



OESA Automotive Supplier Barometer™ Q4 2022

Talent and HR
November 7, 2022

Executive Summary

Supplier Barometer Index™ (SBI)
SBI Score = 36;
from Q3 level of 32



The barometer reflects a continued decline in executive sentiment for the fourth quarter. The index remains in pessimistic territory due to ongoing concerns over production shutdowns, and a weakening economic outlook in the U.S. and beyond. This sentiment remains pessimistic across firms of all sizes but is least acute among the smallest suppliers.



Production shutdowns due to supply chain shortages and labor availability remain the top threats to the 12-month outlook.

Ongoing shortages of semiconductors as well as other components and materials continue to pressure the supply base, however concerns improved from the third quarter. Supplier concerns over weakness in the U.S. economy remain elevated.



Gaps between responsibilities and skills held steady versus year ago levels while the gap between current and expected company culture closed significantly.

Executive responses indicate that nearly 50% of suppliers have moderate to wide gaps between their current roles and responsibilities versus skills, essentially unchanged from last year.

Furthermore, 48% of responses indicate that suppliers face moderate to wide gaps between current and expected company culture, down from 62% in 2021.

Firms are focusing on increasing internal skill development through training and re-skilling to offset skills gaps, while continuing to leverage flexibility in their company culture.

Executive Summary



Scarce labor availability and competition from other sectors accelerated hourly employee turnover to extremely high levels

54% of suppliers report their monthly turnover rates for hourly employees in the U.S. at above 7.5% while noting that all positions at the plant level are extremely difficult to fill.

Suppliers continue to increase wages and rely on contract employees to offset the shortage of production workers. Wage increases, signing and retention bonuses, and mentorship programs have been the most successful incentive initiatives.

Suppliers with operations in Canada and Mexico indicate a substantial increase in difficulty hiring blue collar labor in comparison to last year.



Regionally speaking, the supply base expects sales to grow faster than employment in all regions of the world with exceptions in Mexico, China and the rest of Asia Pacific.



Suppliers learned through the pandemic that flexibility in both schedule and location were a necessity. Over a third of suppliers have formally adopted what were temporary policies, while the majority are planning to retain these policies in the future.



Software engineers are in the most critical demand as the supply base focuses on developing strong capabilities across a growing range of advanced technologies.



Developing high performing employees internally, through training, mentorship and cross-functional job rotation, through a structured development plan are the key themes for career path and succession planning.



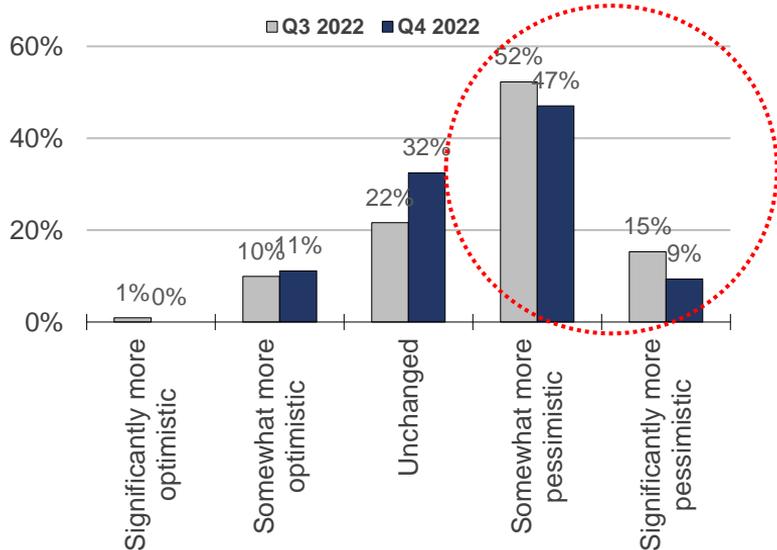
Cost pressures are mounting as the supply base is budgeting for a 4.3% and 3.6% increase to hourly and salary employee wages, respectively. Additionally, suppliers expect cost pressure across nearly all other benefit offerings.

Supplier Outlook

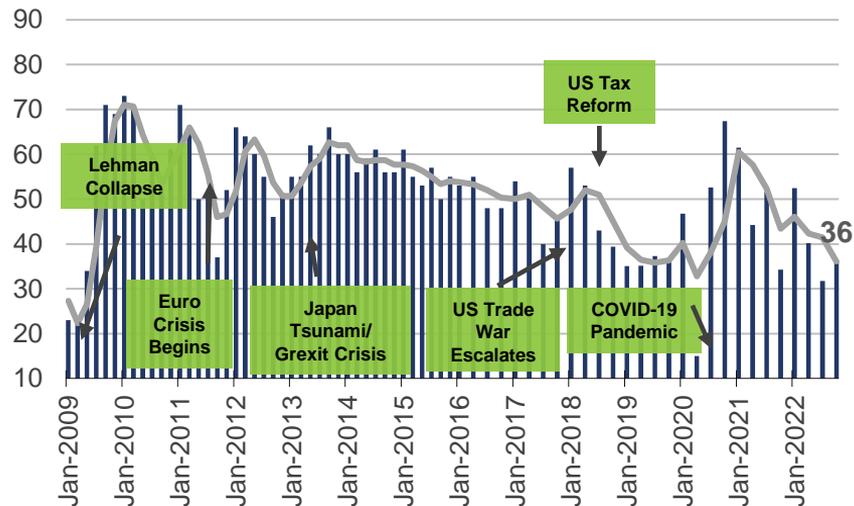
OESA Supplier Barometer: Q4 2022 Results

Describe the general twelve-month outlook for your business. Over the past three months, has your opinion become...?

Current Supplier Outlook (Share of Respondents)



Supplier Barometer Index: (SBI and 6m Average)

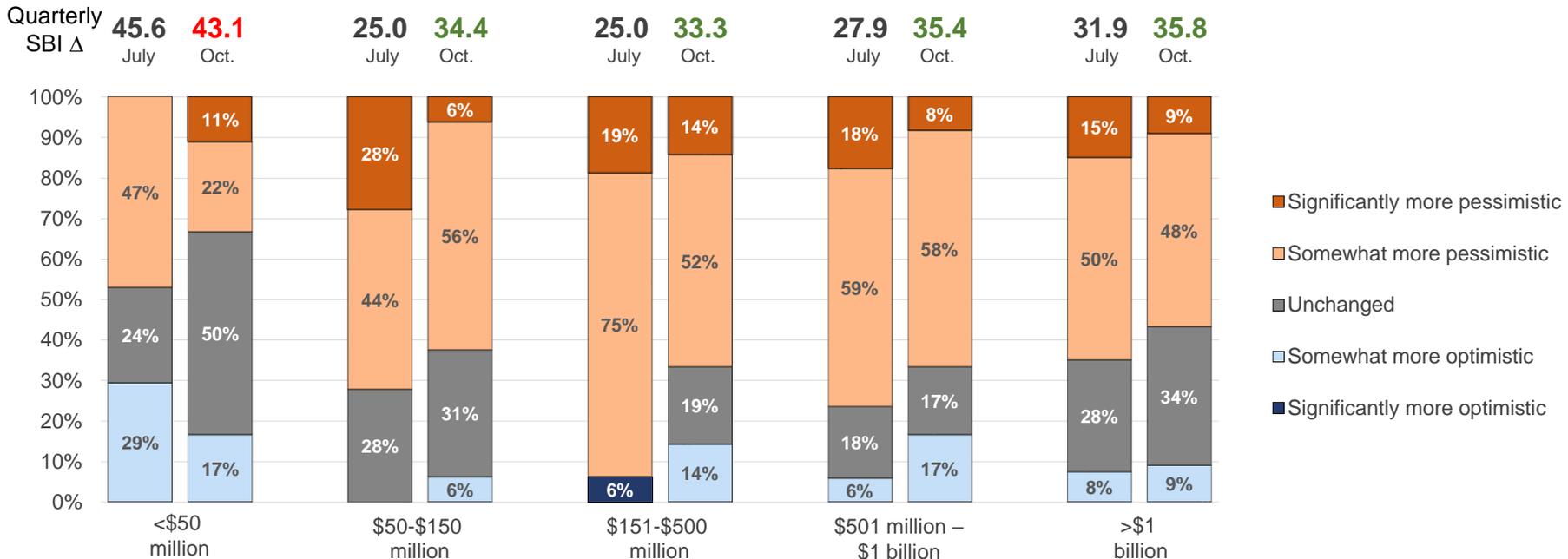


117 responses

The 12-month outlook for the fourth quarter reflects continued pessimism as concerns persist over production shutdowns and the inability to fulfill customer volumes.

OESA Supplier Barometer: Q4 2022 Results By Revenue

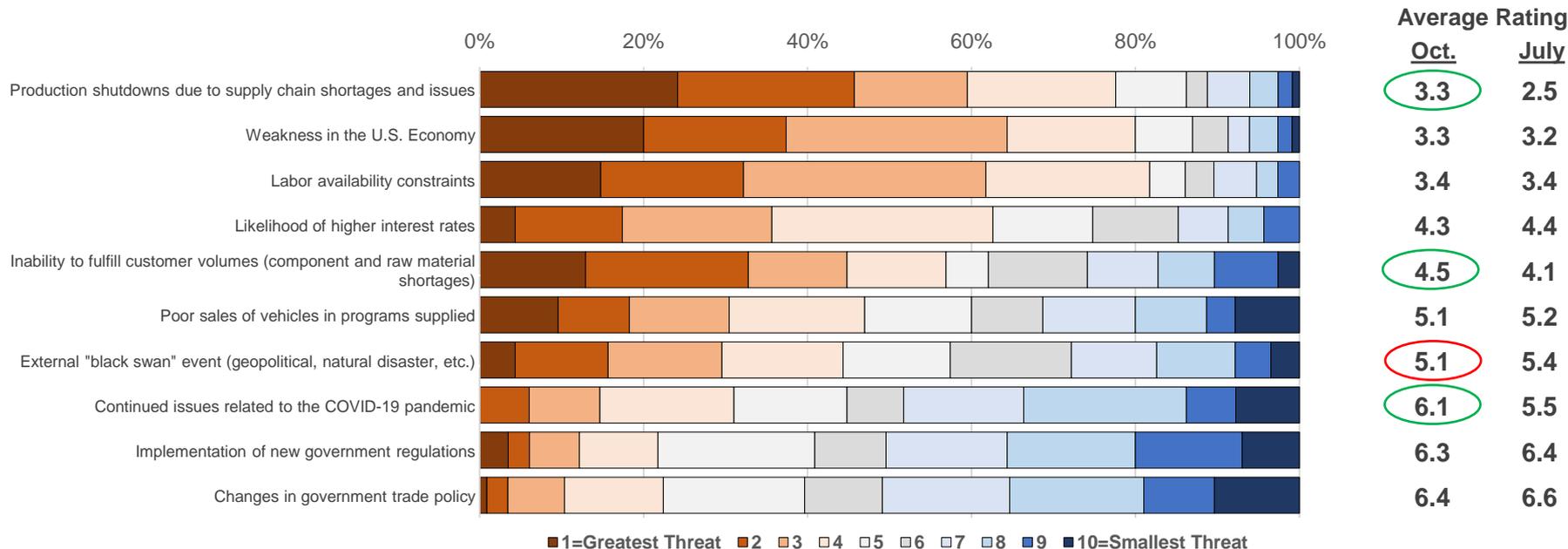
Describe the general twelve-month outlook for your business. Over the past three months, has your opinion become...?



The outlook reflects pessimism for firms of all sizes, albeit with sequential improvement for all but the smallest suppliers.

OESA Supplier Barometer: Industry Threats

What are the greatest threats to the industry over the next 12 months?



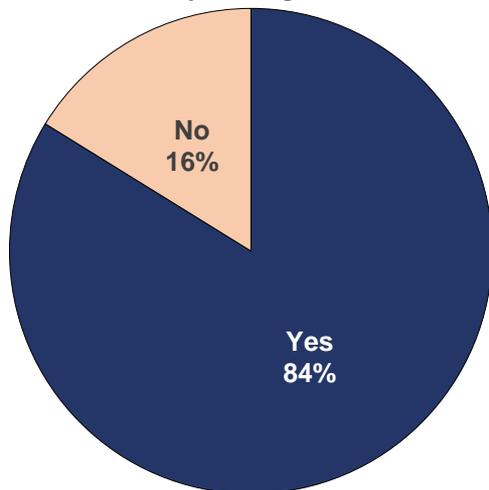
Risks associated with production shutdowns and the inability to fulfill customer volumes due to supply chain shortages remain acute yet eased from July.

Supplier Outlook

Roles/Responsibilities vs. Skills - Understanding the Gaps

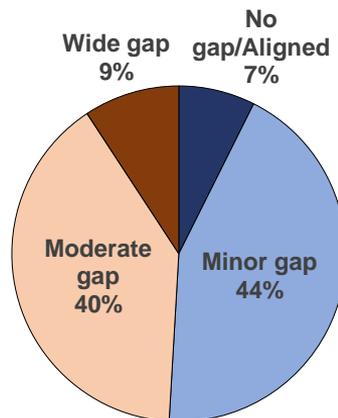
Given competitive hiring pressures and your effort to retain and capture new talent...

Are you evaluating the gaps between roles/responsibilities vs. skills in your organization?

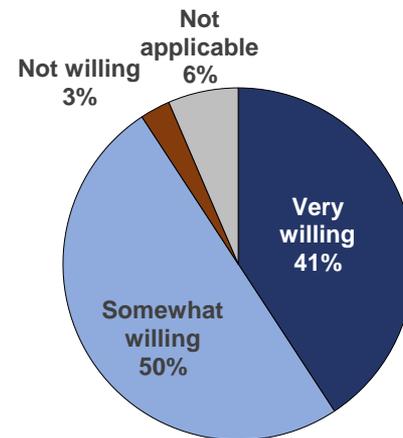


For those indicating 'yes'

What is the magnitude of each gap?



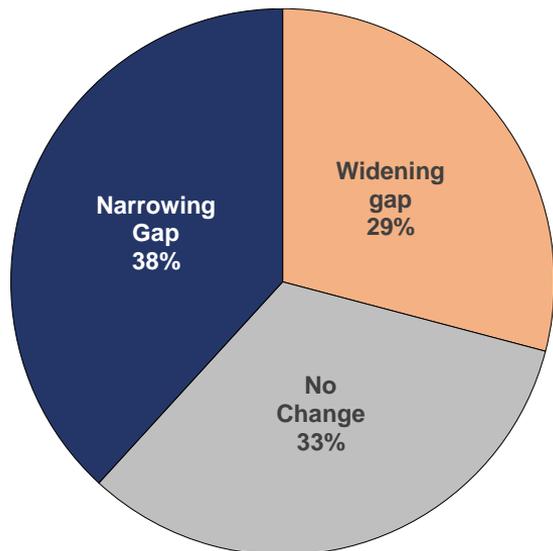
How willing are you to embrace the scope of change needed to close each gap?



Skill gaps are consistent with last year, with 49% of respondents indicating they have moderate to wide gaps, essentially unchanged from 50% last year.

Roles/Responsibilities vs. Skills - Understanding the Gaps

How do you see this changing over the next 1 to 3 years?



What are you doing to adapt your organization to each of these changes?

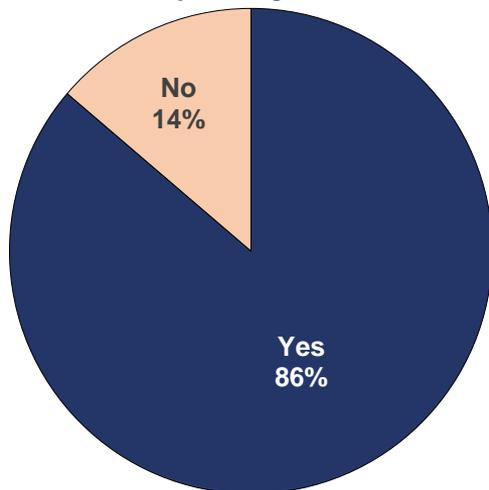
- Internal culture related surveys, improved
- Constantly looking at how to align our roles with the required skills to perform the job. We are implementing a new gap matrix to track this as well.
- Heavy recruiting and implement new or reinforce retention strategies
- We use automation, equipment measurement and process design to reduce complexity. From a hiring perspective, **we continue to evaluate job descriptions based on our changing business**
- HR health assessment and planning.
- Diversity/inclusion programs. Non-US residents
- Evaluating needs globally (offshore resources)
- Communicate, transparency, team member contribution and buy-in
- **Launched a centralized learning team to focus on a transition plan for our talents required for the future.**
- Remapping, training, some external hiring
- Increase bench of early career talent.
- Training and reinforcement
- Employee Surveys Exit interviews Annual Performance Reviews
- Working to ensure the correct employees/skill sets are in the correct roles
- Build your own
- Intensive training programs and increased wages
- **Assessing and assigning paths for skill adoption**
- Developing internal pipelines of talent
- Focusing hiring efforts, training, recruiting changes, retention initiatives
- Focus on SW engineers, STEM backgrounds
- Additional training, rotation into new roles, etc.
- Continuous assessment, people development, new hires
- Having other departments pick-up some of the additional work-load.
- Training employees, recruiting talent
- Reskilling, recruiting

Suppliers are focused on developing talent internally through training or re-skilling, revamping hiring practices and increasing their flexibility.

