

AON



Food, Agribusiness and Beverage

Health, Benefits & Talent
webinar

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fdf food & drink
federation

Introductions



Richard Fawcett

Industry Leader –
Food, Agribusiness &
Beverage (UK)



Andrew Stemp

Associate Partner,
Strategic Advisory
Practice



Niall Degan

Strategic Broking
Lead, Health &
Benefits



Sector expertise

We understand your business and the industry in which you operate. This is demonstrated by our sector expertise:



Aon clients represent **51%** of the **top 100** Food and Drink manufacturers in the UK including **8** of the **top 10** (The Grocer Top 150 Food & Drink Suppliers Survey, November 2023)



Globally, Aon advises **9** of the **top 10** largest food manufacturing companies in the world

Our UK Food & Drink Practice brings together our experts from across the UK and internationally. Our group meets regularly to share insights and best practice, but also brief colleagues on new and innovative solutions available for our clients



Our industry experts contribute regularly to our thought leadership communications, and these can be found on our **Practice website**



Aon is an Associate Member of the Food & Drink Federation and regularly support and attend its events

Over the last 5 years our claims consultants have **actively managed over £200m** of major losses in the Food & Drink Sector to accelerate positive claims settlements and avert crises

Aon's Insights

Top Risks in the Food, Agribusiness and Beverage Industry

| | | | | | |
|-------------------------------------|---|--|---|---|--|
| Current Top 10 Risks | 1 Commodity Price Risk or Scarcity of Materials | 2 Supply Chain or Distribution Failure | 3 Business Interruption | 4 Cyber Attack or Data Breach | 5 Climate Change |
| | 6 Weather or Natural Disasters | 7 Damage to Reputation or Brand | 8 Regulatory or Legislative Changes | 9 Failure to Attract or Retain Top Talent | 10 Product Liability or Recall |



Source: Aon Global Risk Management Survey Results 2023



Total Reward Optimisation Overview



Four Fundamental Questions to Consider

01

What is your Total Rewards spend?

Companies need to gain an overview of the Total Rewards spend and consider fully what that spend includes

02

Do you know how effective your reward investments are? How is it measured?

High reward effectiveness means every penny spent returns more value to the organisation and its employees than you invest

03

Where can you generate greater value without always spending more?

The most effective changes consider employee preferences, particularly for critical talent, including target recruits

04

Does your critical talent value their rewards or have their needs changed?

Employees have had time and reason to reflect on what matters to them and for some, things have changed in light of recent events and a wider move to more flexible working



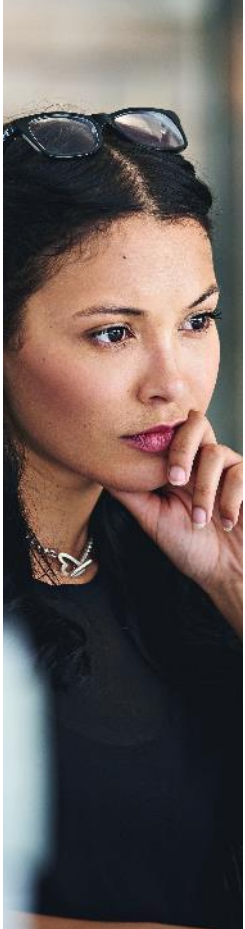


Poll Question:

Have you asked your employees about their reward package and what elements they value most, would like added, or would be happy to lose?

How will Total Reward Optimisation help an organisation?

Addresses the needs of CEO, HR, Finance, Business Leaders and Employees



- Measures in depth how employees value and perceive their Total Rewards package and identifies opportunities to increase value and enhance their experience with programs whilst keeping costs neutral or lower
- Adaptive survey tailored for individual experience; questions change based on previous answers to ensure in-depth analysis of preferences and to check for inconsistencies in answers
- Identifies differences by job, level, age, tenure, performance, etc. and helps tailor future design to their specific needs
- Tests new program ideas that are valued and preferred by segments of your workforce rather than relying on external benchmarking data which may not be current, particularly in these challenging times
- Allows modelling of different scenarios and their cost/engagement impact and adapt for different internal stakeholder groups/discussions
- Validates recommendations for future reward decisions using hard data
- Identifies ROI of current investment/spend and ways to improve ROI position
- Identifies opportunities for trade-offs, redesign or communication improvement along with associated cost and engagement impact
- Takes the conjecture out of ongoing reward strategy design

Sample Conjoint Trade-Off Question

Note: The combinations below do not necessarily represent specific designs that the company is considering today. The goal of the survey is to understand your preferences.

