Vietnam Manufacturing
2018 Survey Results Sharing

Presented by Willis Towers Watson Vietnam

Ho Chi Minh City, November 26, 2018
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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<tr>
<td>02:00 – 02:30 PM</td>
<td>Registration</td>
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<tr>
<td>02:30 – 02:40 PM</td>
<td>Welcome Remarks and Introduction Ms. Huong Huynh – Senior Advisor, Strategy &amp; Development Gras Savoye Willis Vietnam, a Willis Towers Watson company</td>
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<tr>
<td>02:40 – 03:00 PM</td>
<td>Vietnam Manufacturing Survey Results Sharing Risk Management Mr. Phuong Au Tai – Division Director, Commercial &amp; Industrial Division Gras Savoye Willis Vietnam, a Willis Towers Watson company</td>
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<td>03:00 – 03:20 PM</td>
<td>Vietnam Manufacturing Survey Results Sharing Employee Healthcare &amp; Benefits Ms. Bui Thi Hoang Yen – Head of Health &amp; Benefits, Vietnam Gras Savoye Willis Vietnam, a Willis Towers Watson company</td>
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<td>03:20 – 03:40 PM</td>
<td>Modernizing Benefits Ms. Bui Thi Hoang Yen – Head of Health &amp; Benefits, Vietnam Gras Savoye Willis Vietnam, a Willis Towers Watson company</td>
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<tr>
<td>03:50 – 04:30 PM</td>
<td>Discussion</td>
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<td>04:30 PM</td>
<td>Thank you and Closing</td>
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Vietnam’s Manufacturing Industry

>60% Loss

Fire & Explosion, Natural Catastrophe and Strike loss in commercial & industrial properties

19.9%

Manufacturing Industry

The largest contributing industry of Vietnam GDP

- No industry benchmark for Health & Benefits Programs
- Increasing interests and inquiry from the industry on employee healthcare and benefit insurance services
Participant Profile

84 Vietnam employers responded to the survey

18 Questions

Profile

- 26% CEO & BOD
- 30% CFO & Chief Accountant
- 26% HR & Rewards Director/Manager
- 18% HR and Accounting Specialists

Company Size

- 76% Below 1000
- 14% 1000-2000
- 10% Over 2000

Vietnam employers responded to the survey with 84 responses. The profile indicates that 26% of respondents are from the CEO & BOD, 30% from CFO & Chief Accountant, 26% from HR & Rewards Director/Manager, and 18% from HR and Accounting Specialists. The company size profile shows that 76% of respondents are from companies below 1000 employees, 14% are from companies between 1000-2000 employees, and 10% are from companies over 2000 employees.
Survey Areas

Risk Management

Employees Healthcare & Benefits
Risk Management
Phuong Au Tai
Division Director, Commercial & Industrial Division

Relevant Experience/Specialization

• Tai has over 15 years of experience in insurance and risk management in Vietnam market. Before joining Gras Savoye Willis Vietnam in 2006, Tai worked for Allianz and Samsung Vina Insurance. Tai’s in-depth expertise is in commercial industry insurance. As a Division Director, Commercial and Industrial of Willis Towers Watson in Vietnam, Tai has a significant success record of providing construction and engineering industry clients with the best cost and effect risk management solutions. Tai’s portfolio includes industrial factories, property developers and producers for high rise building, tunnels, sea ports, bridges and large corporate clients.

• In Vietnam insurance industry, Tai pioneers in finding solutions for financial and business operations protection for industries with high risk exposure (e.g. fire and explosion) such as wood, chemicals and textile. Tai and his high performing team is currently assisting many wood and textile factories to settle compensation claim for fire damages.

Education and Credentials

• Tai holds Diploma of Insurance Broking – ANZIIF (Senior Associate) CIP. Tai communicates fluently in Vietnamese, English and fairly well in Chinese.
Question 1. Risk No. 1 Priority

Please rate the following risk in accordance to the impact to your organization from the highest to the lowest, with 1 being the highest.

1. Property damage (Fire, explosion...)
2. Employee strike
3. Natural catastrophe
4. Security breach
5. Hazardous materials release
6. Bad debt
7. Power outage
8. Product recall
9. Crime
Question 2. Companies Have Suffered Loss in the Past 2 Years

In the past two (2) years, did your organization suffer any loss?

- 55% Suffered loss within 2 years
- 45% No loss within 2 years
Question 3a. Loss Covered by Insurance Provider

If your organization suffer any loss in the past two (2) years, were these losses covered by insurance?

- Yes: 38%
- No: 62%
Question 3b. Companies Have Suffered Loss in the Past 2 Years

In the past two (2) years, what risk(s) not covered during the last 2 years?

- **Power outage**: 36%
- **Product recall**: 19%
- **Property damage (Fire, explosion, etc.)**: 17%
- **Bad debt**: 14%
- **Crime**: 12%
- **Employee strike, Civil commotion**: 7%
- **Natural catastrophe**: 5%
- **Security breach/ Data loss**: 2%
- **Other risk events**: 10%
Question 4. Advice on Probable Maximum Loss (PML)

Have you ever been advised of the Probable Maximum Loss to your assets following a catastrophic event?

- 74% Not yet
- 26% Yes. Please specify who advises
Question 5. Crisis Response Team

Does your organization have a crisis response team?

- 60% Yes
- 40% No
Question 6. Training for Employees

How often does your organization conduct crisis response training for your employees?

- 55% Never
- 38% Annually
- 7% Quarterly
Question 7. Hiring Risk Manager Position

In your organization chart, does your organization have a “risk manager” position?