Current Culture vs. Expected Culture - Understanding the Gaps

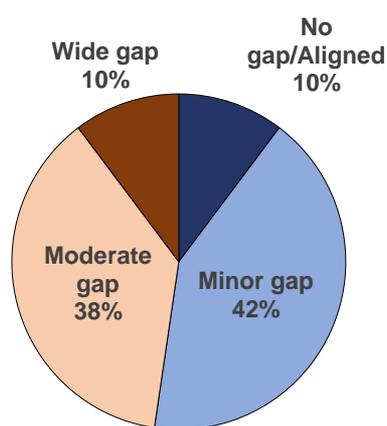
Given competitive hiring pressures and your effort to retain and capture new talent...

Are you evaluating the gaps between current vs. expected culture in your organization?

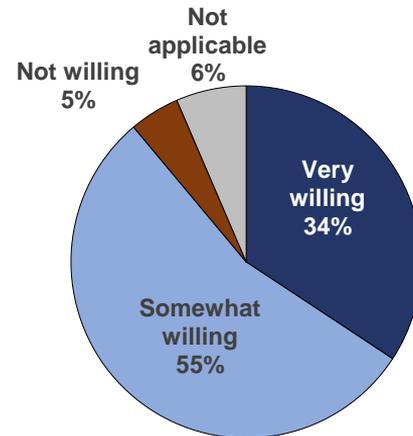


For those indicating 'yes'

What is the magnitude of each gap?



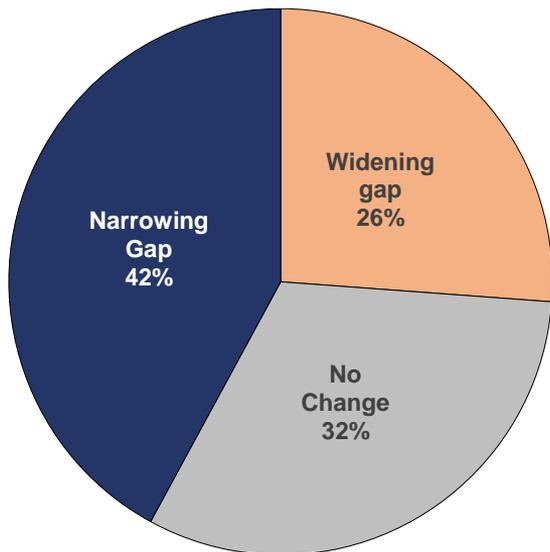
How willing are you to embrace the scope of change needed to close each gap?



Cultural gaps decreased in comparison to 2021, with 48% of respondents indicate moderate to wide gaps between their current and expected culture, down from 62% last year.

Current Culture vs. Expected Culture - Understanding the Gaps

How do you see this changing over the next 1 to 3 years?



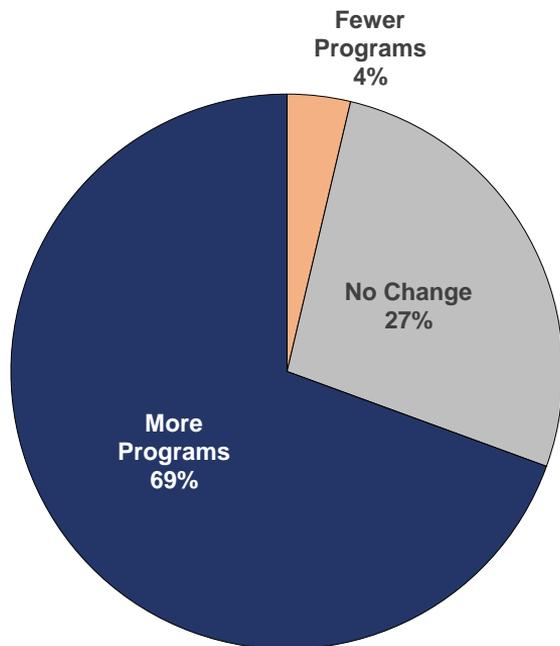
What are you doing to adapt your organization to each of these changes?

- Internal culture related surveys, improved communication, community work.
- Work from home does not work, too much loss of knowledge transfer and sense of belonging to the company group.
- We have a great culture; however, it is changing a bit and has been affected by Covid.
- **In person work helps bring everyone closer to allow team concept vs. individuality.** Team players will stay and individuals will probably change or leave
- Launched EES surveys and action plans to address gaps and make sure we are ready for the next generation to join us.
- New work on culture and teamwork
- Different work "ethics" in different geographies...not balanced
- Internal focus, attention and programs/projects to improve culture
- Implemented hybrid work environment.
- Continue with increased flexibility; maturing in its application / balance
- Balance the fine line between flexibility and collaboration.
- Walking the talk from senior management.
- Defining what the company DNA is 360 on management Level
- Drive new inclusive culture
- New leadership in customer and internal relations.
- Changing work policy for flexibility
- **Focusing hiring efforts, training, recruiting changes, retention initiatives**
- Hybrid / flexible work environment expanding to many associates in order to retain / attract talent
- Continue to have a clear back fill plan bringing the right diversity up through the ranks.
- We already implement a Hybrid work scheme.
- The right people for the culture and business needs - continuous assessment
- Enhanced PTO policies. Flexible work environments
- Based on the current work environment allowing employees more flexibility with remote working
- Surveying employee sentiment
- **Committing and communicating the expected culture**

Most suppliers expect their cultural gaps to narrow over the next few years.
Most are focusing on flexibility to narrow the gap.

Programs to Attract and Retain Talent

How do you see this changing over the next 1 to 3 years?



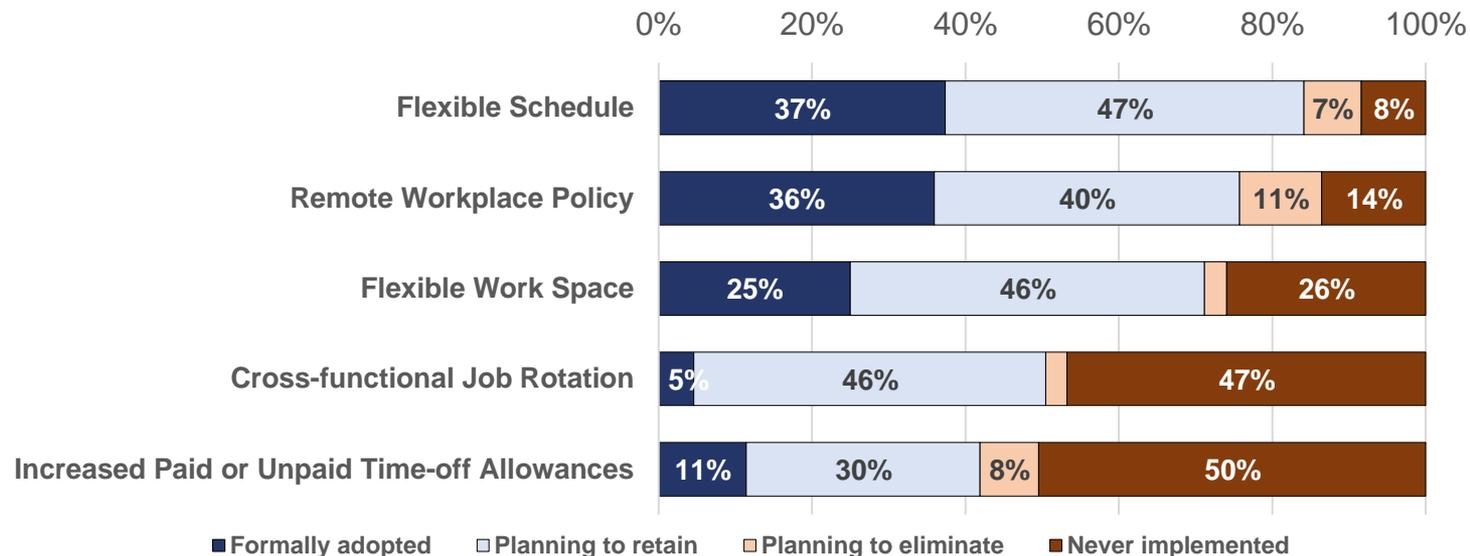
What are you doing to adapt your organization to each of these changes?

- Improved social media, hiring more in house recruiting, hybrid work from home
- This is a big focus for us starting this year and moving forward.
- Already have attractive programs in place to attract and retain talent
- Implementing or reintroducing team building or work lifestyle changes into our culture and benefits.
- Different work setup, different hours, temp work, flex hours, more work from home options
- No hiring after attrition
- Be competitive in this space
- More incentives for labor positions
- Diversity and inclusion.
- Communication and involvement
- **Increased flexibility, development plans, focus on well being with annual pulse survey follow up.**
- Looking into other industries.
- Multiple compensation / benefits element; access to remote work.
- **1. Early and mid career rotational programs. 2. Taking bets on early career talent.**
- Utilizing recruitment organizations that have experience with our company and culture to attract the appropriate candidates.
- New customers and programs
- Competitive pay; more employee engagement activities; more employee recognition; More specialized employee training offered
- Build your own. More intensive change programs
- Remote work. Pay increases
- **Continuous assessment, trial and error of new programs.** people development, culture vision
- More intern hiring Modify policies
- Going into 2023 have budgeted additional incentives to retain employees (car allowance & additional bonuses)
- **Surveying employee sentiment**

Suppliers will continue to leverage their flexible work environments as a means of attracting and retaining talent. Increased benefits and incentives are also a major theme.

Employment Issues: Flexibility

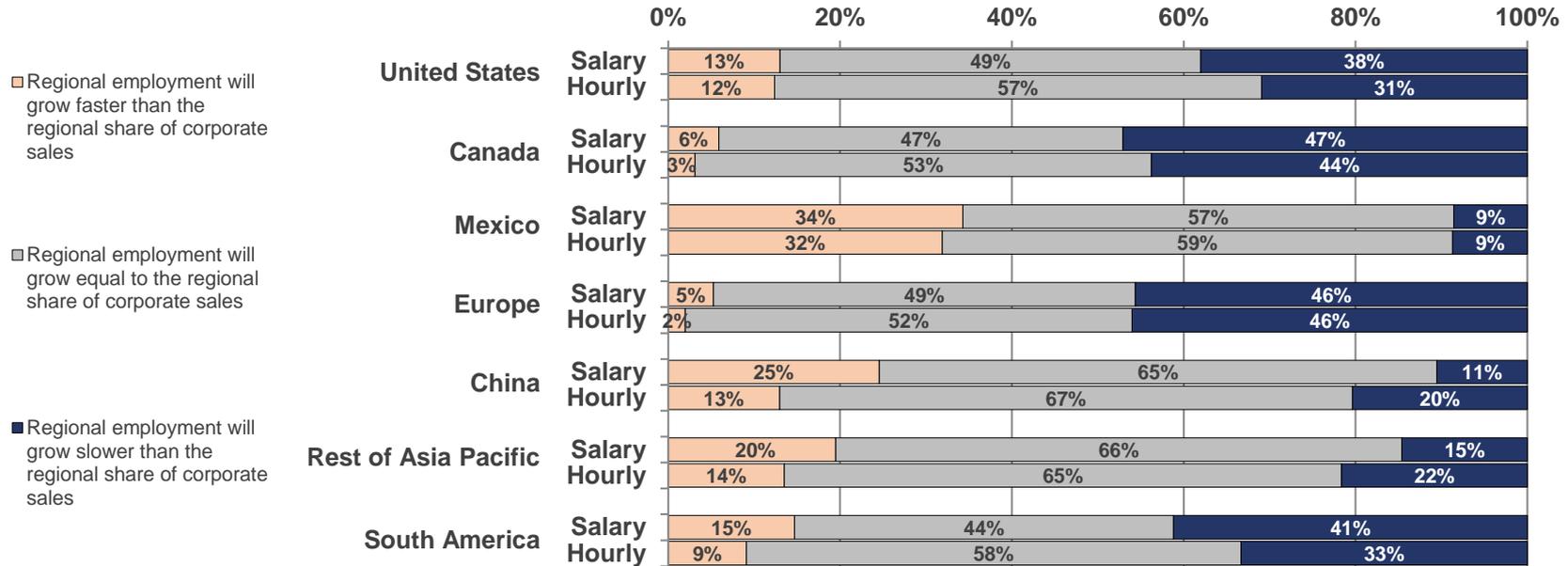
During the past 2 1/2 years of volatility, high flexibility in both location and flexibility was required to maintain operations and retain talent. Which of the following programs does your company expect to retain going forward?



The pandemic has profoundly impacted how and where people work, with the majority of suppliers planning to retain a flexible schedule and work environment going forward.

Employment Issues: Regional Growth Expectations

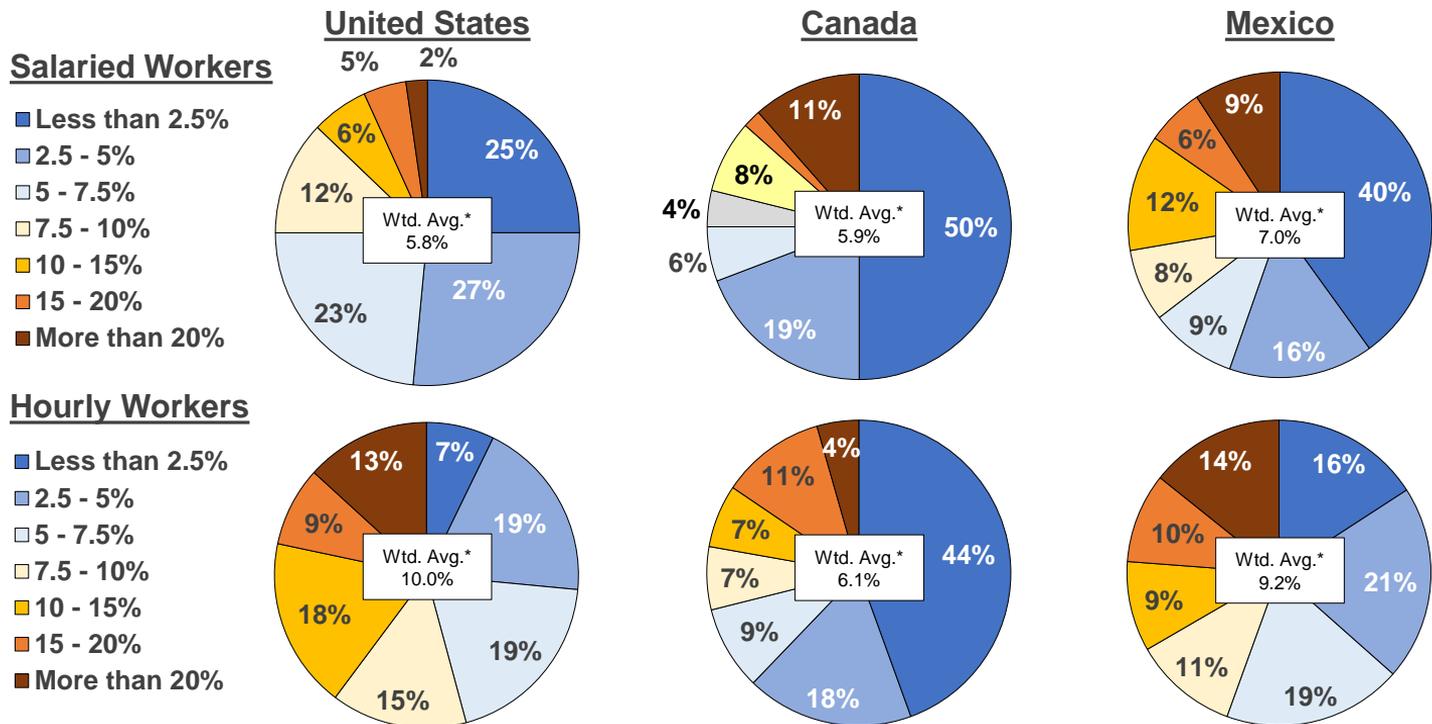
Looking at your current global footprint, how do you anticipate regional employment levels shifting over the next five years?