If everything else remained the same, which combination below would you prefer? Would you prefer Option A or Option B?

Option A

Equity - stays the same
Paid Time Off - remains the same, based on role and years of service
Full Time / Part Time Flexibility - flexibility to work at 50%-80% of full-time with a proportional salary reduction

OR

Option B

Equity - increases by 25%
Paid Time Off - you can buy up to 5 more PTO days per year
Full Time / Part Time Flexibility - no flexibility over hours, work as a full-time employee with full pay

1 - Strongly Prefer Option A

2 - Somewhat Prefer Option A

3 - Indifferent

4 - Somewhat Prefer Option B

5 - Strongly Prefer Option B

Your answers are saved when you click the NEXT button below.
You cannot go back to previous questions.

NEXT



Conjoint Results:

Example Change in Engagement vs. Cost & ROI ranking



We tested 45 design options to measure the value of each design option and how much they would impact employee retention with their total rewards

This page highlights:

- Top 10 design options that can generate the highest value and retention (left table)
- Top 10 design options that generate high value/retention at a no additional company cost

Design options with highest retention scores

(irrespective of company cost)

| | Difference from 80% | Change In Company Cost (000) | ROI |
|---|---------------------|------------------------------|-----|
| Annual Salary Increase – 6% more compared to last year's average increase (i.e., 10%) | 6.1% | £12,030 | 33 |
| Private Medical Benefit (Not Eligible) – company pays for employee and family | 5.5% | £2,936 | 21 |
| Annual Leave – 10 additional company-funded annual leave days | 5.5% | £7,988 | 27 |
| Sabbatical – 12 weeks sabbatical fully paid, eligible after 3 years of service | 5.4% | £813 | 11 |
| Variable Pay Award – your VPA as a % of salary would increase by 50%, e.g., a bonus of 10% would increase to 15% | 4.7% | £13,150 | 35 |
| Flexible Allowance – 8% flex allowance | 4.5% | £7,500 | 29 |
| Annual Salary Increase – 4% more compared to last year's average increase (i.e., 8%) | 4.2% | £8,020 | 32 |
| Health Screening/Fitness – £30 per month gym membership allowance paid by CLIENT | 4.1% | £2,106 | 20 |
| Sabbatical – 8 weeks sabbatical fully paid, eligible after 3 years of service | 3.8% | £542 | 10 |
| Annual Leave – 5 additional company-funded annual leave days | 3.8% | £3,994 | 24 |

Design options producing the highest ROI

(highest retention at little/no cost or cost savings)

| | Difference from 80% | Change In Company Cost (000) | ROI |
|--|---------------------|------------------------------|-----|
| Holiday Trading – buy or sell up to 10 days | 3.50% | £0 | 1 |
| Flexible Work Schedule – part-time (fewer hours, reduced pay and benefits) | 3.50% | £0 | 2 |
| Flexible Work Schedule – compressed week (same hours, fewer days) | 2.30% | £0 | 3 |
| Holiday Trading – buy or sell up to 8 days | 1.80% | £0 | 4 |
| Pension – maximum employer contribution is reduced to 10% of salary with 3% used for other benefits (e.g., education, mortgage, elder care) | -4.00% | £0 | 5 |
| Carer Leave Beyond Statutory – 100 hours per year | 3.00% | £40 | 6 |
| Carer Leave Beyond Statutory – 80 hours per year | 1.50% | £20 | 7 |
| Sabbatical – 4 weeks sabbatical fully paid, eligible after 3 years of service | 2.00% | £271 | 8 |
| Volunteering – 16 hours paid a year | 1.40% | £188 | 9 |
| Sabbatical – 8 weeks sabbatical fully paid, eligible after 3 years of service | 3.80% | £542 | 10 |

