A Message from Jill Neilson, Global Leader: We Are Conduent
January 3, 2017 marked our first official day as Conduent — a historic and momentous occasion for all of us. Our CEO, Ashok Vemuri, and his leadership team kicked off 2017 by ringing the opening bell at the New York stock exchange. We immediately began trading as CNDT, but more importantly, we started serving you as an independent, publicly traded company. Please take a moment and watch this short video message from Ashok. You can continue to rely on the integrity and innovation we offered as Xerox, but our goals as Conduent are to heighten our reputation as experts in connecting all of our constituents through seamless transactions. As an independent company, we’re better positioned to meet your needs and those of our clients in a rapidly changing world.

We have the focus and agility necessary to respond to the demands of the market and to continue to create value for your organization.

While we are looking to our future now as Conduent, we wanted to acknowledge our beginnings a century ago when, on August 1, 1916, George B. Buck started an actuarial business in New York City. From those modest beginnings, we’ve grown tremendously into the global HR services firm we are today.

Yet, we are still known for our founding principles – dedication to our clients, innovative thinking, and upholding the highest standards of excellence. We’ve had an illustrious history as Buck Consultants, and the journey is continuing in amazing new directions. Buck Consultants was always known for the character of its people, and that lives on through HRS. Now we are part of Conduent, a brand-new services firm that will be a pioneer in its own right.
Conduent Global Network Member Highlights

Network Expansion Continues
We are continuing to expand our global network and, in 2016, we welcomed seven new joiners representing 11 countries, with five being brand new countries. Our most recent joiners are:

• Gabel Corredores de Seguros S.A.C./Lima, Peru: Full service brokerage firm offering corporate P&C, personal lines and employee benefits. Services include claims. With 61 years in business, they now have 60 employees.

• Profion GmbH/Munich, Germany: Founded in 1998 as an independent and purely EB consultancy. Their focus is mainly on German subsidiaries of foreign multinationals and German family businesses with foreign branch offices. In 2012, Profion added HR Services to its product catalogue – these services are valued mostly by multinationals without an HR functionary in Germany. The Profion team currently consists of 12 Benefit and HR Consultants.

• Aegis Co., Ltd/Vietnam, Cambodia, Laos, Myanmar: Founded in 2002, Aegis is an independent insurance intermediary providing total service solutions in insurance and risk advisory and has grown to become one of the leading insurance advisory firms in Vietnam. Through their local partners in Myanmar, Cambodia and Laos, they assist brokers or insurance companies in complying with insurance regulations.

Member Updates
Our network members are represented in 92+ countries, and we get to know each of them on a personal basis. Because we have such a close working relationship, we share significant events and milestones. In 2016, these included:

• MAI CEE Insurance Brokers celebrated its 25th anniversary in July with all country managers, senior employees and partners from Central and Eastern Europe coming together in Prague, Czech Republic, for a company-wide celebration.

• Benny Tuomolin with Benefit Advisors in Finland retired after a 42-year working career, including 40 years in the pension business. His name will always be synonymous with Finland. We wish Benny and his wife all the best and look to our continued strong relationships with our partner in Finland.

Global Network Member Profiles
Another key milestone in 2016 was the introduction of our Global Network Member Profiles. This monthly publication features detailed information about one network member by providing highlights about their company; how they support our clients; insights on the challenges facing multinational companies; and, local benefit trends in their country and region. Global Network Member Profiles also contain team pictures, videos, and even interesting anecdotes. The network members featured since our last magazine include:

• HEUBECK AG, Germany: Member from 2009, and a legacy member of the Global Network

• Grupo Lorant, Mexico: Member from 2003, one of our legacy members; and, you will also see a video of their new offices and culture

• Spac Actuaires, France: Member from 2008, another legacy member; and, proud to highlight a history about their mascot

• Profion GmbH, Germany: Our newest member from 2016, and our first publication of 2017. Their team picture was taken of team members enjoying Octoberfest in Munich.