Regional share of corporate revenue will grow faster than employment in most areas of the world. Mexico is a lone exception along with salaried personnel in China and Rest of Asia Pacific.

Employment Issues: Regional Voluntary Turnover

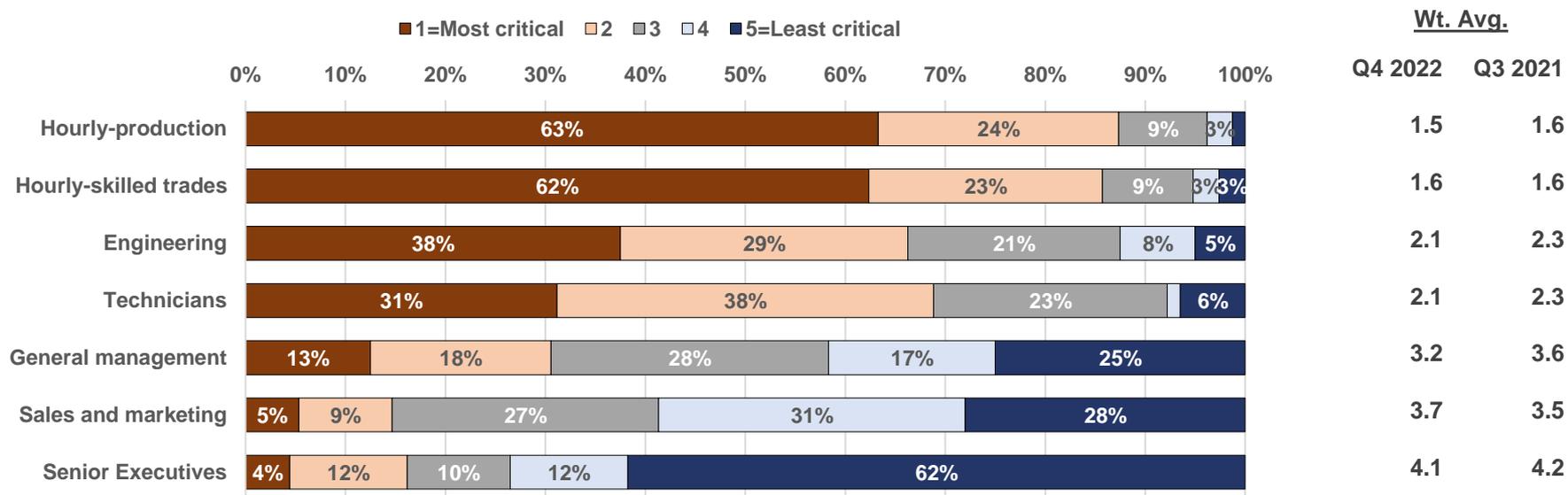
Estimate your year-to-date 2022 monthly voluntary turnover rates for salary and hourly personnel.



Weighted average assumes the mid-point of each range, >20% = 22.5%

Employment Issues: Labor Acquisition in the U.S.

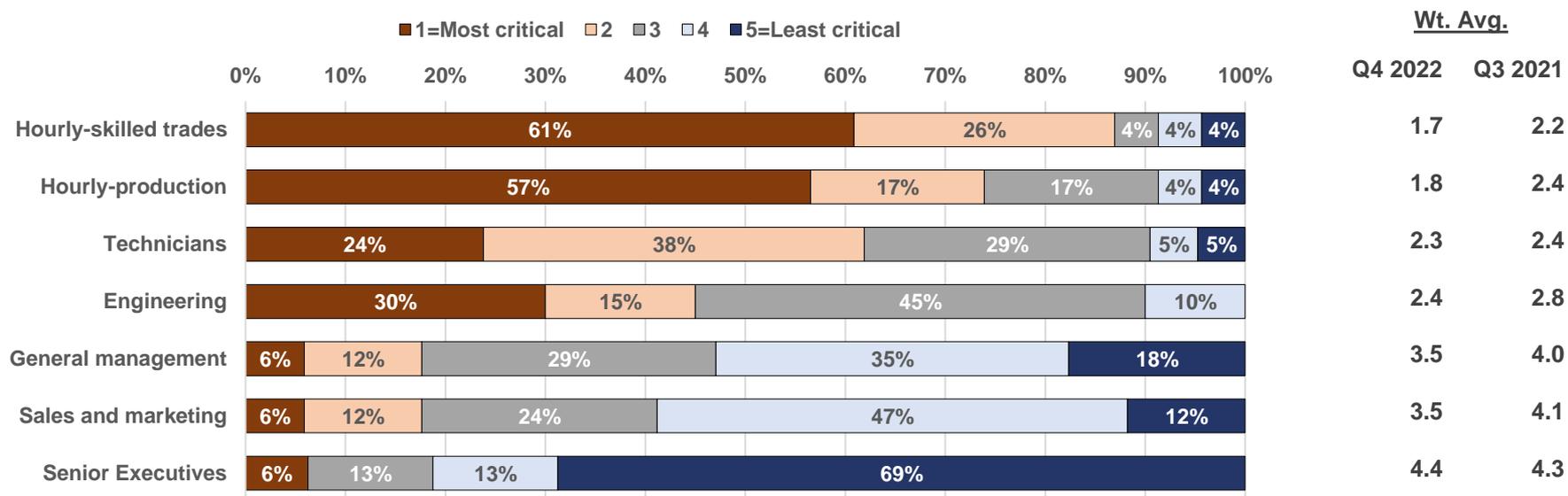
Based on current open requisitions, rate each of the following job classification and positions (most critical to least critical) where you have HR shortages



The supply base continues to struggle to attract and retain employees.
This is most acute for hourly production workers and skilled trades.

Employment Issues: Labor Acquisition in Canada

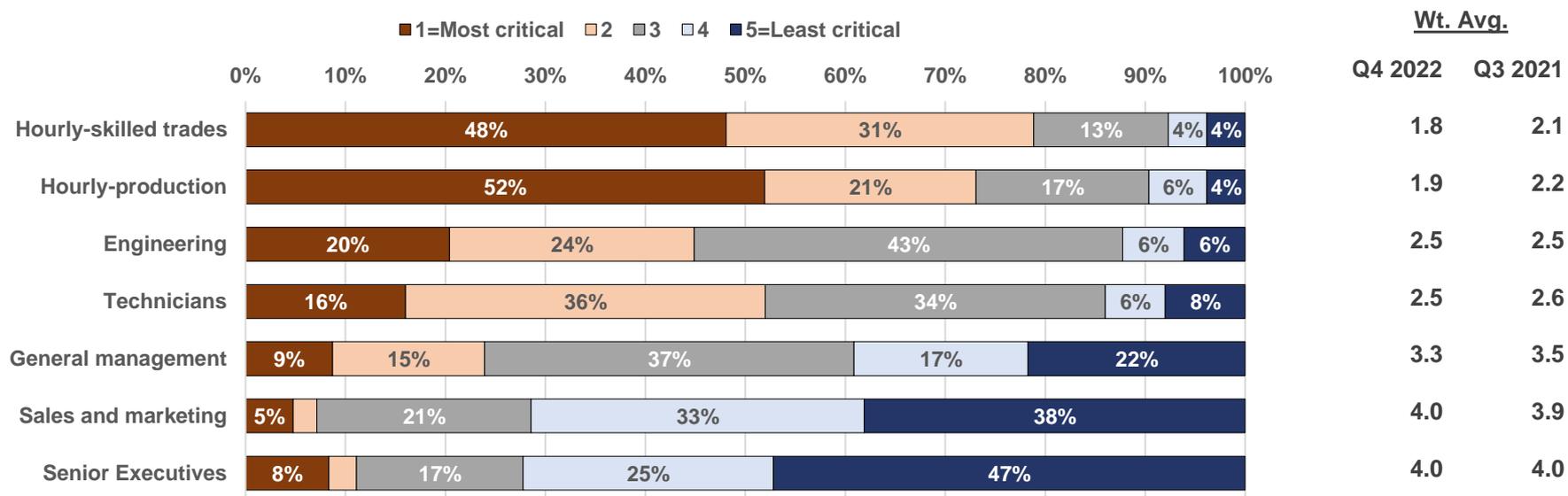
Based on current open requisitions, rate each of the following job classification and positions (most critical to least critical) where you have HR shortages



Scarcity of hourly employees increased substantially in Canada over the past year. Additionally, engineers became increasingly difficult to attract.

Employment Issues: Labor Acquisition in Mexico

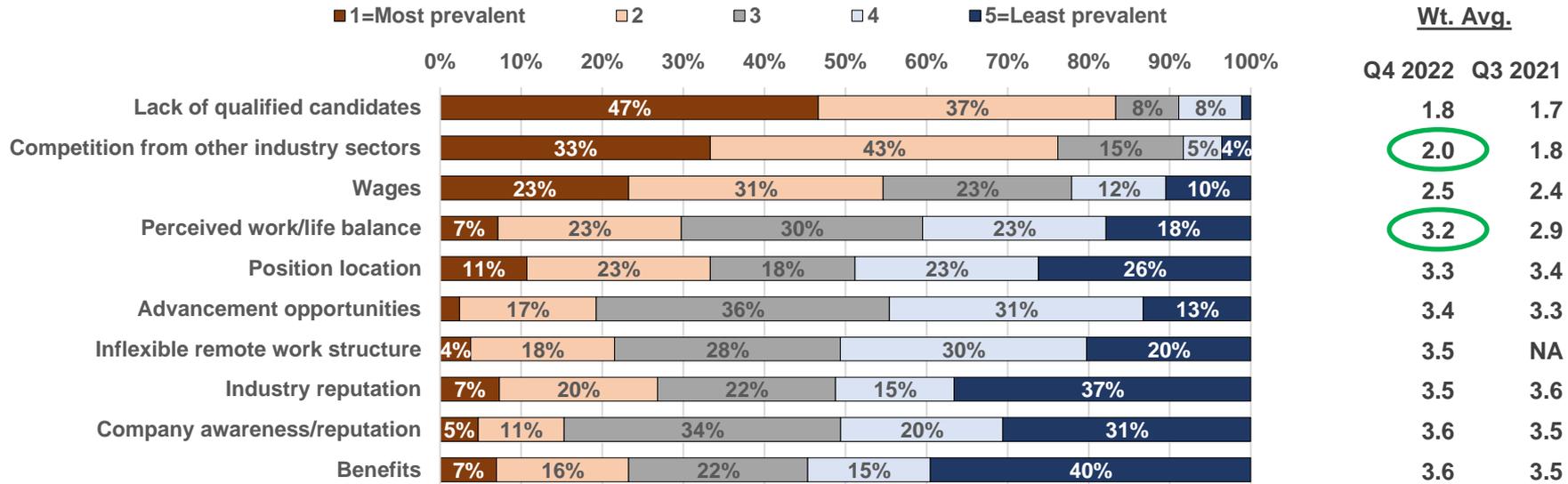
Based on current open requisitions, rate each of the following job classification and positions (most critical to least critical) where you have HR shortages



Shortages of plant workers has worked its way into Mexico, while shortages of workers with other skillsets stayed consistent year over year.

Employment Issues: Filling Open Positions

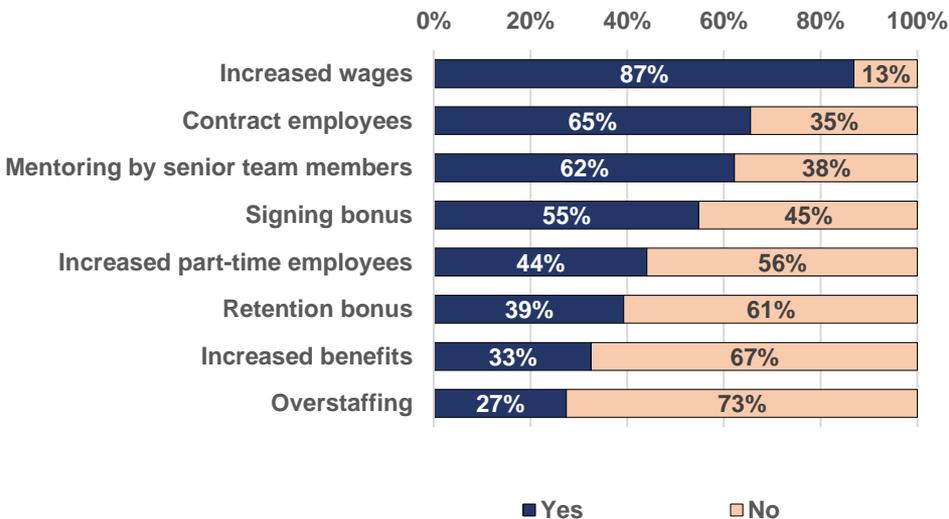
Rate each of the following reasons that you believe prevent you from filling the majority of your open requisitions.



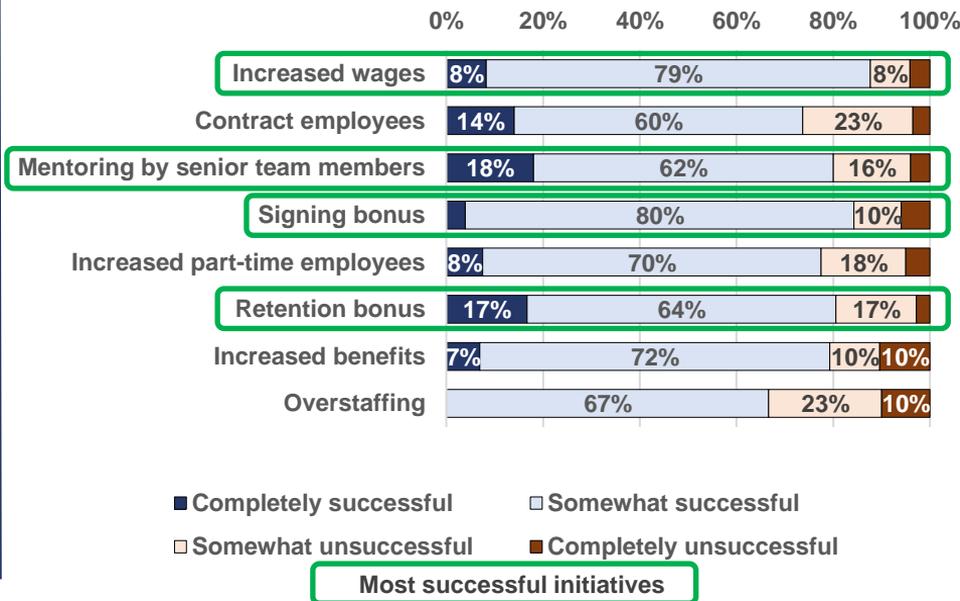
Lack of qualified candidates remains the top hiring constraint as quality labor remains scarce. Competition from other industries and wage demands remain prevalent.

Employment Issues: Filling Open Positions

Has your company implemented any of the following initiatives in order to offset the shortage of production workers?



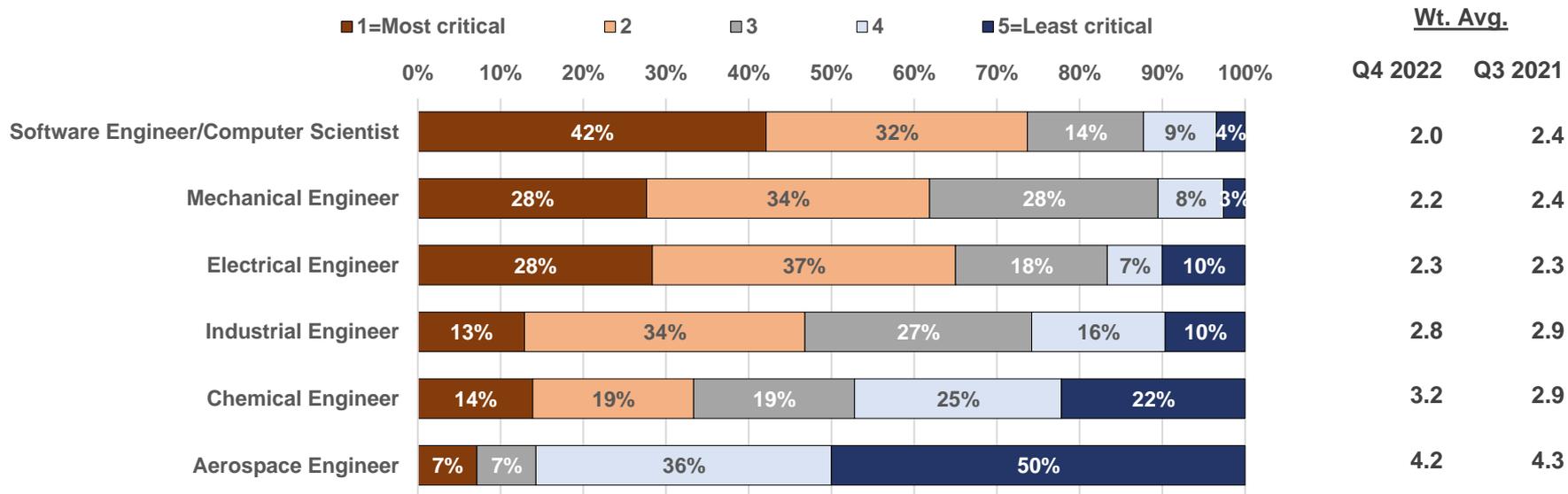
How successful were the initiatives?