Sample Package – Enhancing Benefits

| Program | Design Change | CLIENT Cost Impact |
|------------------------------|---|----------------------|
| Annual Salary Increase | no increase (i.e., 0%) | (£8,020,000) |
| Variable Pay Award | your VPA as a % of salary reduced by 50%, e.g., a bonus of 10% would reduce to 5% | (£13,150,000) |
| Private Medical Benefit | company pays for employee and family (Not Eligible) | £2,935,773 |
| Private Medical Benefit | company pays for employee and family (Eligible) | £925,000 |
| Life Assurance | increases by 4x salary | £1,107,595 |
| Annual Leave | 5 additional company-funded annual leave days | £3,994,025 |
| Holiday Trading | remains the same, buy or sell up to 5 days | £0 |
| Carer Leave Beyond Statutory | 100 hours per year | £40,320 |
| Pension | maximum employer contribution remains the same at 13% of salary | £0 |
| Flexible Work Schedule | remains the same | £0 |
| Flexible Allowance | 6% flex allowance | £3,750,000 |
| Health Screening/Fitness | £30 per month gym membership allowance paid by CLIENT | £2,105,640 |
| Sabbatical | 12 weeks sabbatical fully paid, eligible after 3 years of service | £812,851 |
| Student Loan | CLIENT provide loan allowance of £2,000 a year up to 5 years | £1,200,000 |
| Volunteering | 16 hours paid a year | £188,133 |
| Childcare | CLIENT funded childcare hours, 10 days a year | £1,746,400 |
| Sharematch | CLIENT matching policy is 1:1 on £75 each month | £1,111,500 |

This sample package produces:

- Higher retention impact from current **80%** to **95%**, with no design cost change
- This package is preferred by **100%** of the population

| | |
|------------------------------|-----------------|
| % who prefer this package | 100% |
| Change in employee retention | +15% |
| Final retention score | 95% |
| Total CLIENT cost change | (£1,253) |

Efficient Frontier Example







- The optimisation analysis balances employee retention and company cost, producing alternative packages of design options along the efficient frontier curve (EF)
- Investment Zone represent alternative packages that results in highest retention but require additional investment
- Win/Win Zone – Packages that produce the highest retention impact without increasing company cost (see right table for a sample package)





Benefit Market Insights and Data-led People Risk Mitigation

What is impacting the Healthcare and Risk markets?

| | | |
|-----------------------|--|---|
| NHS | Waiting lists are at an all time high, driving usage into private healthcare sector and raising mortality & morbidity risk. Government plans for reform are looking at a 10 year timeline. |  |
| Cancer | NHS Cancer targets continue to be missed and a lack of proactive screenings during the pandemic has contributed to a higher rate of late diagnoses, requiring more complex care. |  |
| Utilisation | 50% increase in utilisation of PMI benefits, mostly driven by smaller claims, and a substantial rise in referrals from digital GP services following the pandemic. |  |
| Interest Rates | The high interest rate period has helped income protection insurers increase their returns from claim reserves, and push rates down, however there are signs that this may be short lived. |  |
| Chronic | By 2040, it is estimated that 1 in 5 in the UK will have a long term health condition, such as cancer or dementia, impacting NHS services and employers' duty of care. |  |
| And more... | Salary inflation, benefit and pay parity, market appetite, aging workforce, wellbeing and lifestyle behaviours, the need for quality data and much more are all factors in broking exercises |  |