• HICA Insurance Brokers, Australia: Member from 2012. Meet their Senior Executive Team with a short bio and picture.

Conduent Thought Leadership
With all the talk about our separation still at the forefront, we’re continuing our tradition of thought leadership and here are two key examples:

• Working Well: A Global Survey of Workforce Wellbeing Strategies. (fig. 1) The seventh edition of our global survey report is now available. Designed to gain insight into how employers around the world implement and evaluate strategic wellness and health promotion initiatives to improve employee health and morale, control costs, and enhance workforce productivity and performance.

• 2016 Global Long-Term Incentive Practices Survey. (fig. 2) This is a valuable source of information as companies address concerns surrounding their global long-term incentive plans. The 2016 GLTI Survey provides insight and information into design practices, as well as current and emerging trends. For this edition, 30 companies provided data for plans covering employees in 40 countries on the full spectrum of plan design issues.

We’re happy to discuss these reports with you. Please contact us for more information.

Total Wellbeing: A Global View

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<td>Rising to the Top:</td>
<td>A Strong Culture of Wellbeing</td>
<td>A Strong Culture of Wellbeing</td>
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<td>83% have a global wellbeing strategy</td>
<td>52% say health is more important than money</td>
<td>Benny Tuomolin with Benefit Advisors in Finland</td>
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<td>78% consider it a key element of their value proposition</td>
<td>74% aspire to it</td>
<td>Finnish pension business name will always be synonymous with Finland</td>
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<td>82% of leaders support it</td>
<td>83% aspire to it</td>
<td>BENNY TUOMOLIN WITH BENEFIT ADVISORS IN FINLAND</td>
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Fig 1. Working Well: A Global Survey of Workforce Wellbeing Strategies – Executive Summary.
From our HR Insights Blog

- **Conduent Founder’s Day media highlights**
  Media coverage of Conduent-Xerox split.

- **7 employee engagement lessons HR can learn from marketing**
  Learning employee engagement from the latest marketing approaches (e-book included).

- **Don’t tax my benefits!**
  Don’t let the federal government tax your medical and dental benefits. Here’s how you can fight back.

Recent Country Regulatory Updates

**Azerbaijan**

**Healthcare**

_The State Agency for Compulsory Medical Insurance_, established in early 2016 under the Cabinet of Ministers, has been preparing for the introduction of compulsory medical insurance, defining financing methods, the structure of the package of services and administration and infrastructure requirements.

A pilot program is expected to be launched in 2017, with broader application for the population by 2018. The concept envisions free coverage at point of entry providing quality healthcare and enabling citizens to avoid the high out-of-pocket payments into the health system.

**Benin**

**Projected Legislation – Healthcare**

_Law No 2015-42 of 28 December 2015_ introduced the universal healthcare scheme (_Regime d’Assurance Maladie Universelle – RAMU_) into the country. Implementation of the scheme was on hold while the new government discussed with private health insurers how they might help in its administration. The law was subsequently repealed by the new government in September 2016 amidst concerns about the lack of actuarial input into the scheme and overall affordability. There is an expectation that a new law will be brought in at some stage.

**Cambodia**

**Projected Legislation – Social Security – Scope of Cover**

From 2017, all employees will be covered by the _National Social Security Fund (NSSF)_ scheme (currently only those working in companies with eight or more employees are covered).

- A sub-decree is currently awaited which will allow non-married partners and/or their children to receive benefits.

- Expenses for rehabilitation following work-related injuries are not currently included in the NSSF scheme, but it was reported that in 2017 retraining, either for the same job (as a disabled person) or a different job, may be provided for a maximum of two years.
Projected Regulation – Pensions
It is anticipated that in 2017, a 50/50 contributory occupational pension scheme will be introduced, and consultants from the International Labor Organization are currently assisting with the draft of the scheme.

