

Fidelity Workplace Consulting

International Health Care & Wellness Newsletter

Fall 2019

Fidelity's International Health Care and Wellness newsletter focuses on the key issues surrounding employer-sponsored health and wellness issues globally.

This month's feature article informs readers on the changing parental leave landscape and the direct impact to multinational corporations.

In the legislative realm, Belgium and the Netherlands have made recent changes to their parental leave programs. Sickness benefits have been enhanced in the Czech Republic, and in Switzerland, legislation has been passed requiring the reporting of gender pay gaps.

What's Inside

- Legislative and Regulatory Update
- The Changing Parental Leave Landscape and the Impact to Multinationals

Legislative Updates



Belgium

New legislation in Belgium allows for a greater deal of available flexibility for parental, palliative care and medical assistance leave. Since June 1, 2019, full-time employees have been able to take parental leave to reduce their working hours by 10%. The maximum duration of the suspension is 40 months; however, this requires employer approval.

Additionally, employees can reduce their minimum suspension period of an employment contract to provide assistance to a seriously ill family member.

Leave for palliative care now may be granted up to a maximum of three weeks (previously two).

Action Required

Implement – be aware when considering any requests for special leave.



Czech Republic

In the Czech Republic, new provisions came into force on July 1, 2019, which enhances the sickness benefit an employee receives. For the first two weeks of sickness, employers will be liable to pay sick pay beginning on day one. A small reduction of 0.2% to the mandatory social insurance contributions came into place on the same date to offer employers cost relief.

Action Required

Implement – take necessary actions.



Netherlands

In the Netherlands, effective July 1, 2020, the social security system will provide paternity leave to the amount of 5 weeks at 70% of covered daily earnings. This is an extension of the January 1, 2019 changes which increased employer-sponsored parental from two to five days.

Action Required

Implement – take necessary actions.



Switzerland

In Switzerland, companies with 100 or more employees will be subject to new legislation, requiring them to be more transparent in reporting gender pay gaps. The purpose of the Federal Act on Gender Equality is to strengthen compliance on the equal pay for equal work mandate; however, in the case of non-compliance, no penalties have been outlined. Presently, the legislation is expected to come into force by the end of 2019.

Action Required

Monitor – further guidance is expected to be released.

The Changing Parental Leave Landscape and the Impact to Multinationals

In a recent trend of highly publicized releases, multinational employers have announced significant changes to their global policies for parental leaves upon the birth, adoption and even surrogate birth of a child. Traditionally, the focus on national mandates, as well as employer provision, has been on providing the birth mother pre-natal rest and post-natal recovery. The ILO (International Labor Organization) addresses these universal needs by recommending a guideline period of 14 weeks maternity leave for a birth mother¹. Notably, there is no recommendation for paternity leave by the ILO; however, the organization does recognize the increasing prevalence of statutory paid paternity leave in more than half of countries around the world.

Government Trends

Over the past 3 to 5 years, governments have turned their attention to this area and have typically gone beyond the ILO's recommendations. This has resulted in new or increased nationally mandated maternity, paternity, and parental leaves. These intend to improve female labor force participation, ensure sufficient engagement by fathers, and to address the demographics of non-nuclear families (e.g. by expanding to include adoption or surrogacy). With most countries showing a decrease in fertility, these changes are essential for their long-term survival.