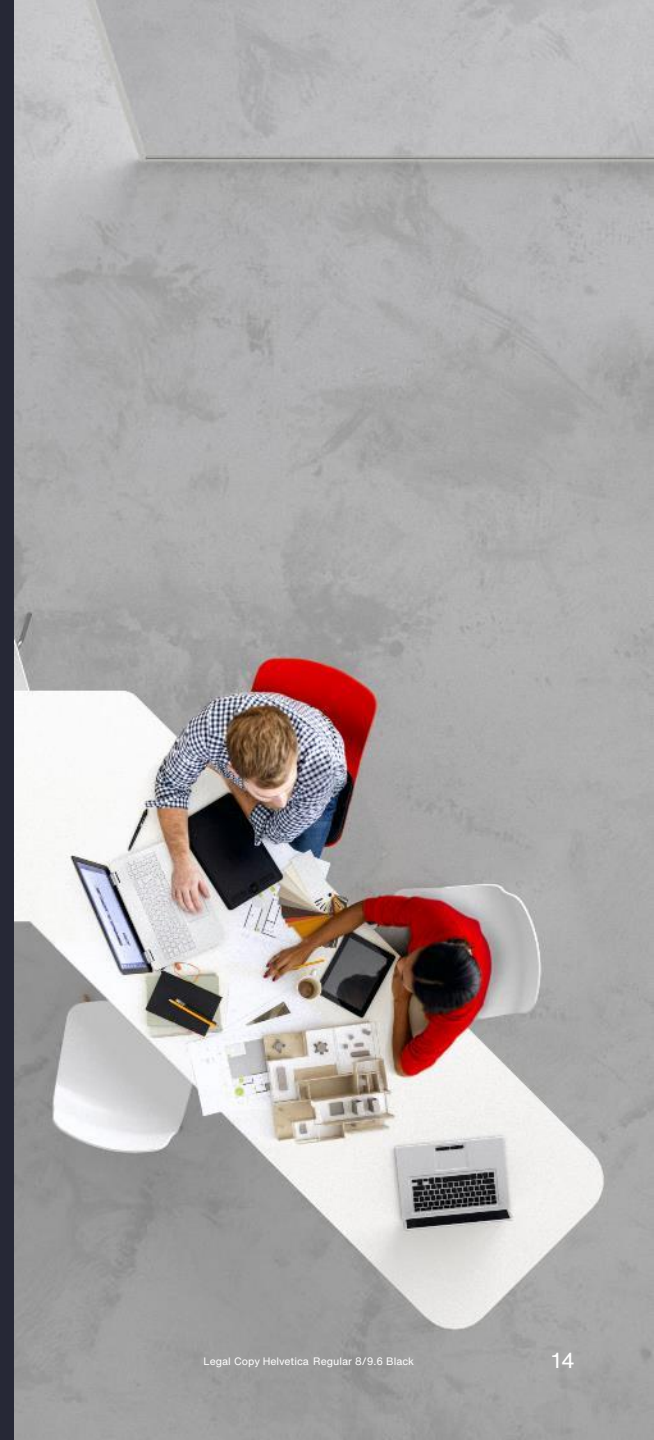
Poll question:

What were the average renewal increases proposed by Medical insurers in **2024**?

