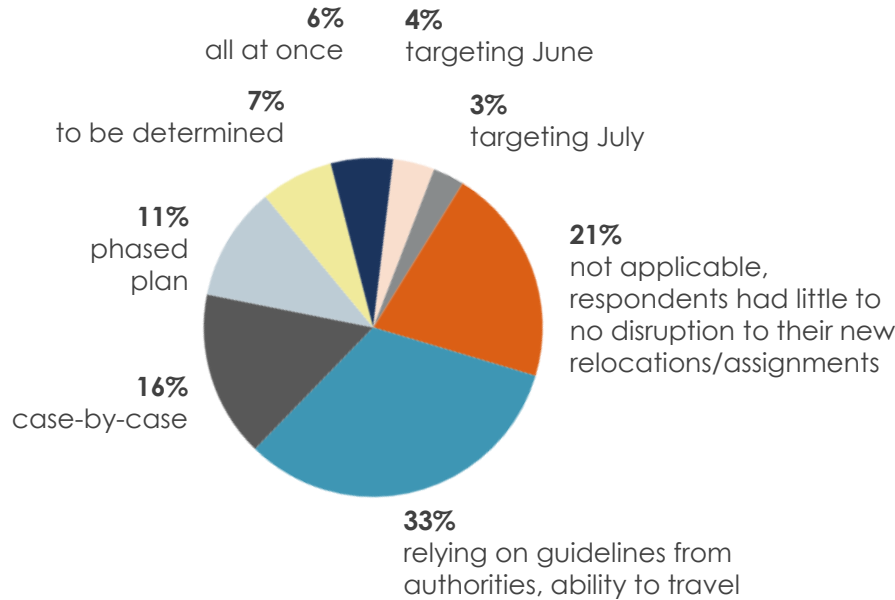


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One out of every five survey respondents confirm not having any delays within their mobility programs; their relocations and assignments have continued with little to no interruptions. However, repeating the common theme, many organizations are paying attention to government authorities and abiding by local guidelines to help determine when to resume new authorizations.

One-third of respondents confirmed authorizing new relocations and assignments will depend on those local guidelines, 16% are moving forward looking at each case individually, 11% plan to take a phased approach, and 6% plan to take action all at once. All the responses were analyzed and classified into eight different categories.

Plans for Authorizing Relocations/Assignments That Have Been on Hold



““ Plan comments:

Not yet decided on the handling of the 'backlog;' still under discussion.

All at once as soon as it is safe to do so.

I believe everyone whose move was initially delayed has resumed relocation by now. We have handled any issues/delays/extensions on a case-by-case basis.

As relevant restrictions are lifted, we'll move forward.

Due to the impact varying by location it will likely be staggered, but we will move ahead as soon as we are able to do so in each location (no intentional phasing).

We will most likely handle each situation on a case-by-case basis, depending on the employee's situation, the host country/destination situation, and any other factors that must be considered.

For New Hires, these will resume as needed; Transfers will be phased back in, with some delayed until 2021 where possible to regulate cost.

Policy Changes

Only 6% of respondents confirm making some type of change to their current mobility policies as a result of the pandemic. The changes confirmed by respondents are listed below.

Several other respondents noted that while no formal policy changes have been made, they are authorizing exceptions and dealing with individual situations on a case-by-case basis (the frequency of exceptions regarding such expenses as temporary living and home sale have previously been reported in Aires' second and third COVID-19 surveys).

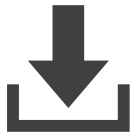
Regarding the possibility of future policy changes, 14% of respondents state they do anticipate change; they just do not know what those changes may be at this point in time. Additionally, only 1% of respondents currently expect to outsource more services as a result of the pandemic.

6% have made policy changes as a result of the pandemic

14% are considering future policy changes

Types of Policy Changes Already Put Into Place

- Extending the time period for completion of all expenses beyond 12 months
- Cost of living allowances pausing in the event of an unanticipated absence from the host country
- Language to address pandemic
- Changes allowing more flexibility
- Adding destination services
- Adding duplicate housing expenses
- Extending marketing period for home in buyout program



Focus Going Forward

Any response to an event such as the pandemic creates a myriad of possibilities going forward. Many respondents are still dealing with individual cases daily and making exceptions as needed. To move forward, there should be short-term considerations as well as long-term considerations.