Increased wages, mentorship, and retention and signing bonuses have been the most successful programs in offsetting the shortage of production employees.

Employment Issues: Engineer Shortages

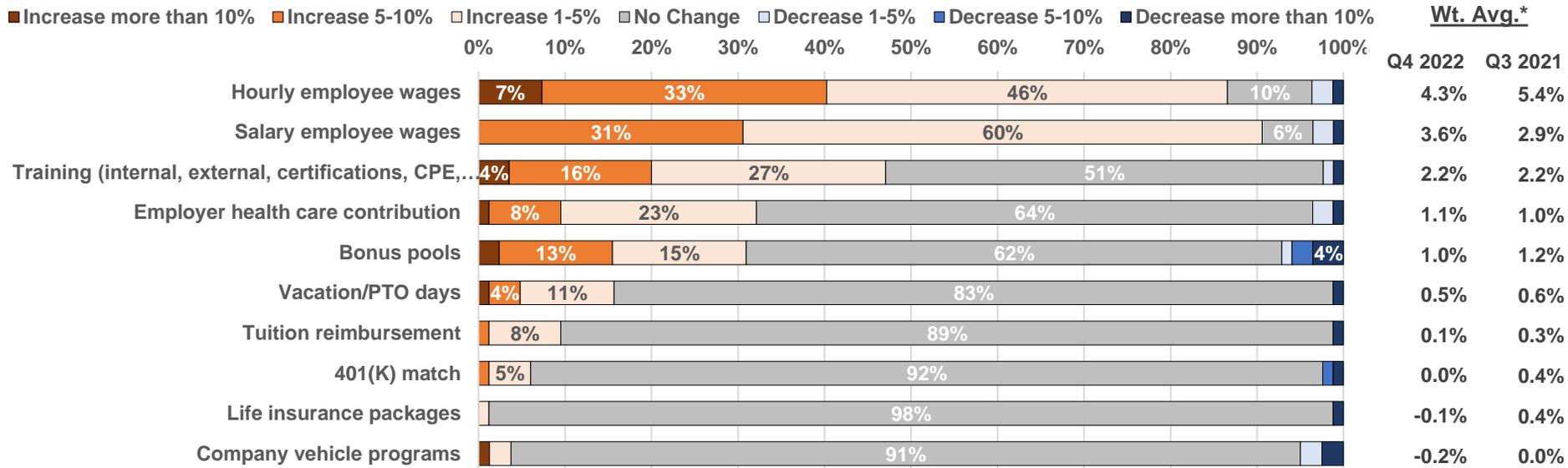
Based on current open requisitions, please rate the type of engineering positions that your organization is having difficulty filling



Employers face shortages for software and mechanical engineers amid strong demand. Hiring became increasingly difficult in comparison to last year.

Employment Issues: Benefits Package Changes

For next year, in the United States identify how your benefit packages are expected to change compared to this year.



* Calculated as increase/decrease >10% as 12.5%, mid-point of all other ranges

On average, suppliers are budgeting for a 4.3% increase to hourly employee wages next year. Additionally, suppliers expect cost pressure across nearly all other benefit offerings.

2023 Merit Budgets

For 2022 and 2023, in the United States, please indicate your company's approved merit increase as a percentage of your total wage budget.
(excluding promotional increases and bonuses)

	Total			Greater than \$1 bil. revenue			Less than \$1 bil. revenue				
	2022	2023	Average Change	2022	2023	Average Change	2022	2023	Average Change		
Lower Quartile	3.0%	3.0%	0.0%	Lower Quartile	3.0%	3.0%	0.0%	Lower Quartile	3.0%	3.0%	0.0%
Median	4.0%	4.0%	0.0%	Median	3.5%	3.5%	0.0%	Median	4.0%	4.0%	0.0%
Upper Quartile	4.8%	5.0%	0.3%	Upper Quartile	4.3%	5.0%	0.8%	Upper Quartile	5.0%	5.0%	0.0%

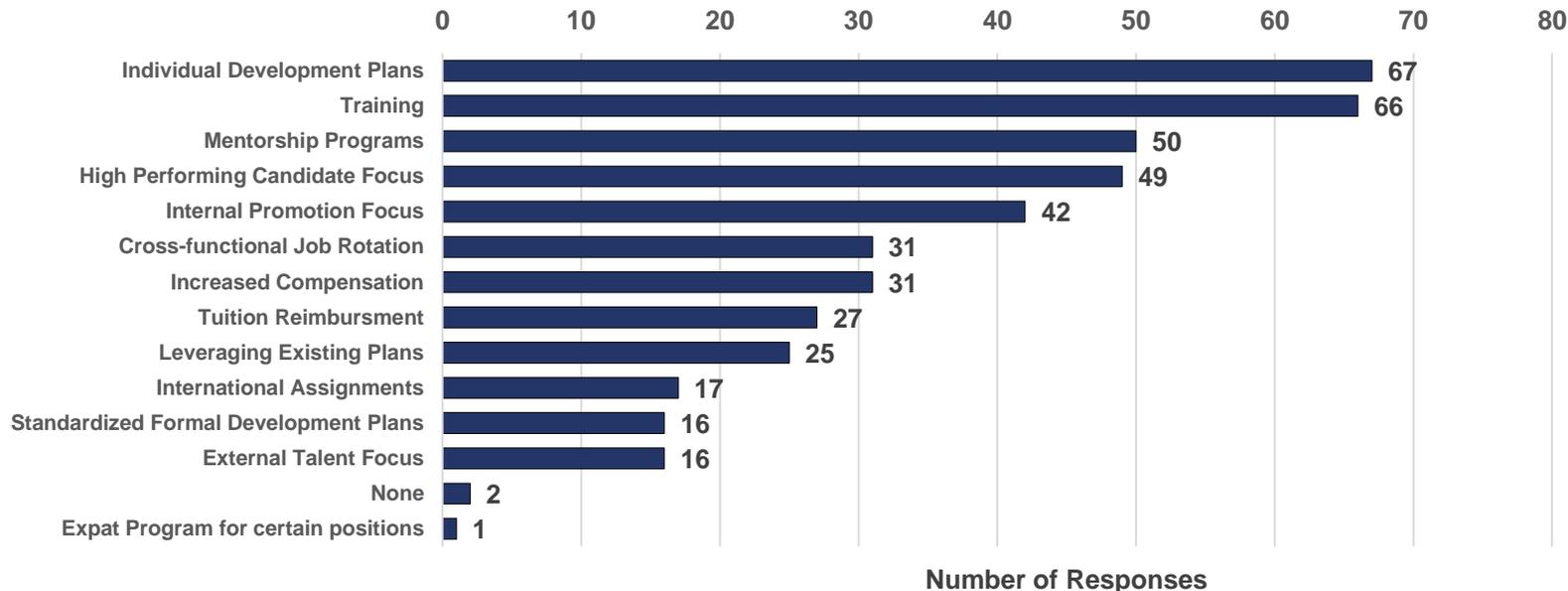
68 responses

28 responses

40 responses

Employment Issues: Career Path and Succession Planning

What types of programs have you implemented or are planning to implement for career path and succession planning amongst your workforce?



Key themes for career path and succession planning prioritize developing employees internally through training and mentoring, while focusing on high performing candidates and promoting internally.

OESA Human Resources Council meetings focus on Talent Management, Succession Planning and other topics included in this quarter's barometer.

If you are interested in learning more about the council, please contact:

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OESA Automotive Supplier Barometer is a survey of the top executives of OESA regular member companies. The OESA Automotive Supplier Barometer takes the pulse of the suppliers' twelve-month business sentiment. In addition, it provides a snapshot of the industry commercial issues, business environment and business strategies that influence the supplier industry. www.oesa.org.

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Survey Methodology

- Data collected September 21 – October 10, 2022 via invitation to online survey.
- Executives of OESA supplier companies.
- 97 complete survey responses were received, with 117 responses total.

The information and opinions contained in this report are for general information purposes. Comments are edited only for spelling and may contain grammatical errors due to their verbatim nature. Responses to this survey are confidential. Therefore, only aggregated results will be reported and individual responses will not be released or shared.

Antitrust Statement:

Respondents/participants should not contact competitors to discuss responses, or to discuss the issues dealt with in the survey. It is an absolute imperative to consult legal counsel about any contacts with competitors. All pricing and other terms of sale decisions and negotiating strategies should be handled on an individual company basis.

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Appendix: Year-over-year analysis

Executive Summary



Supplier Barometer Index™ (SBI)
SBI Score = 52;
up from Q2 level of 44

The index improved slightly from the prior quarter, rising 8 points to a marginally positive reading of 52. The outlook remains polarized however, as 31% of respondents indicate they became more pessimistic over the past three months, while 52% became more optimistic. The outlook is mixed based on revenue size, with the smallest and largest suppliers remaining pessimistic on net, while mid-size suppliers' outlook improved to optimistic territory.



Production shutdowns due to supply chain shortages and suppliers' ability to fulfill customer volumes remain the top threats to the 12-month outlook

Shortages of semiconductors and other components and materials continue to disrupt the automotive supply base but eased slightly compared to the second quarter.

Labor constraints and sales of vehicles in programs supplied are a growing concern.

However, suppliers are confident in the strength of the U.S. economy as issues related to the pandemic continue to be less threatening to the supply base and the overall economy.



Automotive suppliers' diversification remains consistent with last year

Median non-automotive revenue estimates remain consistent with last year. Revenue grew in the non-automotive industrial, agriculture and marine sectors.

Revenue from the manufacturing of personal protection equipment is mostly marginal, at about 5% of total on average and grew on net over the past year.

Executive Summary



Skills and company cultural gaps widened, as suppliers realize their workers expect a continuation of flexible work arrangements

Executive responses indicate that nearly 50% of suppliers have moderate to wide gaps between their current roles and responsibilities versus skills, up from 34% last year.

Furthermore, 62% of responses indicate that suppliers face moderate to wide gaps between current and expected company culture, up from 50% in Q3 2020.

Firms are focusing on increasing internal skill development and changing hiring practices to offset skills gaps, while offering flexibility in work environments and relying on leadership to drive cultural change.



Scarce labor availability and competition from other sectors accelerated hourly employee turnover to extremely high levels

50% of suppliers report their turnover rates for hourly employees in the U.S. at above 7.5% while noting that all positions at the plant level are extremely difficult to fill.

Suppliers are increasing wages and relying on contract employees to offset the shortage of production workers. However, signing and retention bonuses were the most successful incentive initiatives.

Hiring production workers in states that have ended federal unemployment subsidies has been easier on net, with 63% of responses indicating open requisitions are at least slightly easier to fill.



Developing high performing employees internally, through training, mentorship and cross-functional job rotation, through a structured development plan are the key themes for career path and succession planning.



Cost pressures are mounting as the supply base is budgeting for a 5.4% and 2.9% increase to hourly and salary employee wages, respectively. Additionally, suppliers expect pricing pressure across all other benefit offerings.

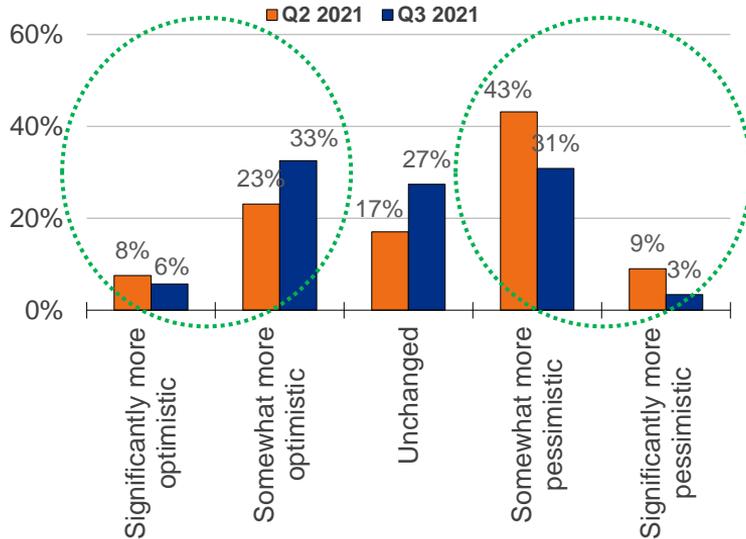


Suppliers expect to allow non-operational employees 2-3 days per week of remote work opportunities, not because of increased performance but because their employees desire the change. Consequently, firms are increasing the role of technology in the workforce.

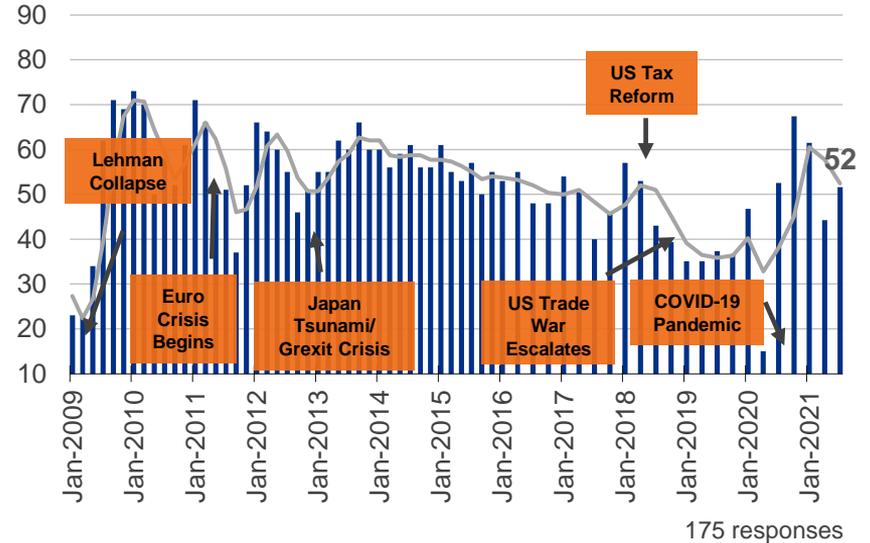
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Describe the general twelve-month outlook for your business. Over the past three months, has your opinion become...?

Current Supplier Outlook (Share of Respondents)



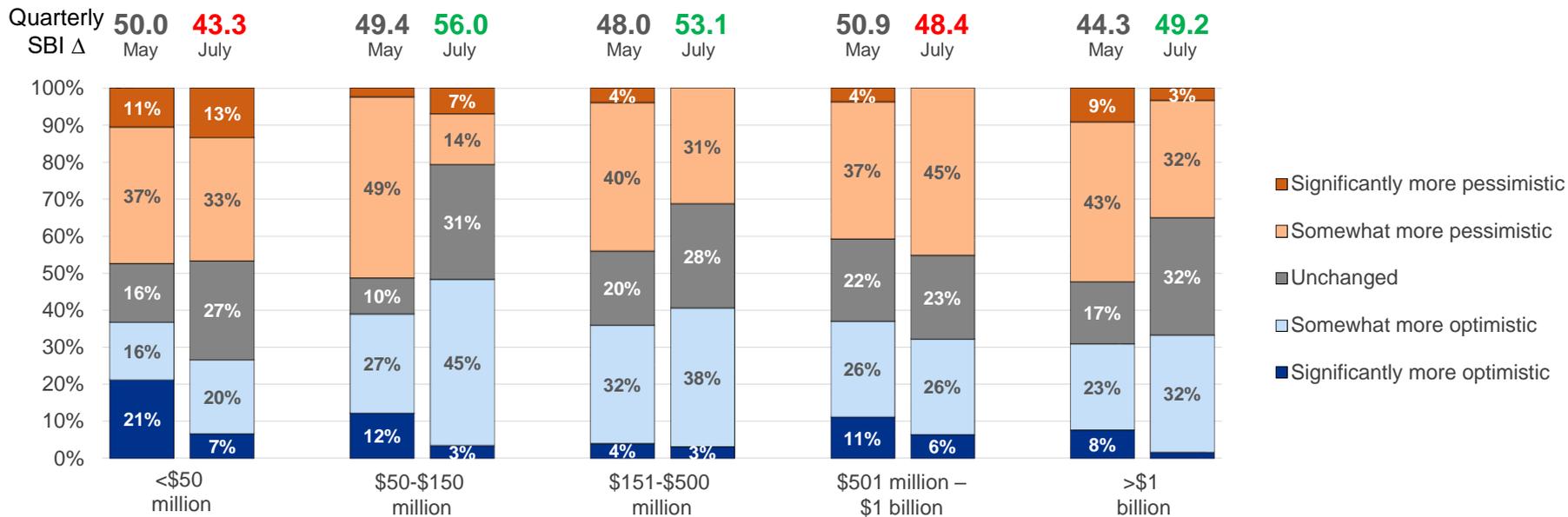
Supplier Barometer Index: (SBI and 6m Average)



The outlook for the third quarter rose into optimistic territory as production shutdowns due to supply chain shortages eased slightly, while sales performance of programs supplied deteriorated.