Canada
Court Case – Healthcare
A legal challenge to the restriction of private medical insurance to conditions not covered under the public health system (Medicare) was heard in the Supreme Court of British Columbia (BC) in September 2016. The appellant, a BC-based physician, maintains that the restriction amounts to an infringement of constitutional rights and treatment delays in the public system often exacerbate health problems. In addition, the expansion of private healthcare would ease pressure on the public system. A verdict in favor of the appellant could have fundamental implications for the future of Medicare.

Projected Legislation – Pensions – Benefits
A meeting of federal, provincial and territorial finance ministers in June 2016 resulted in an agreement in principle to enhance the Canada Pension Plan (CPP). On full implementation this will increase the replacement rate of pre-retirement income from 33% to 35%. CPP income thresholds are to increase and contributions will rise gradually over a seven-year period beginning from 1 January 2019.

Following the meeting the Ontario government announced it will not proceed with implementation of the Ontario Retirement Pension Plan (ORPP), a compulsory workplace plan which was due to be implemented from 1 January 2017.

Croatia
Projected Legislation – Social Security – Old Age Pension
Before the HDZ-Most coalition government collapsed in June 2016, the cabinet approved a package of state pension reforms including accelerating plans to raise the retirement age and the equalisation of the retirement age for men and women. Although the HDZ-Most coalition was returned to power in September it is unclear whether these proposals will go ahead.

Denmark
Legislation – Insurance and Pensions
From 1 July 2016, under the Law to amend the laws on insurance contracts and supervision of company pension funds (Lov om ændring af lov om forsikringsaftaler og lov om tilsyn med firmapensionskasser), insurers are prevented from requiring information on hereditary diseases during the underwriting of life and pension insurance policies.

Egypt
Projected Legislation – Healthcare
Public health reform is a key objective of the Egyptian government and a new health bill, which is expected to go before parliament in October 2016, contains provisions for truly comprehensive healthcare, financed with social security contributions. Although this presents a potential threat to the private market, the vast scale and cost of the project means the industry perceives that threat, if at all, as a distant one.

Georgia
Projected Legislation – Social Security and Pensions
Following consultations with the World Bank Group and other experts, the Georgian government appears ready to implement pension reform. The basic state pension (pillar I pay-as-you-go element) is to be index-linked to inflation, while a new pillar II defined contribution scheme would be funded by contributions from the state, employers and employees. Local reports suggest that pillar II would be automatic for employees but there might be an opt-out option within the first six months, although participation for employers would be mandatory in respect of those employees who elected to stay in. The scheme is expected to commence by 1 October 2017.

Hong Kong
Legislation – Pensions
The implementation date for the a standardized, low-fee default investment strategy (DIS), which all mandatory provident fund scheme providers will be required to offer, is 1 April 2017.

Legislation – Pensions
The Mandatory Provident Fund Schemes (Amendment) Ordinance 2016 was passed on 26 May 2016. This requires all mandatory provident fund scheme providers to offer a standardized, low-fee default investment strategy (DIS) which will be the automatic destination of members who cannot choose for themselves, as well as an optional destination for others. The target implementation date for the DIS is the first half of 2017.

Projected Legislation – Pensions
The Commission on Poverty reported back on a six-month consultation on pension provision in June 2016 with two main proposals. The first was for a universal pension provision of HKD 3,230 (USD 414) per month to all those aged over 65 years and the second for a means-tested provision. The government has commissioned an independent expert to consider the consultation submissions and a report is expected back by the beginning of 2017.

Kenya
Projected Legislation – Pensions
A new mortality and morbidity investigation, covering data for 2004 to 2010, is being conducted by the Association of Kenyan Insurers. It is possible that legislation will subsequently be introduced to mandate the use of the tables developed, as was the case with the KE 2001-2003 tables which replaced the British A49-52 tables in 2011.