Employer Proposition

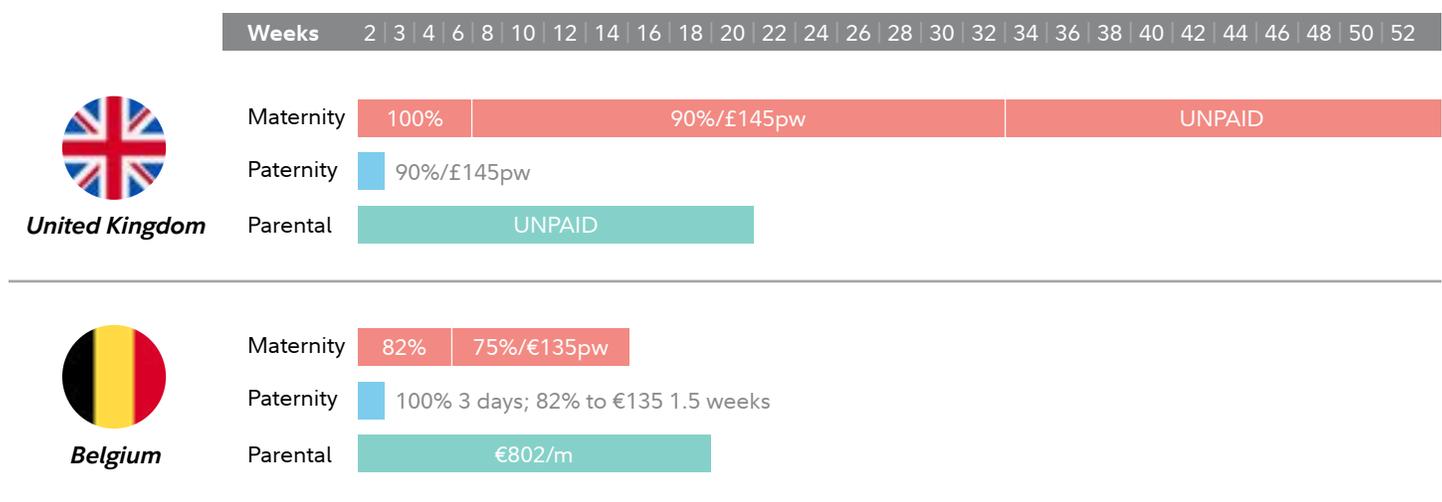
Leave requirements have fast evolved and many multinationals have embraced the trend by introducing global programs with generous minimum benefits as a core part of their culture.

Key features of recent policies implemented by multinationals include global uniformity of provisions, lengthening of leaves (which in many countries far exceed statutory requirements) and enhanced provisions for secondary care-givers and same-sex parents, with many employers specifically citing an agenda of diversity and inclusion.

Employers implementing generous leave policies have reported expected and actual value on investment ("VOI"). VOI is expected through greater family health and well-being, including financial stability and empowering fathers and non-birthing parents to increasingly share childcare duties. Further, improved productivity and employee engagement is the desire of generous leave policies.

Several US headquartered multinational companies have introduced 100% paid parental leave programs.

The following graphic presents a visualization of nationally mandated maternity, paternity and parental leaves for select countries around the world.

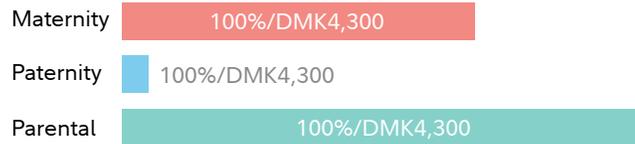


¹ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C183

Weeks 2 | 3 | 4 | 6 | 8 | 10 | 12 | 14 | 16 | 18 | 20 | 22 | 24 | 26 | 28 | 30 | 32 | 34 | 36 | 38 | 40 | 42 | 44 | 46 | 48 | 50 | 52



Denmark



Netherlands



Japan



UAE



What Benefits Do the New Parental Leaves Policy Actually Deliver?

While such new policies may enhance experiences for new parents, on closer examination, several practical and cultural challenges in their actual delivery, and in measuring success remain leaving room for further targeting of design. Key observations include:

- **Female birth mothers generally still enjoy significantly longer leaves:** There is still a challenge in developing an overarching policy that does not favor the female birth parent. In most newer policies, companies provide significantly more leave (2—4 times longer) to the primary caregiver than the secondary caregiver.
- **Even application of leaves across genders in special or extraordinary cases:** In the minority of cases, or in special or extraordinary circumstances, a non-birth parent may become a primary care-giver, which would allow them to enjoy a longer period of fully paid leave. Such cases include:
 - Adoption or surrogate birth—where no/neither parent is a birth parent.
 - Complications of birth resulting in debilitating disability for the birth mother.
 - Death in or shortly after childbirth of a birth mother.