OESA Supplier Barometer: Q3 2021 Results By Revenue

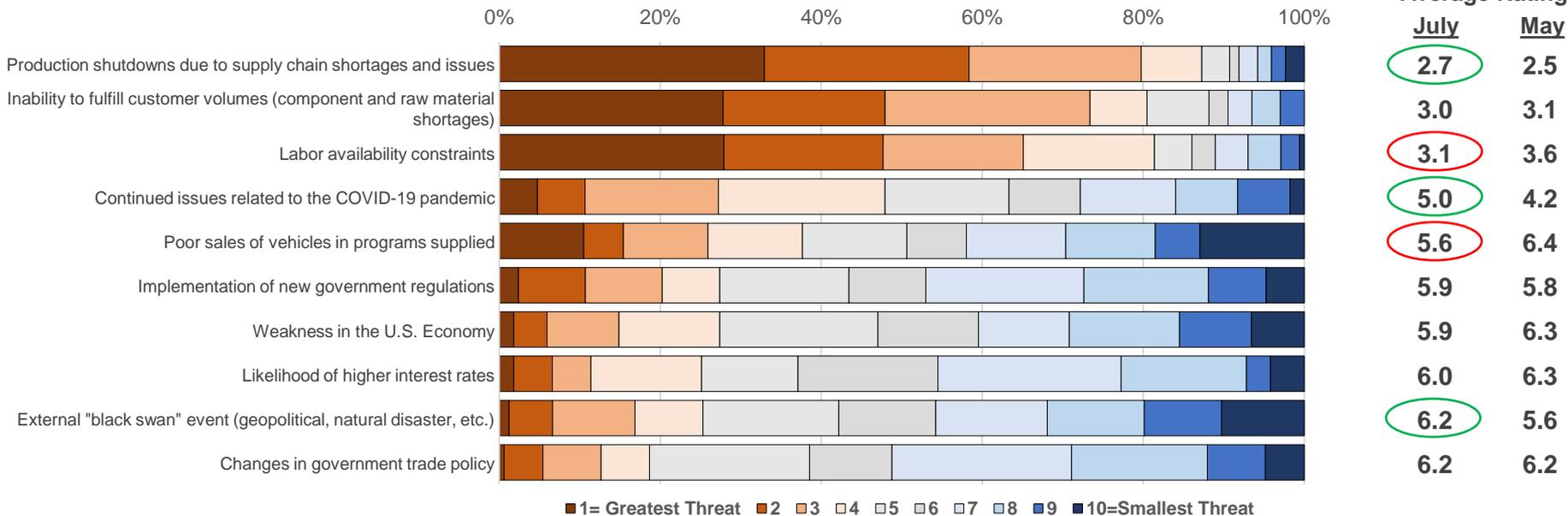
Describe the general twelve-month outlook for your business. Over the past three months, has your opinion become...?



The outlook is mixed based on revenue size. The smallest and largest suppliers remain pessimistic on net, while the outlook for mid-size suppliers improved to reach optimistic territory.

OESA Supplier Barometer: Industry Threats

What are the greatest threats to the industry over the next 12 months?



Production shutdowns due to supply chain shortages, and suppliers' ability to fulfill volumes are the top threats to the 12-month outlook. Suppliers are becoming increasingly concerned over sales of programs supplied.

OESA Supplier Barometer: Industry Segmentation

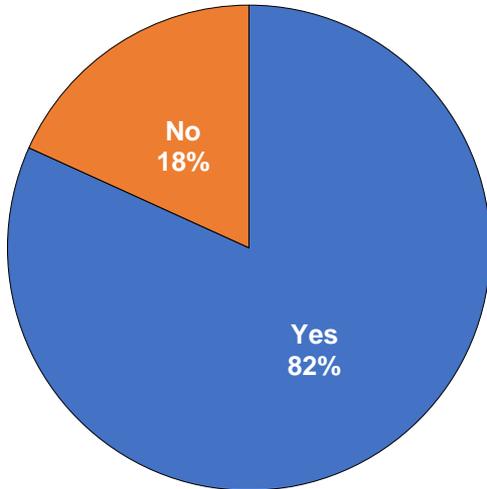
N.A. Industries	Percent of total NA revenue in each Industry					Revenue change over the past year					
	Lower Quartile	Median	Upper Quartile	Range	Number of Responses	Declined Significantly	Declined Slightly	Unchanged	Increased Slightly	Increased Significantly	Net Change
Automotive	73%	95%	100%	10 - 100%	155	9%	20%	37%	22%	12%	4%
Defense	2%	5%	10%	1 - 30%	20	0%	11%	75%	8%	6%	3%
Non-automotive industrial	5%	10%	20%	1 - 65%	80	3%	4%	44%	35%	15%	44%
Agriculture	4%	5%	10%	0.5 - 40%	32	0%	3%	58%	33%	8%	38%
Marine	2%	5%	10%	1 - 15%	15	0%	0%	73%	23%	3%	27%
Furniture	2%	5%	25%	1 - 40%	7	7%	0%	86%	7%	0%	0%
Computers and Non-Automotive Electronics	4%	5%	21%	1 - 68%	6	0%	0%	84%	16%	0%	16%
Aerospace	2%	5%	10%	1 - 15%	12	0%	12%	81%	8%	0%	-4%
Personal Protection Equipment	3%	5%	13%	2 - 15%	4	0%	4%	79%	8%	8%	13%

Automotive revenue as a percentage total remains consistent with last year.
Revenue grew in the non-automotive industrial, agriculture and marine sectors.

Roles/Responsibilities vs. Skills - Understanding the Gaps

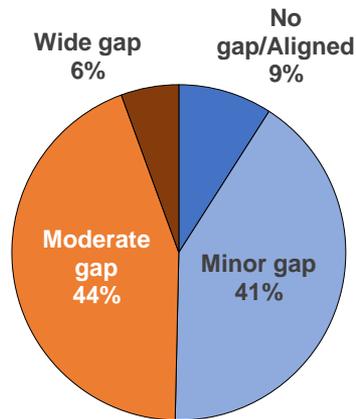
Given competitive hiring pressures and your effort to retain and capture new talent...

Are you evaluating the gaps between roles/responsibilities vs. skills in your organization?

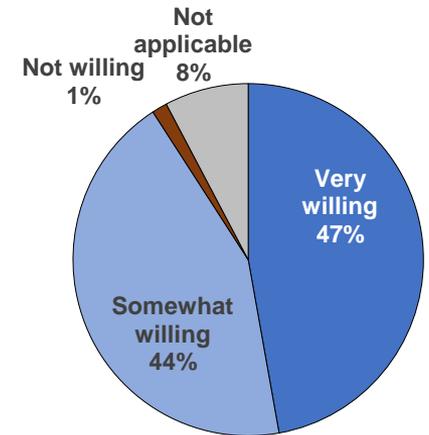


For those indicating 'yes'

What is the magnitude of each gap?



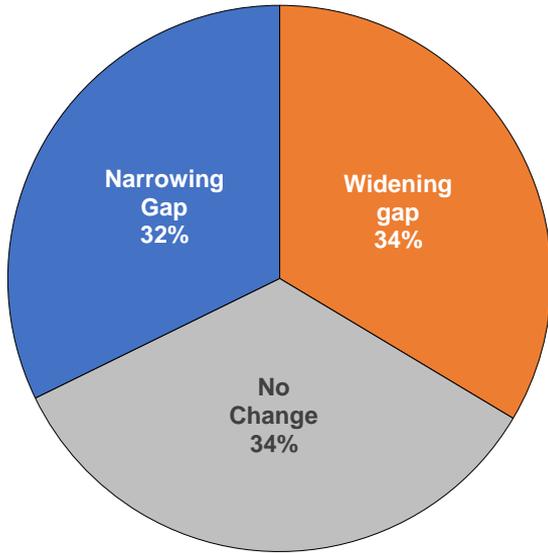
How willing are you to embrace the scope of change needed to close each gap?



Skill gaps are widening, with 50% of respondents indicating they have moderate to wide gaps, up substantially from 34% last year.

Roles/Responsibilities vs. Skills - Understanding the Gaps

How do you see this changing over the next 1 to 3 years?



What are you doing to adapt your organization to each of these changes?

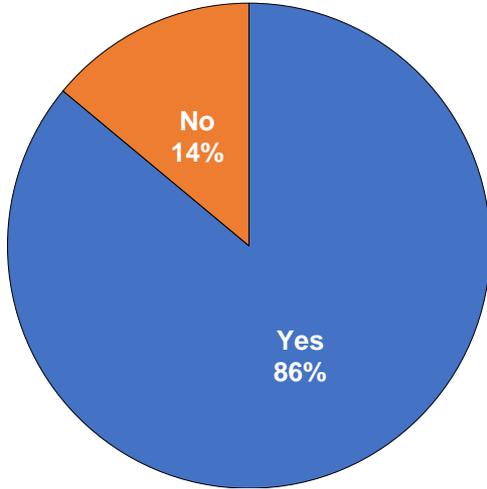


Suppliers are focused on developing talent internally through training or re-skilling, revamping hiring practices and increasing their flexibility.

Current Culture vs. Expected Culture - Understanding the Gaps

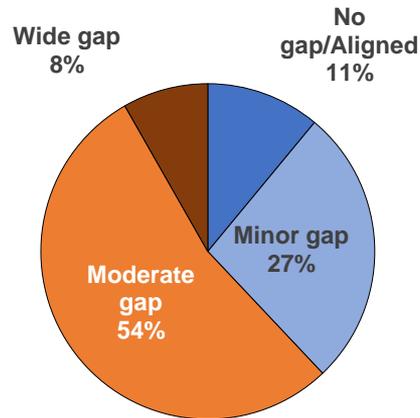
Given competitive hiring pressures and your effort to retain and capture new talent...

Are you evaluating the gaps between current vs. expected culture in your organization?

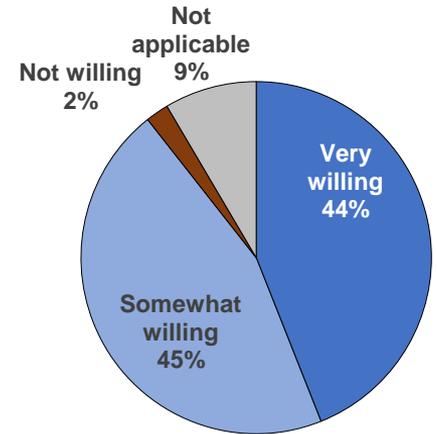


For those indicating 'yes'

What is the magnitude of each gap?



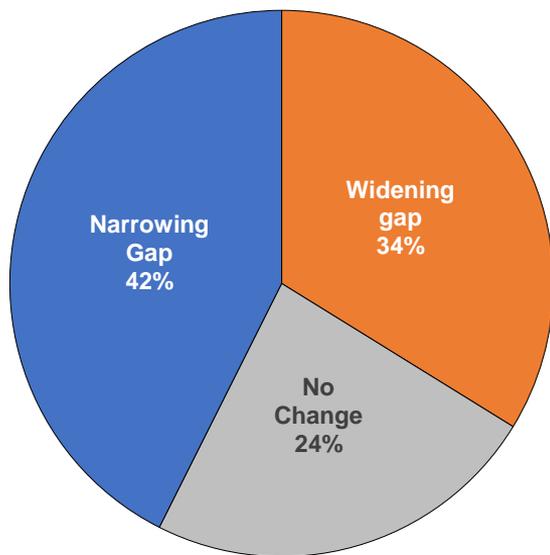
How willing are you to embrace the scope of change needed to close each gap?



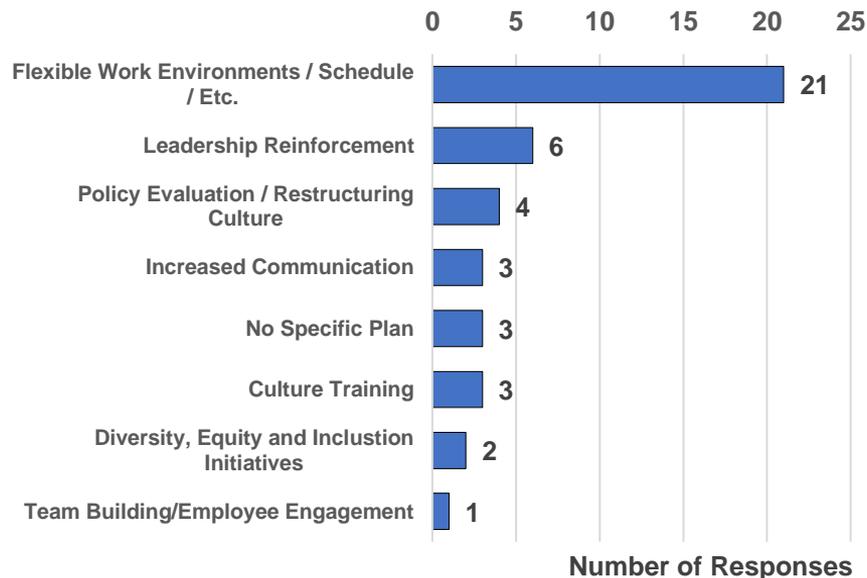
Cultural gaps increased in comparison to 2020.
62% of respondents indicate moderate to wide gaps between their current and expected culture.

Current Culture vs. Expected Culture - Understanding the Gaps

How do you see this changing over the next 1 to 3 years?



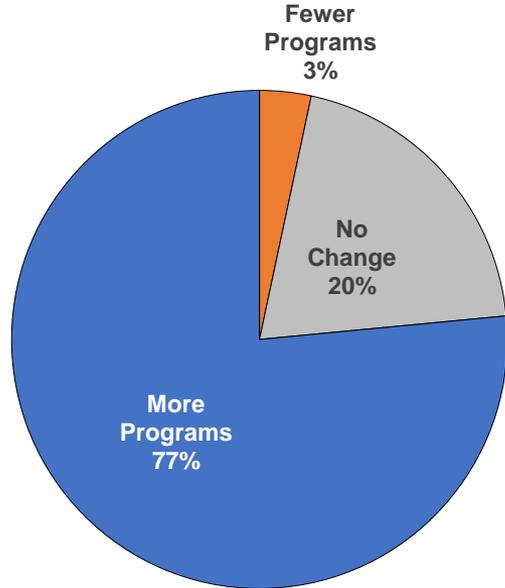
What are you doing to adapt your organization to each of these changes?



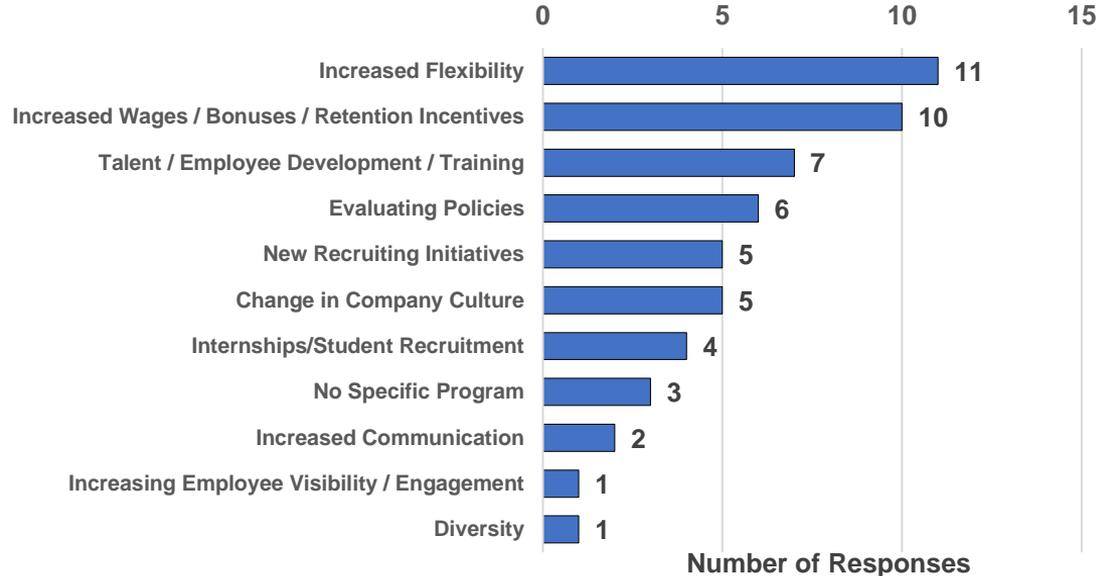
Most suppliers expect their cultural gaps to narrow over the next few years. Many will continue to offer flexible work environments and rely on leadership to drive changes in company culture.