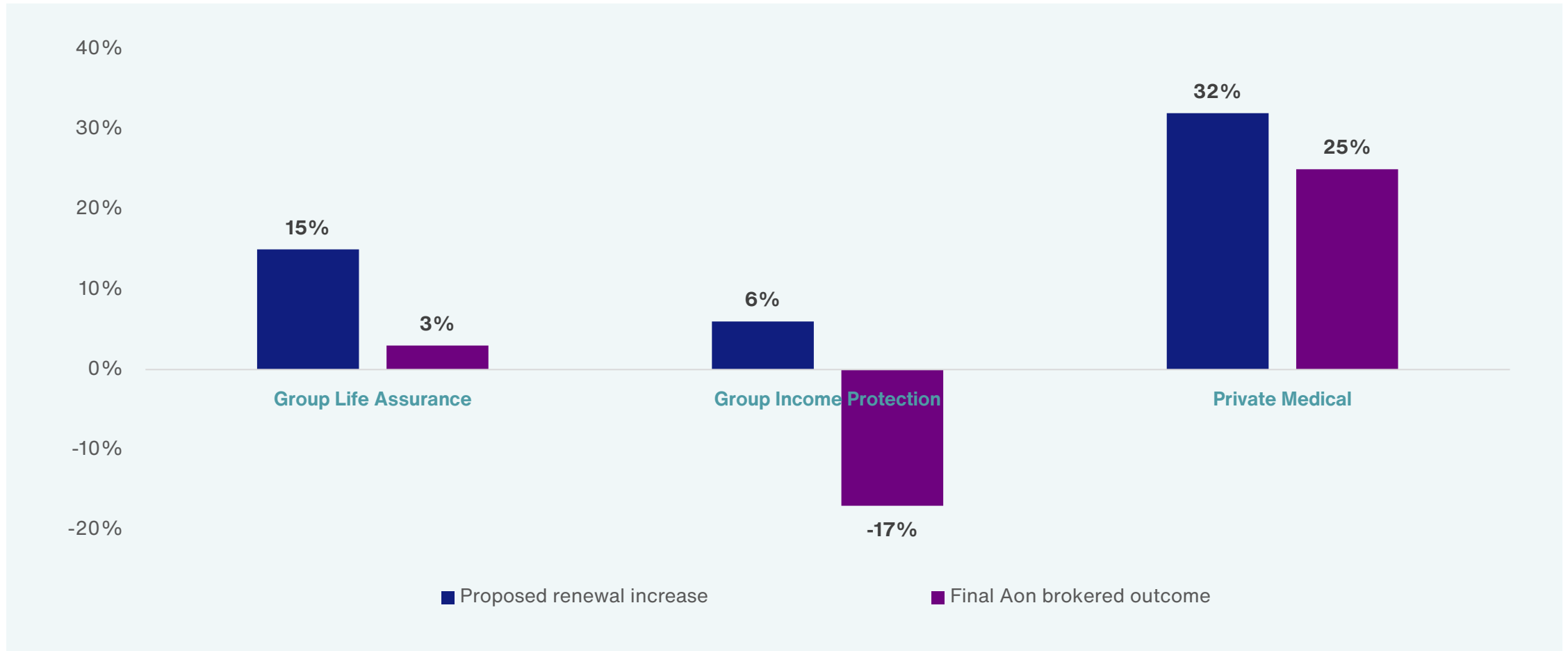
15%



HIGHER OR LOWER?