A notable exception is within the policy of a technology company, where either parent may enjoy up to a full year of leave immediately following the birth of a child. It is reported that take-up averages eight months for female parents and four months for male parents.

- **More fully paid maternity or paternity leaves around the globe:** Many of the newer, more generous policies do not necessarily extend to lengths beyond the periods of available job protection, partially or unpaid leaves, set by national mandates. However, they do often result in longer periods of fully paid leave for birth and non-birth parents of both genders for employees in many countries around the world.

- **Significantly more generous paternity leave benefits** due to this lift over and above national mandated leaves.
- **Interaction with other rewards elements** should be considered for extended leave entitlements (for example, eligibility for stock programs or continued benefit contributions during the unpaid periods of such leaves).

Delivering Outcomes for Greater Diversity & Inclusion

As with all company benefits initiatives, often benefits impact experience. Companies are encouraged to perform robust monitoring and measurement of the take-up, including: length of leave, gender, income, the use of other PTO (e.g. vacation and sabbatical leaves) as supplements, rates and duration of returning to work, and termination of employment post-leave. We also encourage review of medical benefits payable to birth mothers to ensure sufficient costs are covered.

What's Next for Multinationals

Global uniform parental leave policies are one aspect of global benefits provision where multinational companies have truly attempted to level the provision of benefits for all countries around the world to meet universal needs. Like any other globally consistent benefit, local government mandates, and cultural norms may result in practices that still vary quite significantly by country and even within some employee segments. This should not discourage the consideration of other benefits that could be adopted globally and address the talent needs of multinationals. We'll keep monitoring the market for other examples that may be of interest to you; feel free to share your experiences with us.

For more information on any areas covered by this newsletter or to discuss your international benefits programs, contact:

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About Fidelity International Workplace Consulting

Fidelity's International Workplace Consulting team is independent and focuses on supporting clients in meeting their business objectives through the provision of impartial, but tailored, advice reflecting market trends and best practice.

Global Benefits Governance	International DC Governance	International Retirement & Financial Wellbeing	International Health care & Wellness	International Miscellaneous
Design/ implementation of a tailored global benefits governance structure	Developing fiduciary and compliance oversight and policy for international DC plans	Financial Wellbeing Benchmarking/ implementation of global best practice Design/ implementation of programs to support financial well-being	International Health care Vendor selection for international health care policies Advice on strategies to improve employee behaviors and reduce health care costs	Development of global insurance programs to reduce costs/commissions and improve operational efficiency Advice on country benefits practice (both Mandatory and typical practice)
International audit and compliance review of overseas plans	Cross border implementation of best practice and group policy	Vendor selection and oversight for globally consistent local implementation	Development of health care policies to improve financial/ operational efficiency	Support for benefit aspects on mergers, acquisitions and divestitures/splits
Benchmarking and development of global policies and standards	Development of preferred provider arrangements to drive operational and financial efficiency			Independent second opinions on local advice
Independent ongoing support to global benefits committees	Support on enhancing employee experience through developing & implementing communication best practice	International Retirement Benchmarking/ setting of globally consistent financing assumptions Advice on opportunities for de-risking in respect of retirement plans	Wellness Global wellness education strategies & programs Benchmarking and deployment of global wellness programs	Strategy to respond to legislative changes
Advice on global financing opportunities, including risk financing	Ongoing support to global benefits committees	Consolidation of financial reporting & budgeting	Vendor selection for International providers	Facilitation of global stock plan advice
Training on best practices in international benefits management				On-site support and benefits leadership

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