Programs to Attract and Retain Talent

How do you see this changing over the next 1 to 3 years?



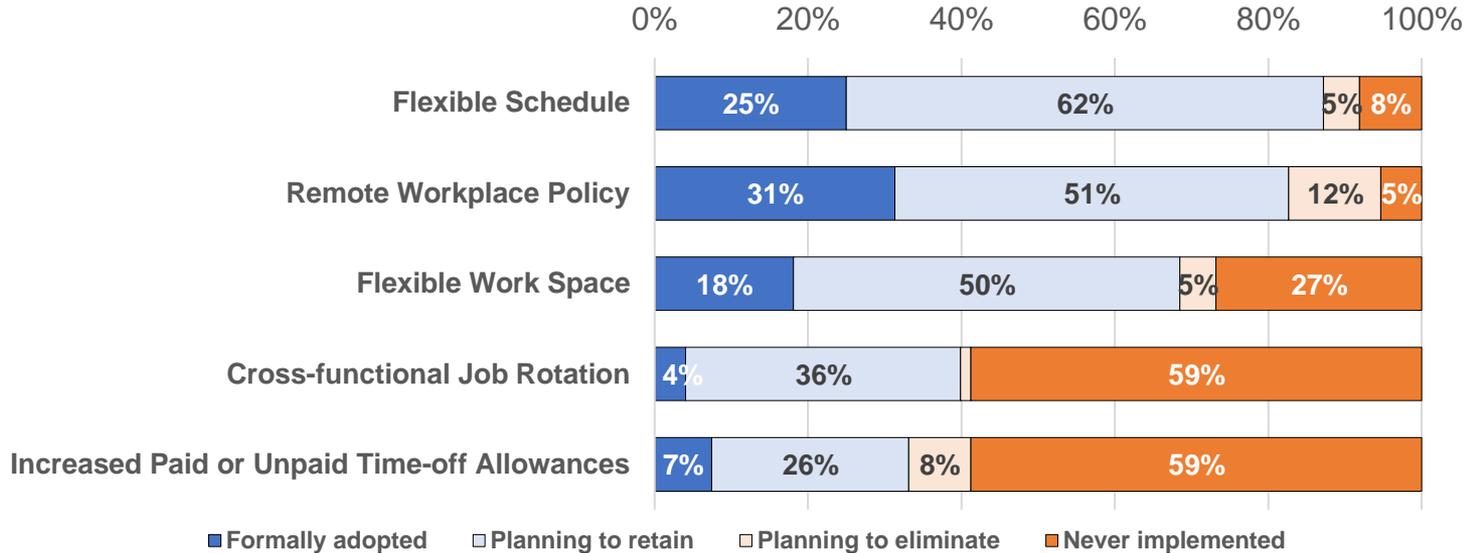
What are you doing to adapt your organization to each of these changes?



Suppliers will continue to leverage their flexible work environments as a means of attracting and retaining talent. Increased wages, signing bonuses and retention incentives are being used to attract hourly labor.

Employment Issues: Flexibility

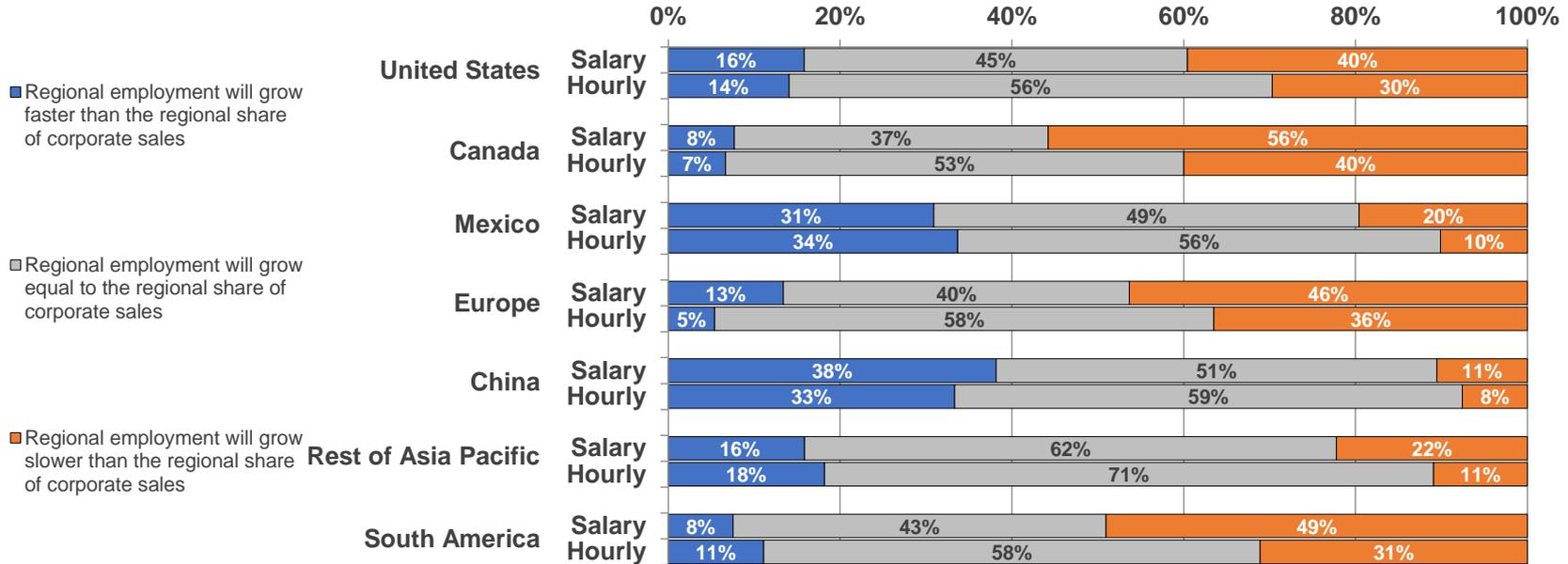
Over the past year, high flexibility in both location and schedule has been required to operate amid the COVID-19 pandemic. Which of the following programs does your company expect to retain post-pandemic?



The pandemic has profoundly impacted how and where people work, with the majority of suppliers planning to retain a flexible work environment post-pandemic.

Employment Issues: Regional Growth Expectations

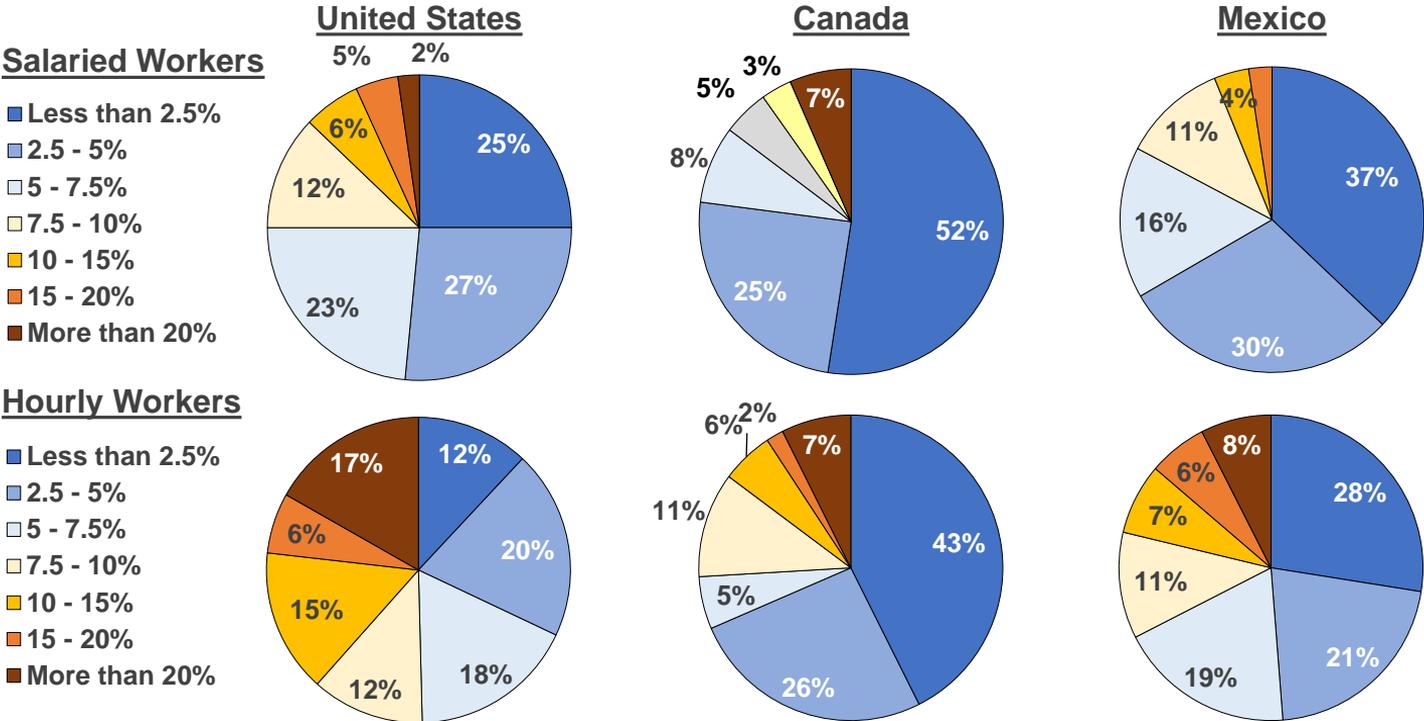
Looking at your current global footprint, how do you anticipate regional employment levels shifting over the next five years?



Employment growth is expected to outpace the growth in revenue in Mexico and China, while revenue will grow faster than employment in the rest of the world.

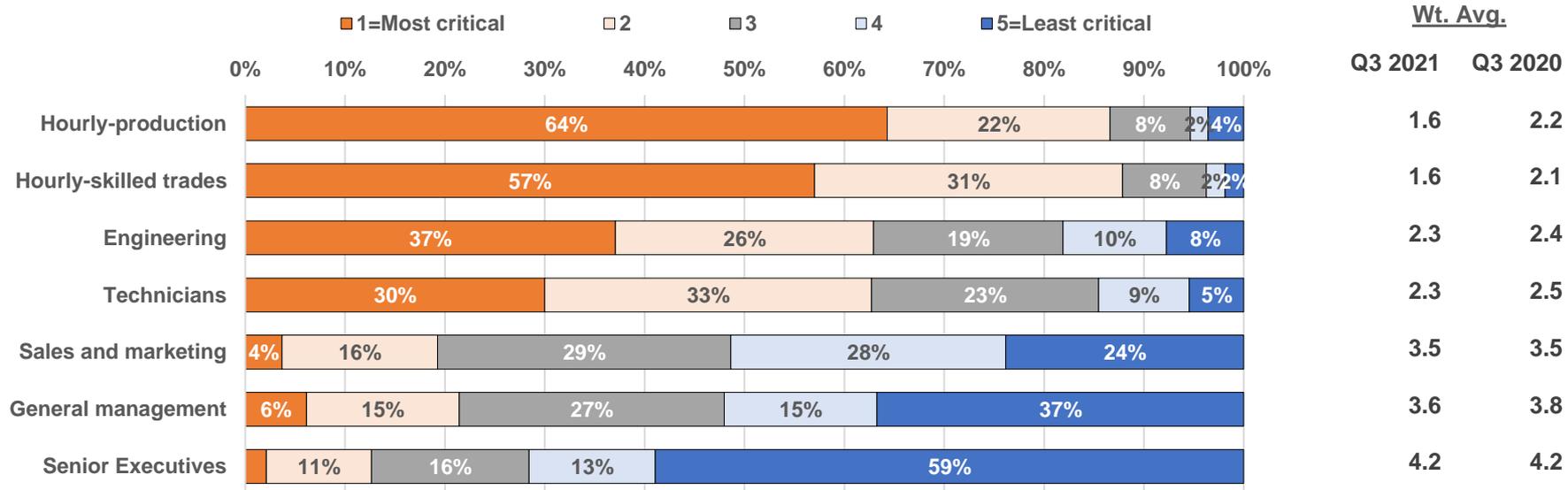
Employment Issues: Regional Voluntary Turnover

Estimate your year-to-date 2021 voluntary turnover rate for salary and hourly personnel



Employment Issues: Labor Acquisition in the U.S.

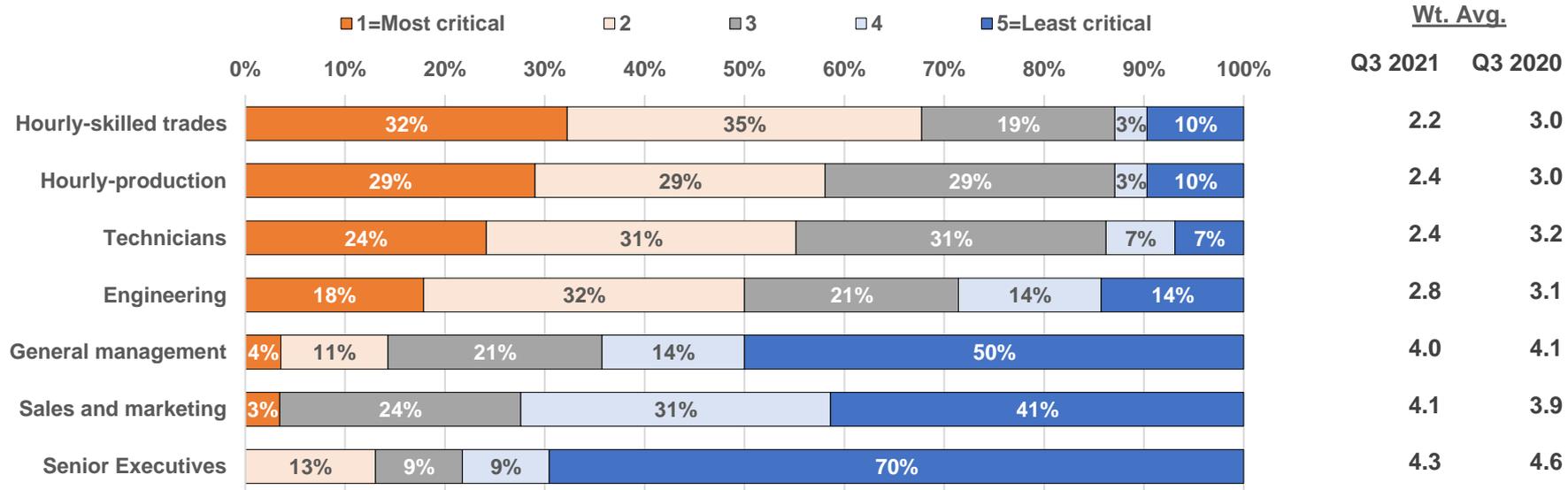
Based on current open requisitions, rate each of the following job classification and positions (most critical to least critical) where you have HR shortages



The supply base continues to struggle to attract and retain employees, yet this is most acute for hourly production workers and skilled trades.