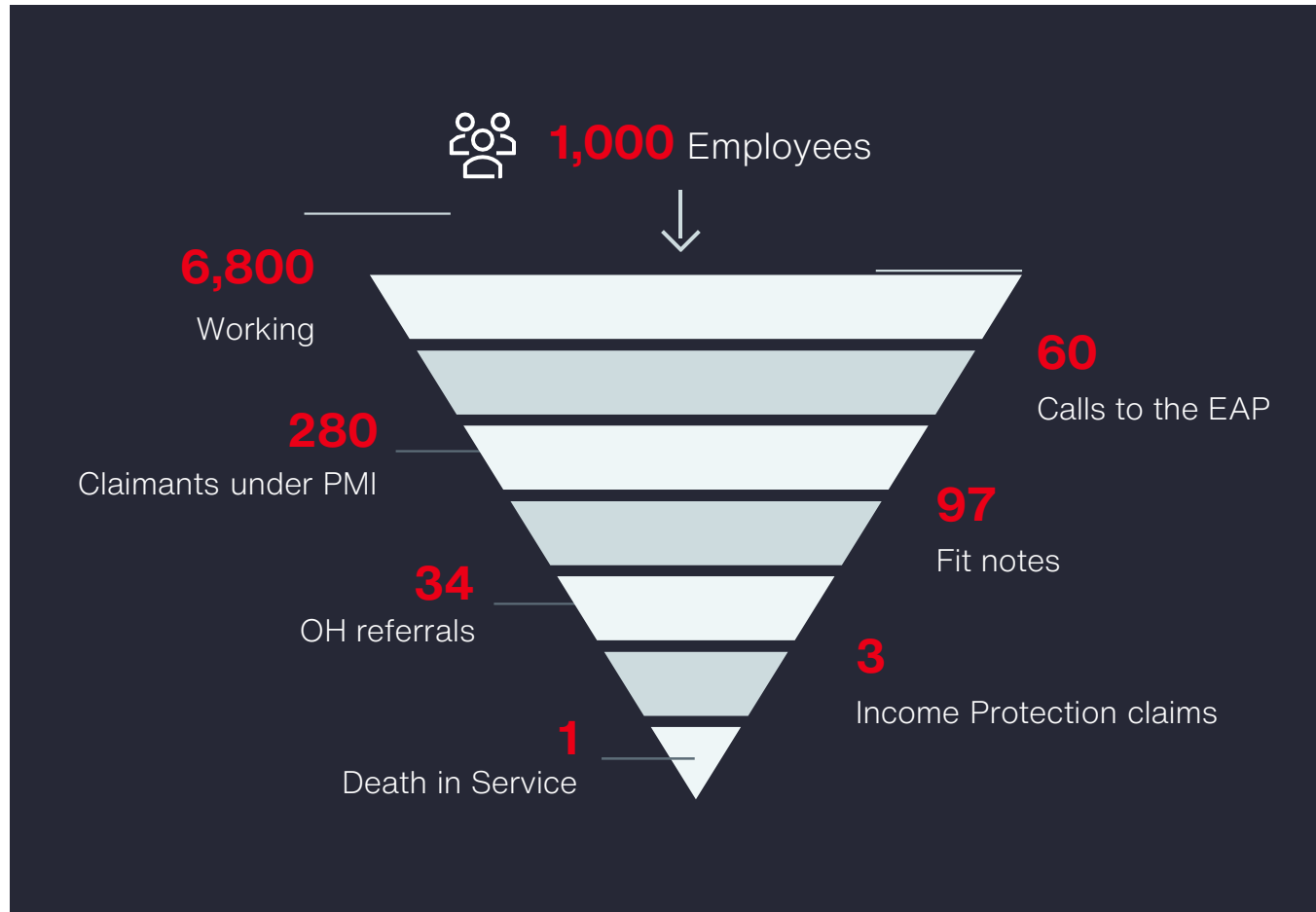


2024 Market pricing trends



Aon insights by the numbers

What does best practice process look like



This chart illustrates the likely number of cases, claims and referrals for an organisation where employees have access to the core elements of a best practice health management framework. It also assumes the working environment and adherence to process is producing market average outcomes.

Where all of these data elements are available your own data will enable you to answer key questions such as:

- How do we benchmark against market norms?
- What is the cost of ill health for my Firm?
- Are my employees able to access the support they need?
- Where is the positive impact of our health spend?
- How well do we follow policy and process?

Where these services are not available it will highlight the likely number of employees going without full support during times of ill-health.

More detailed analysis can involve an understanding of this process for specific health risks or demographic cohorts.

Into the Aon Toolkit: Risk Forecaster

Helping clients to make better strategic decisions on the way their benefits are designed, financed and aligned to effectively target key business and employee risks

Leverages data readily available from a range of benefits & services

Aggregates historical claims and costs

Highlights and benchmarks prevalent health risks

Identifies key drivers of cost

Forecasting the potential future cost of doing nothing

Identifying the areas most in need of action and the opportunity for impact

Uncovering data blind spots

Supporting the business case for change



Helping to answer the key questions:



Why are my insurances costing me so much?



Are we performing better or worse than we could be?



What should we do next?

Recommendations & next steps

Review the effectiveness of your benefits broking strategy



Utilise benchmarking data



Understand which aspects of your reward package resonate with your workforce





Questions and answers



Contact Us

Richard Fawcett

Industry Leader – Food, Agribusiness & Beverage (UK)

richard.s.fawcett@aon.co.uk

+44 (0)7774 751 378

Andrew Stemp

Associate Partner, Talent Solutions

Andrew.stemp@aon.com

+44 (0)207 086 0334

Niall Degan

Strategic Broking Lead, Health & Benefits

niall.degan@aon.co.uk

+44 (0)7393 002 017

<https://www.aon.com/en/industries/food-agribusiness-and-beverage>

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