Pre-pandemic concerns for organizations focused on controlling employee mobility costs, being competitive, attracting talent, and finding ways to create flexibility in a program, to name just a few. Post-pandemic, it is important to know what will be most critical for organizations moving forward in the short-term. The survey asked respondents to rank some key focus points from most to least critical for their organization. *Flexible work situations* received the most critical rating, followed closely by *cost reductions*, *flexible relocation policies*, and *duty of care* provisions. *Additional policies* were reported to be the least critical at this time.

Most Critical for Mobility Programs Moving Forward

(weighted averages, 5 being most critical)

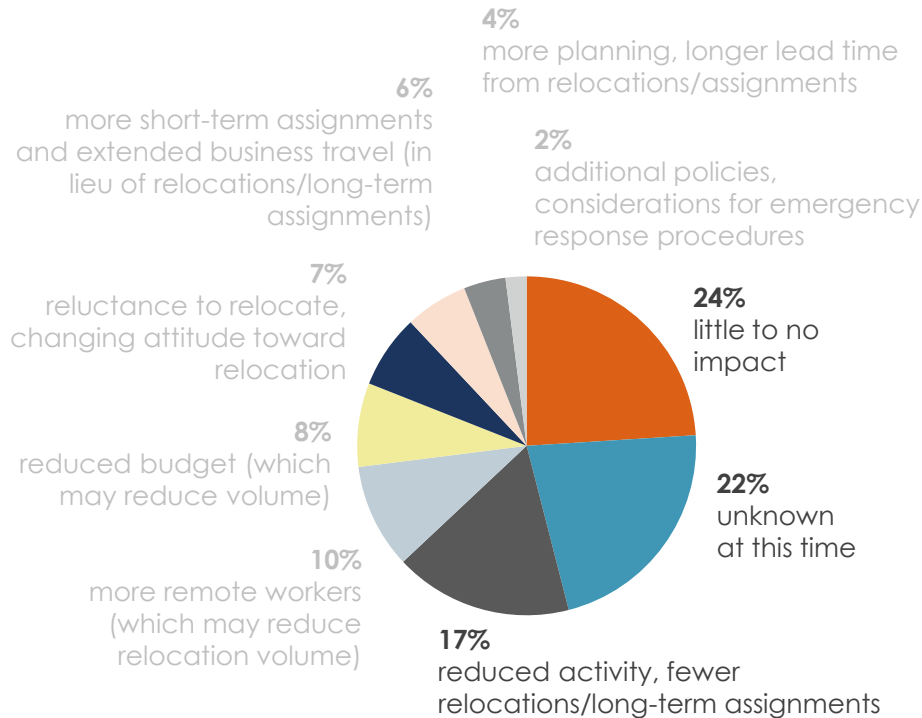


Long-Term Mobility Impact

Long-term effects are harder to identify at this point. Almost one-quarter of respondents do not anticipate any long-term impact (good or bad), which is great news. This is often a result of their business, industry, and/or talent demands. Their programs are considered to be resilient.

Approximately one-fifth just do not know yet what, if any, long-term effects may occur. However, there are some speculated themes, centering around the areas that are most critical going forward, namely controlling or reducing mobility costs and flexible working situations. All the responses were analyzed and classified into nine different categories.

Anticipated Long-Term Impact on Mobility Program



“ Plan comments:

COVID-19 was a learning experience for Mobility and our Emergency Security teams from a coordination perspective. Not a lot of long-term effects in the actual mobility program.

Due to the nature of our business and the impact it has to support others, we see it remaining the same, if not growing, as demand remains high for our services.

It's too soon to say. If travel and immigration restrictions are long term, it will greatly impact our program.

It may permanently decrease our expat population and U.S. domestic relocation program.

We will most likely have fewer international assignments going forward. We are not sure yet what impacts, if any, it will have on our domestic mobility program.

Anticipated Long-Term Impact on Mobility Program – continued

“ Plan comments:

In the past we have had very quick turnaround time on some relocations, so I anticipate they may require more lead time moving forward.

We will likely see an increase in short-term assignments & extended business travel vs. long-term assignments.