Employment Issues: Labor Acquisition in Canada

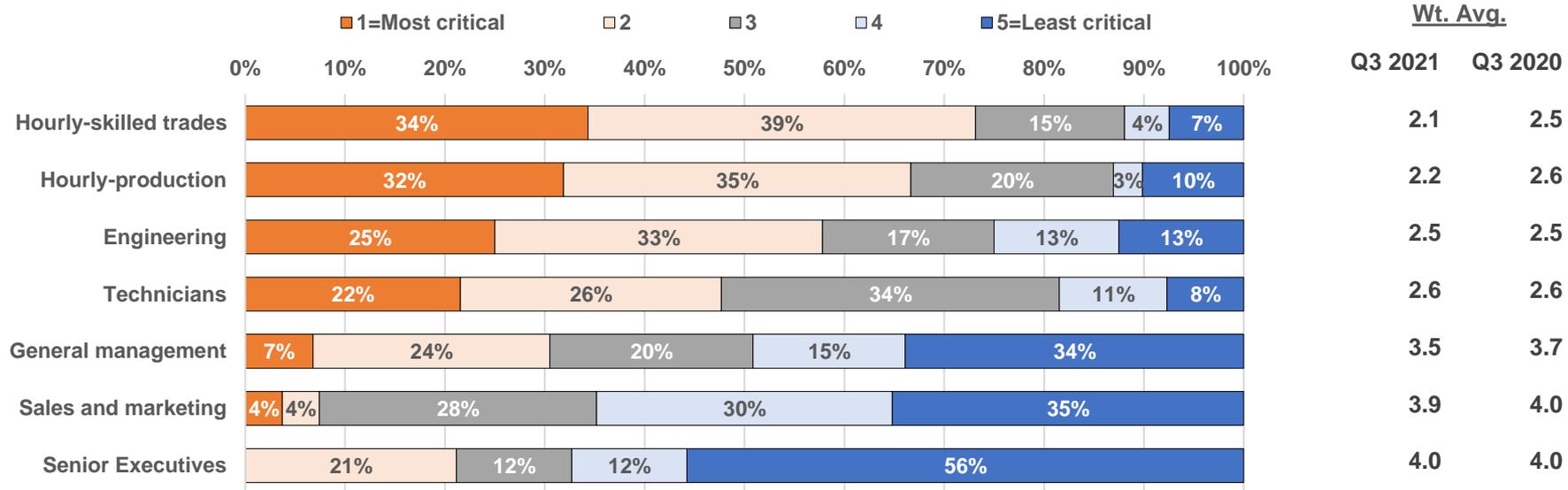
Based on current open requisitions, rate each of the following job classification and positions (most critical to least critical) where you have HR shortages



Hourly worker shortages are spread throughout Canada as well, and worsened in comparison to last year.

Employment Issues: Labor Acquisition in Mexico

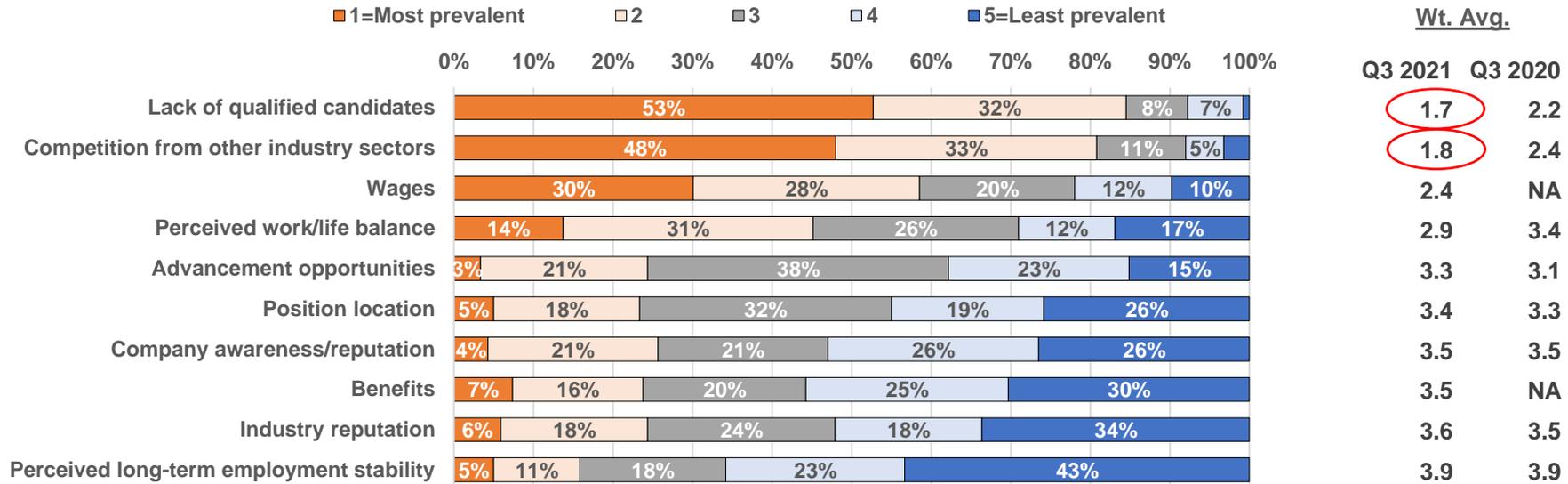
Based on current open requisitions, rate each of the following job classification and positions (most critical to least critical) where you have HR shortages



Shortages of technical workers are abundant in Mexico as are shortages of hourly production workers; the severity of shortages for hourly workers increased in comparison to last year.

Employment Issues: Filling Open Positions

Rate each of the following reasons that you believe prevent you from filling the majority of your open requisitions.

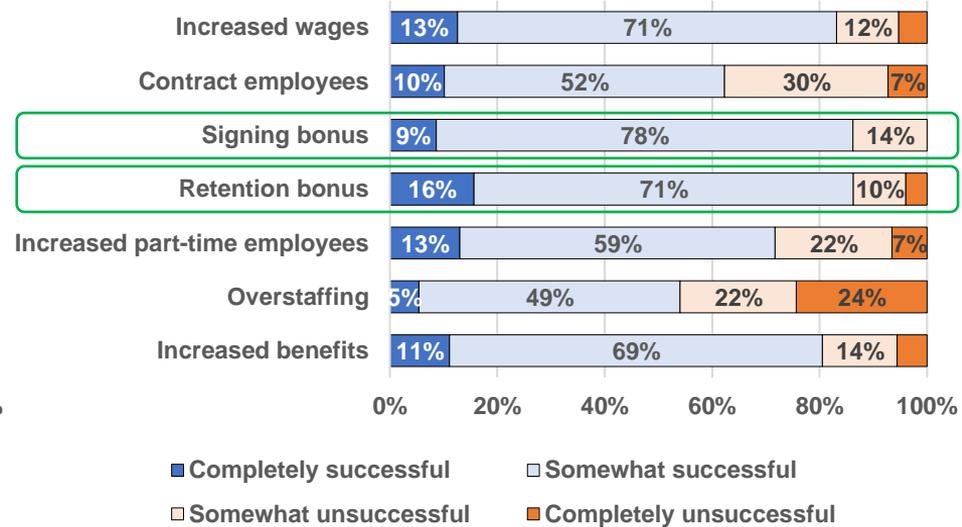
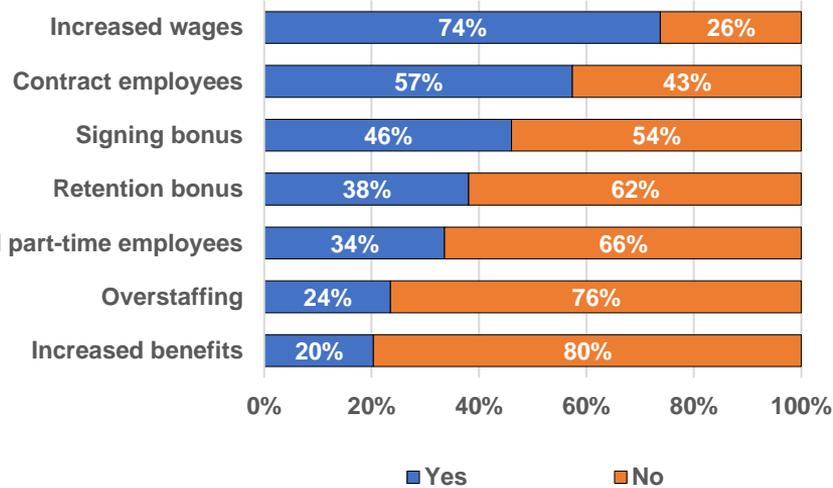


Lack of qualified candidates remains the top hiring constraint as quality labor remains scarce.
Competition for other industries and wage demands remain prevalent.

Employment Issues: Filling Open Positions

Has your company implemented any of the following initiatives in order to offset the shortage of production workers?

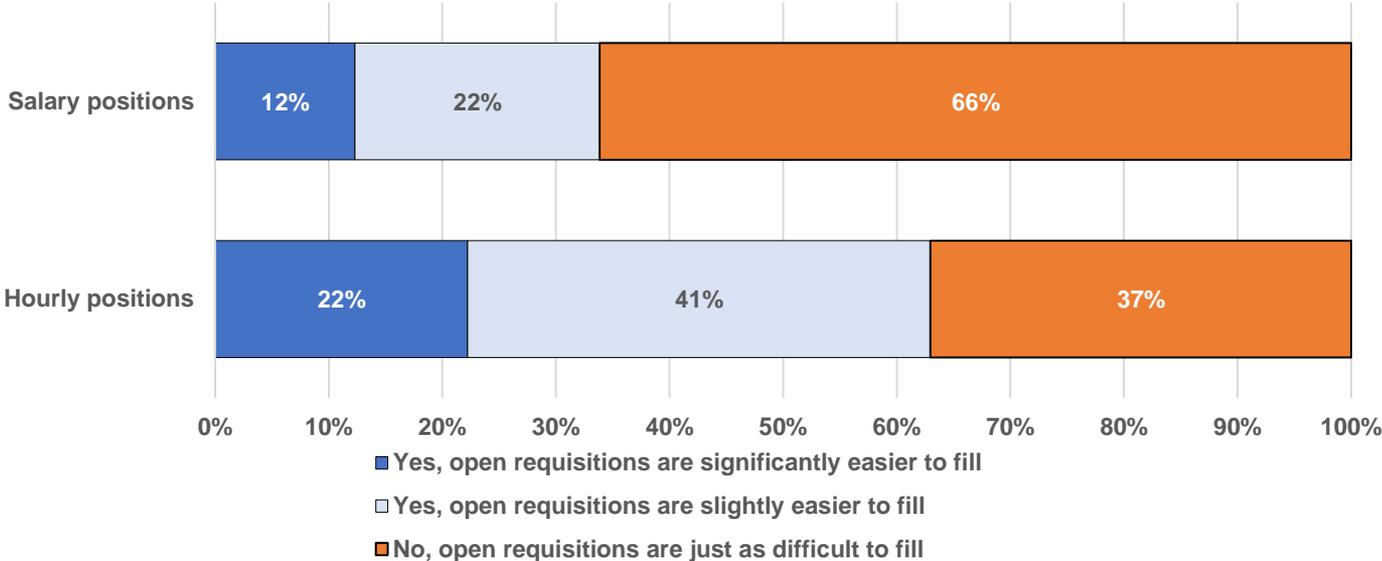
How successful were the initiatives?



Offering retention and signing bonuses have been the most successful programs in offsetting the shortage of production employees

Employment Issues: Filling Open Positions

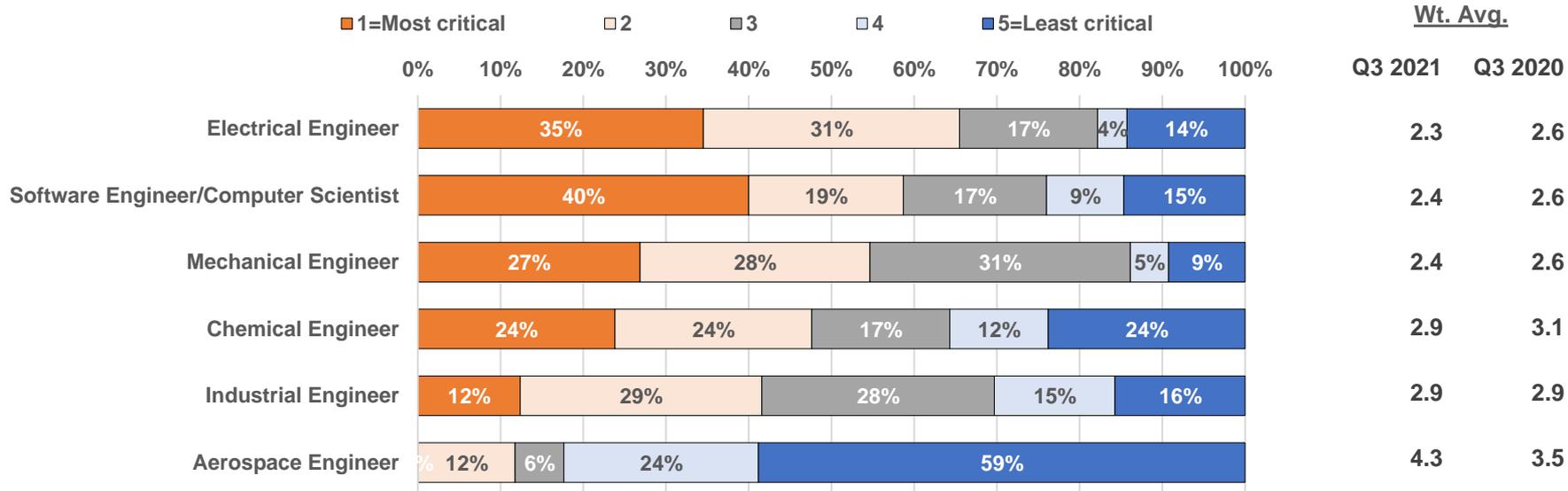
Has your company found it easier to fill open requisitions in states that have discontinued federal unemployment subsidies?



Suppliers have witnessed slightly easier hiring conditions in states that have discontinued federal unemployment subsidies for hourly positions while there is less impact on salary positions.

Employment Issues: Engineer Shortages

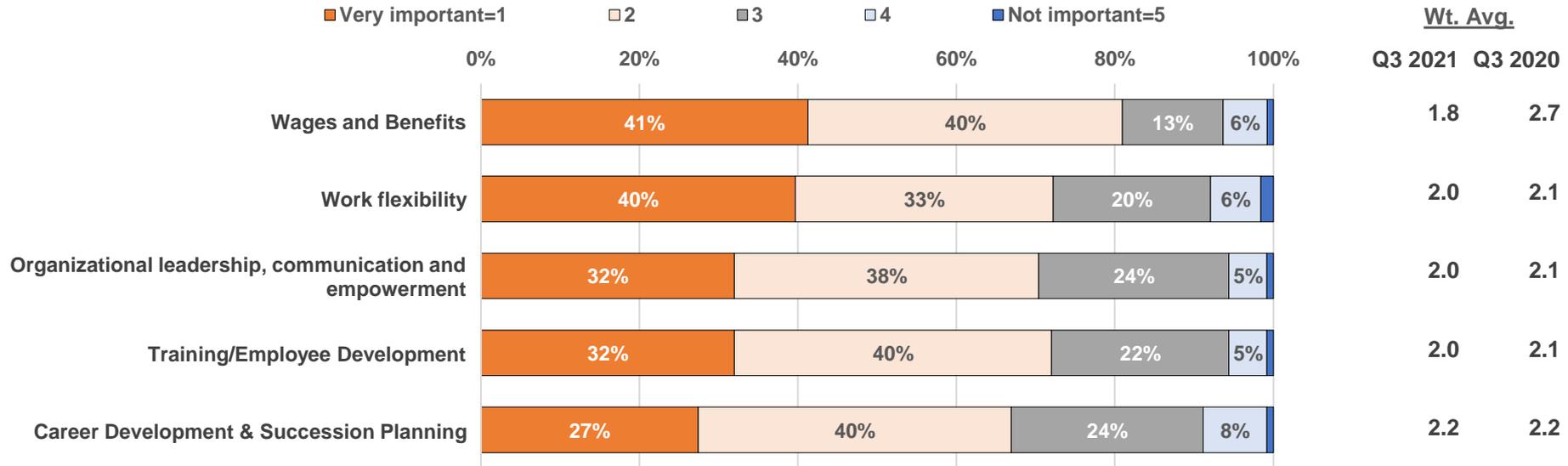
Based on current open requisitions, please rate the type of engineering positions that your organization is having difficulty filling



Electrical, software and mechanical engineers face shortages amid strong demand. Hiring became increasingly difficult in comparison to last year.