Lithuania
Projected Legislation – Pensions
New legislation on pensions had been expected by the end of September 2015 but remained under consideration in late 2016. Changes are proposed to the accumulation phase and will introduce the concept of life cycle funds (where the fund composition changes over time from mainly equities (offering higher returns initially) to bonds (to secure the investment). At the same time changes are planned to pillar II annuities, possibly reducing the minimum lump sum amounts and offering phased withdrawals of capital as well as introducing profit-sharing. A guarantee system for pensions would also be introduced to protect against pension fund insolvency.
Philippines
Projected Legislation – Pensions
In September 2016 a bill to increase pensions substantially by PHP 2,000 a month was submitted to the legislature. The Social Security Commission (SSC) warned, however, that such an increase would require contributions to increase from 11% to 17%. In late 2016 there were known to be a total of nine house bills proposing increases in pension benefits and another five that proposed changes to the operation of the SSC, one of which would give it more authority to increase pensions and contribution rates without reference to the government.

Regulation – Pensions
On 21 July 2016 the Bureau of Inland Revenue (BIR) issued Revenue Memorandum Order No 42-2016, for the implementation of Republic Act No 9505 (an Act Establishing a Provident Personal Savings Plan, known as the Personal Equity and Retirement Account- PERA Act). Expected to be the final piece of legislation required to enable financial institutions to issue PERA contracts, the document set guidelines and procedures for the proper administrative reporting of PERA transactions. It also prescribed simplified procedures and uniform formats for PERA-related forms and reports and established a system for co-ordinated monitoring of tax privileges and incentives granted to qualified PERA contributions.

Singapore
Legislation – Social Security and Pensions
The Central Provident Fund (Amendment No 2) Act 2016 passed by parliament in October 2016 includes further Central Provident Fund (CPF) amendments, such as the option for a CPF member to transfer his or her funds into a related person’s Medisave account, a retirement account withdrawal option prior to retirement and removal of the requirement to top up Medisave accounts after withdrawal. Cash withdrawals from Medisave are to be disallowed. The act comes into operation on a date that the minister appoints by notification in the official gazette.

Projected Legislation – Social Security
A review of ElderShield, a low cost severe disability insurance scheme providing basic financial protection to those requiring long-term care, was announced by the government in August 2016. The impetus for the review, which will look at extending the scheme’s benefit payment period beyond the present maximum of six years, is the perceived need to enhance scheme benefits in light of population ageing.

Slovenia
Projected Legislation – Social Security
The Ministry of Labour published a white paper on 13 April 2016 warning that the state pension system will become fiscally unsustainable by 2022–23 without further reform. The paper proposed a raft of cost-cutting measures, including increasing the retirement age to 67 (under the current law the retirement age is gradually being increased to 65 years), ending the early retirement option and increasing the incentive for deferred retirement. It is not clear, however, whether the government is prepared to implement such unpopular changes.

South Africa
Projected Legislation – Health Insurance
On 28 October 2016 the draft Demarcation Regulations were tabled in parliament as required under terms of the Long-term Insurance Act 52 of 1998 and the Short-term Insurance Act 53 of 1998. The regulations seek to distinguish what products may be offered by life and non-life insurance companies and what products are solely for the medical schemes industry.

The main changes if the regulations are enacted are that:
• insurers will no longer be able to offer primary care insurance products (which provide limited healthcare benefits such as general practitioner visits, medication for acute and chronic conditions, emergency medical care, dentistry and optometry)
• the total benefits per insured under hospital cash plans (to be renamed non-medical expense cover as a result of hospitalization) will be limited to ZAR 3,000 per day and ZAR 20,000 per annum.

The regulations are expected to become effective from 1 April 2017 and insurers will be given until 1 January 2018 to align their products with the regulations.
Switzerland
Projected Legislation – Pensions
The proposed reforms to the state pension system, “Altersvorsorge 2020”, continues to make slow progress forward and in June 2016 the Commission for Social Security and Health of the National Council (Die Kommission fuer soziale Sicherheit und Gesundheit des Nationalrates – (SGK-N)) completed its second reading in August 2016. Due to the nature of the reforms a public referendum is likely, possibly in 2018 or 2019.