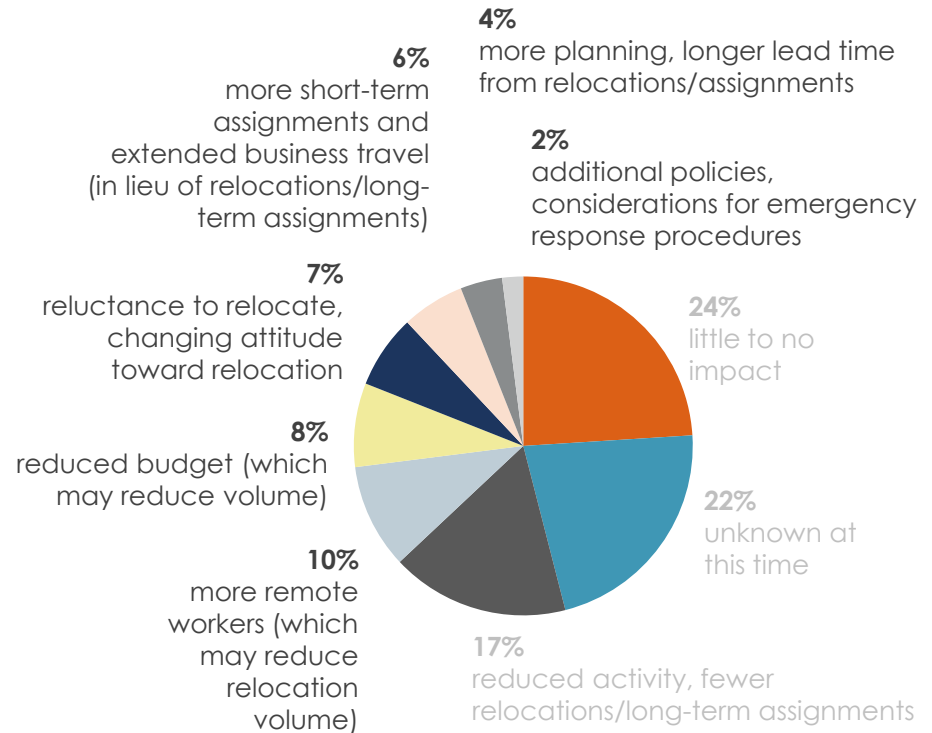
Possibly less desire to move abroad by some employees, but too soon to tell.

Employees expectations and concerns of a relocation – is this truly a career enhancement?

We will be under more cost constraints due to decreased business results.

Economic impact and cost savings measures will mean fewer domestic new hires as well as fewer international assignees.

Unknown at this time but anticipate that the mentality will shift with leadership and we will have more employees that work remotely and do not require relocation.



Tax Treatment of Pandemic-Related Expenses

As a result of the pandemic and the declaration by President Trump of a national emergency, some tax relief is available for mobility expenses that result from the pandemic. As detailed in an Aires Client Bulletin published in April, expenses such as extended temporary living, extended storage, travel expenses, and some others may be reported as non-taxable, if they are a direct result of the effects of the pandemic.

Just over one-half of respondents confirm they are aware of these special circumstances but have not yet taken advantage of the ability to declare normally taxable expenses as non-taxable. Almost one-fourth confirm already taking advantage of it, and another one-quarter confirm not knowing about. Those who indicated they did not know have been contacted by their Aires representative with additional information.

Looking Forward

Business will reopen. Travel will resume. But there is still much uncertainty.

One thing is certain; there are many highly talented and skilled service providers that are operating during this time. Home sales and purchases are closing. Buyers are taking extra precautions when viewing homes.

Renters are taking virtual tours to find their new dwellings. Household goods are still being packed, loaded, transported, and delivered. Furnished apartments are accepting new occupants. The world is different because of new social and physical standards that have been put in place, but the relocation industry is *open for business*.

Just as Aires reported on restrictions and closings in each country, we will report on the openings so mobile employees are supported to the fullest extent.

For more information, please contact your Aires representative or visit our COVID-19 Resource Page <http://info.aires.com/aires-resource-page>

24% of respondents have **already taken advantage** of the ability to classify certain normally taxable relocation expenses that resulted from the pandemic as non-taxable

Survey Participants

A total of 105 companies participated in the survey.

Participant Profile

Industries	Percentage
Aerospace/Defense	1%
Agriculture	1%
Automotive	3%
Chemicals	4%
Consumer Products	8%
Energy	10%
Financial/Insurance/Investments	10%
Food/Beverage	3%
Legal/Professional/Consulting	4%
Manufacturing/Construction	20%
Media/Entertainment	1%
Non-Profit/Education	3%
Pharmaceuticals/Health	5%
Retail/Restaurants	7%
Technology	14%
Telecommunications	3%
Transportation/Distribution	3%

Participant Size

# of Employees	Percentage
100,001 or more	13%
50,001 – 100,000	12%
20,001 – 50,000	22%
5,001 – 20,000	21%
1,001 – 5,000	24%
1,000 or less	8%

CORONAVIRUS

COVID-19
VACCINE RESEARCH 0034 - 234

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