Employment Issues: HR Priorities

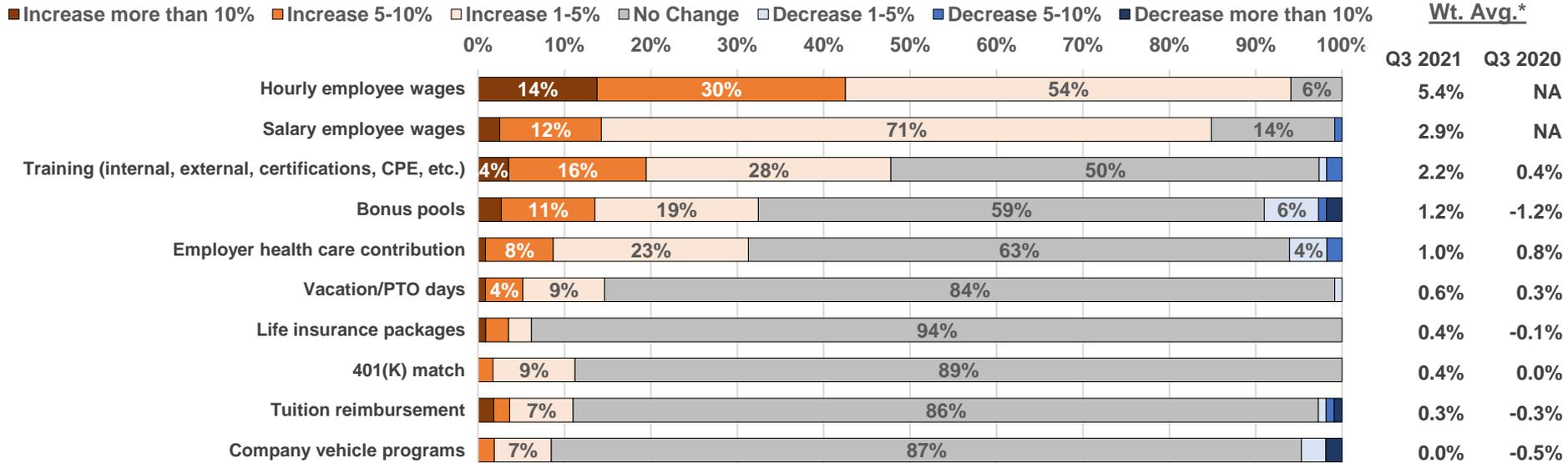
As you plan for 2022, please indicate the level of importance for each of the following priority areas that your organization's HR function will focus on to support business strategies and growth objectives.



Wages and benefits, and work flexibility are the top HR priorities coming out of the pandemic. Aside from Wages and benefits, other categories are in-line with last year's level of prioritization.

Employment Issues: Benefits Package Changes

For next year, in the United States identify how your benefit packages are expected to change compared to this year.

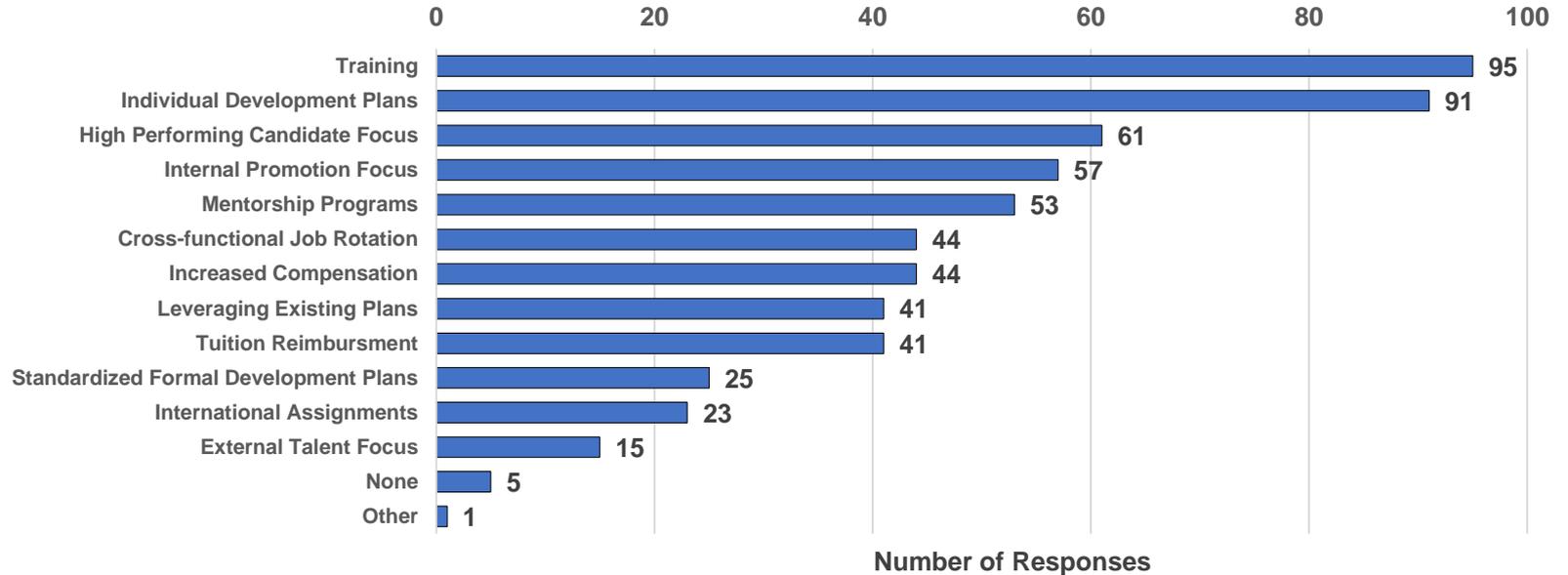


* Calculated as increase/decrease >10% as 12.5%, mid-point of all other ranges

On average, suppliers are budgeting for a 5.4% increase to hourly employee wages next year. Additionally, suppliers expect pricing pressure across all other benefit offerings.

Employment Issues: Career Path and Succession Planning

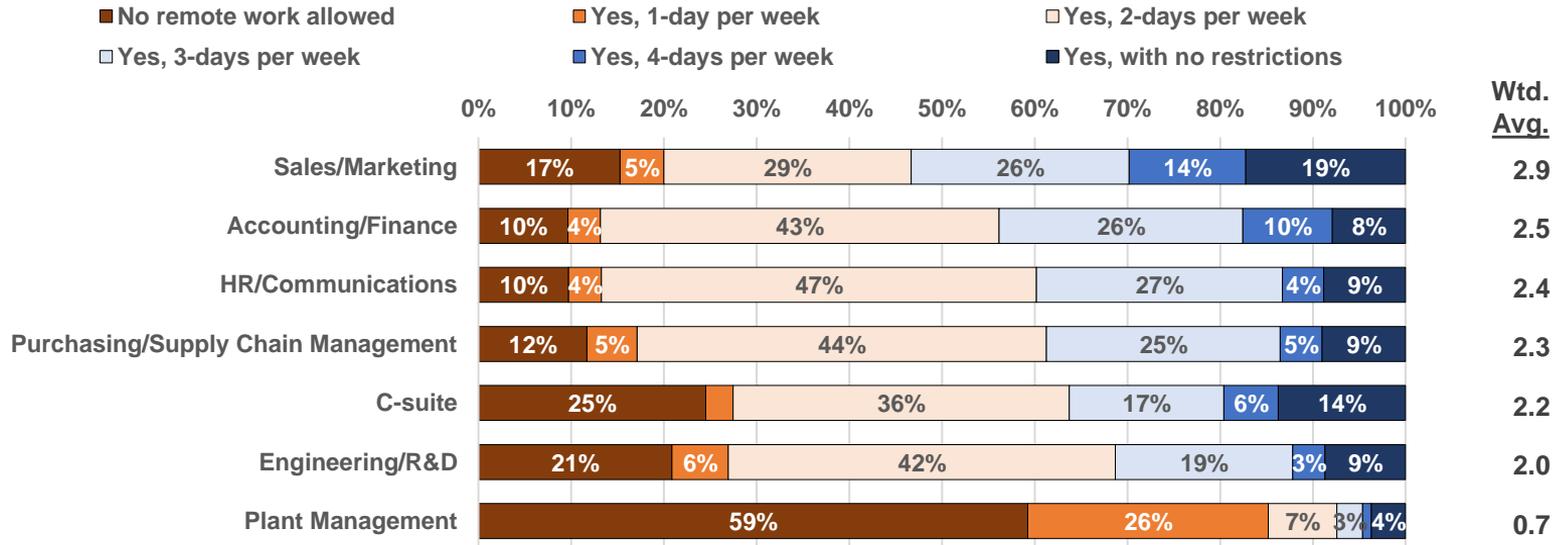
What types of programs have you implemented or are planning to implement for career path and succession planning amongst your workforce?



Key themes for career path and succession planning prioritize developing employees internally through training, mentoring, cross-functional job rotation and individual development plans.

Employment Issues: Remote Work

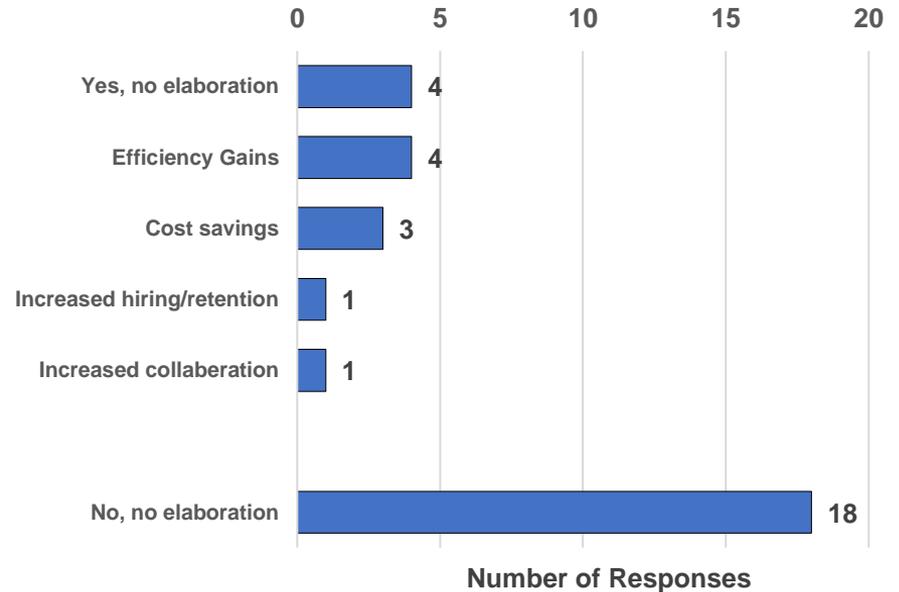
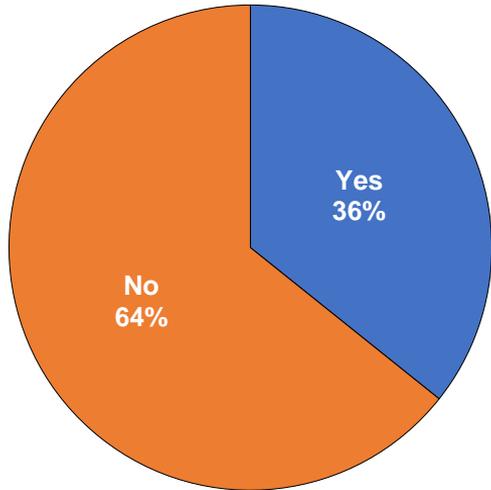
Which of the following skill teams will your company allow to work remotely post pandemic?



Sales and marketing employees will be given the most flexible remote work environment post pandemic. Plant managers and engineers will need to work in-person more than their colleagues.

Employment Issues: Remote Work

Has the remote work environment fostered any new distributed teams or workflows that you see as a net-benefit to your organization?

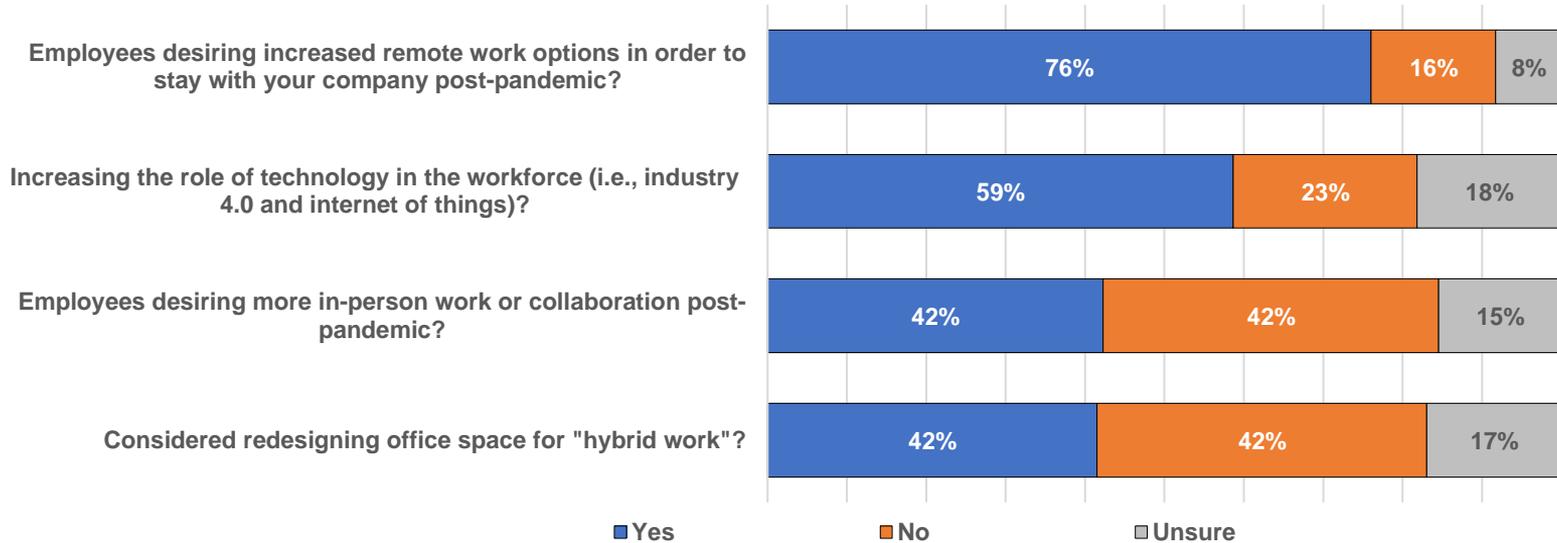


On net, supplier responses indicate no material gains to their organization. Those that indicated a net-benefit pointed to increased efficiency and cost reduction.

Employment Issues: Remote Work

Has your company planned on or witnessed any of the following?

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

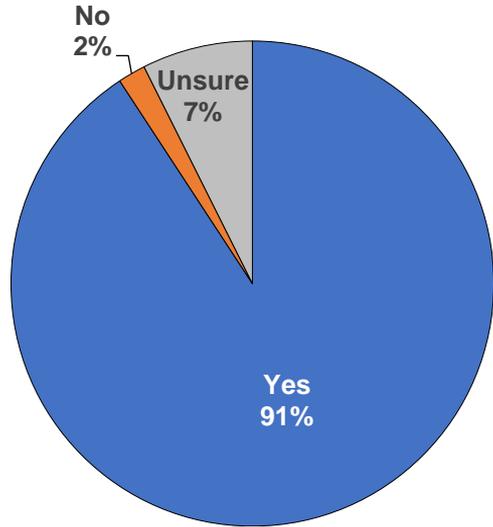


Employees desire increased remote work options in order to stay with their company post-pandemic. Suppliers are responding by planning to increase the role of technology in the workforce.

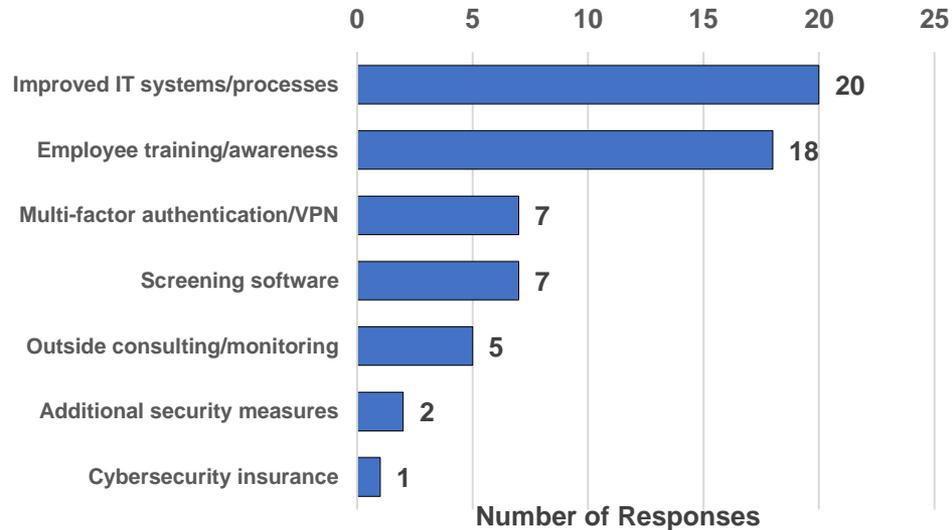
Employment Issues: Cyber-Security

Given the remote work environment and the increasing rate of cyber-attacks...

Has your company taken actions to mitigate the risk of a cyber-attack?



What actions specifically?



Suppliers are well aware of the rising rates of cyber-attacks, and have improved their IT systems and processes while increasing employee training and awareness.