Trinidad and Tobago
Projected Legislation – Insurance and Pensions
On 1 July 2016 the Insurance Bill, 2016 received its first reading. The intention is to repeal and replace the current Insurance Act and establish a new regulatory framework for insurers and pension providers.

Turkey
Legislation – Health Insurance – Data Protection
On 20 October 2016, the Regulation on Processing and Protecting the Privacy of Personal Health Data was published and entered into force. The regulation sets out principles which companies must adhere to in processing personal health data, including for employment purposes. The use of health data by insurance companies is subject to compliance with stated requirements.

Legislation – Pensions
On 25 August 2016 the Law Amending the Law on Private Pension Savings and Investment System was published. This introduces auto-enrolment of employees into the private pension system with effect from 1 January 2017. The requirement for auto-enrolment applies to employees under 45 years of age, with an opt-out being permitted within the first two months after receipt of the participation notification. The employee contribution required is 3% of income. In addition a government contribution is payable, equal to 25% of the contribution.

Turkmenistan
Social Security – Benefits
In July 2016 the president of Turkmenistan signed a decree on Increase of Wages, Pensions and State Benefits in Turkmenistan to raise such amounts by 10% with effect from 1 January 2017. A similar indexation of 10% had been approved for the years 2015 and 2016. From 1 January 2017, the minimum wage is set at TMT 650 (USD 228), the base value for determining the minimum pension is set at TMT 254 (USD 89), and the base value for determining other state benefits is set at TMT 242 (USD 83).

Uganda
Projected Legislation – Health Insurance
On 11 July 2016 it was reported that the Ministry of Finance had issued the long awaited certificate of financial implication to allow the Health Insurance Bill (formerly the National Health Insurance Scheme Bill, 2012) to progress.

United Kingdom
Projected Legislation – Pensions
The Pensions Schemes Bill presented on 19 October 2016 seeks to establish a new regulatory framework for master trusts. Master trusts offer multiple non-associated employers access to a trust-based pension scheme and their market presence has expanded following the introduction of auto-enrolment. The bill will require master trusts to be authorized by the Pensions Regulator. Proposed authorization criteria include:
• “fit and proper” persons requirement
• financial sustainability requirement
• scheme funder requirements
• a requirement for systems and processes used in running the master trust to be sufficient so that the scheme runs effectively
• a requirement for a continuity strategy which addresses how the interests of the members will be protected in case the trust is discontinued.

The bill also provides that early exit penalties on occupational defined contribution (DC) schemes may be capped by regulation.

The regulator is to maintain a register of authorized master trusts which will be required to submit annual accounts and other statutory returns.

United States
Projected Legislation – Health Insurance
A number of federal bodies are concerned about individual consumers not appreciating that hospital indemnity cover plans and critical illness policies do not provide comprehensive medical coverage. Under legislative proposals notices may need to be expressly given in policies or sales of these policies may be limited.

Projected Legislation – Healthcare
The Helping Families in Mental Health Crisis Bill (HR 2646) was passed by the House of Representatives in July 2016 and is now with the Senate. The bill would reorganize the federal agency overseeing mental health policy, provide direct funding for preventative programs, and change medicaid reimbursements.
Benchmark Month End Discount Rates

The benchmark rates are the Composite (Active and Retired) Regular rates (AA & AAA for Euro) developed by from yield curves based upon data on corporate bonds with a high-quality rating by either Moody’s or Standard & Poors. These rates and the underlying yield curves help determine the appropriate discount rate used to value the defined benefit liabilities for accounting purposes under US GAAP and IFRS. The Bond Yield Curves, including benchmark discount rates, is produced monthly.