- No: 64%
- Yes: 36%
Question 8. Written Cyber-security Solution

Does your organization have a written cyber-security policy?

- Yes: 55%
- No: 45%
Willis Towers Watson’s Comprehensive Solutions of Product Risks

Risk Exposures

- Raw Materials
  - Acts of god
  - Fire
  - Strike
  - Theft
  - Money

Property All Risks
- Business Interruption
- Public Liability

Trade Credit
- Sales Contract
  - Bad debt/collection

Marine Cargo
- Transportation
  - Vessel sinking
  - Shortage
  - Damage/Loss

Solutions

Product Liability
  - Specific Insured event happened

Product Recall
  - Product defects

Product in use

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Employees Healthcare & Benefits
Hoang Yen Bui Thi
Head of Health & Benefits, Vietnam

Relevant Experience/Specialization

• Yen has 15 years of experience employee healthcare and benefits insurance brokerage in Vietnam market. Yen specializes in corporate program design and solution for employee health and benefits and claim advisory for both major national & international clients of various core industries including FMCG, Pharmaceutical, Services and Manufacturing.

• Joining Gras Savoye Willis Vietnam in 2002, Yen helped launch the very first corporate employee healthcare and benefit insurance program, The Vietnam Care, for Vietnam market.

• Prior to joining Gras Savoye Willis (GSW), Yen worked as a Business Consultant at the Chamber of Commerce and Industry of France in Vietnam (CCIFV).

Role at Willis Towers Watson

• Yen is Head of Health and Benefits for Vietnam effective January 1, 2016.

• Yen is responsible for strategic development and growth of the business in Vietnam with the objective to create exceptional values to our clients in the area of employee benefits development and Implementation.

Education and Credentials

• Yen has a Diploma of Insurance Broking by ANZIIF (Australian and New Zealand Institute of Insurance and Finance), General Insurance Certificate by IRT (Institute of Research and Training in Insurance – Ministry of Finance - Vietnam); and General Insurance Certificate issued by Gras Savoye SA - France
### Question 1. Cost Allocation in Organization
#### - Salary & Benefits Increase are Top Priorities

**In terms of personnel cost allocation for 2018-2019, what are your organization’s top priorities?**

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<th>Benefit Area</th>
<th>Percentage</th>
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<tr>
<td>Salary and bonus fund increase for employees</td>
<td>86%</td>
</tr>
<tr>
<td>Employees benefits Improvement</td>
<td>60%</td>
</tr>
<tr>
<td>Soft skills, leadership skills, foreign languages training</td>
<td>48%</td>
</tr>
<tr>
<td>Meal improvement</td>
<td>29%</td>
</tr>
<tr>
<td>Other benefits</td>
<td>10%</td>
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**Other benefits:**
- Transportation, sales incentive, insurance, pension
Question 2. Employee Benefits Currently Provided

Does your organization provide the following (non-health insurance benefit)?

- **Canteen**: 81%
- **Shuttle bus**: 67%
- **Medical onsite clinic**: 24%
- **Housing support**: 19%
- **Gym center**: 14%
- **Other programs**: 21%

**Other programs**
- Transportation allowance, childcare, single mom support
Question 3. Additional Insurance for Employees

Besides the compulsory insurance, does your organization buy the following insurances for employees?

- Combined personal accident and healthcare insurance: 81%
- Personal accident insurance: 43%
- No insurance plan applied: 24%
- Worker compensation insurance: 14%
Question 3. Additional Insurance for Employees

Besides the compulsory insurance, does your organization buy the following insurance for employees?

81% Combined Program of healthcare insurance and personal accident insurance

- Managerial level: 38%
- Applied to all employees categories: 18%
- Office employees: 3%
- Worker: 3%
- Classification seniority: 3%

Our expectation: High rate for managers and workers
Question 4. The Benefit Your Organization Most Proud of

Please share with us 1-2 types of benefits that you are proud of

- Healthcare insurance for employee: 31%
- Accident insurance: 15%
- Performance bonus: 11%
- Wellness programs: 6%
- Additional leaves and time off: 6%
- Other benefits: 11%

Other benefits:
- Extended healthcare insurance, health insurance for dependents, voluntary pension, property insurance, shuttle bus, canteen, company trip, vitamins & supplements, training & development, car allowance
Question 5. Health & Benefits Program Approval Authority

Your organization healthcare insurance program is currently

- 85% Reviewed and approved in Vietnam
- 15% Followed the global/corporate program
Question 6. Healthcare Insurance for Dependents

Does your organization provide healthcare insurance program for employee’s dependents?

39% Yes
61% No
Question 7. Eligible Dependents

In case your organization provides healthcare insurance program to employee’s dependents, the eligible dependents are

- Spouse and children: 81%
- Spouse, children, parents, parents in law: 13%
- Children: 6%
Question 8. Insurance Premium Payment

The insurance premium payment is at

- 87% 100% company’s expense
- 13% Company and employee’s sharing expense
Do you plan to buy any of these further insurances for your employees in the next 2 years?

- Combined program of healthcare and personal accident insurance: 38%
- Travel insurance: 31%
- International healthcare plan for expats or BOD: 19%
- Worker compensation insurance: 17%
- 24/24 personal accident insurance: 17%
- Pension plan: 12%
- Critical illness insurance: 5%
- Other insurance plans: 17%
Question 10. Flexible Benefits

Have you ever heard about the flexible benefits for employees?

- 55% Yes
- 45% Not yet
Take-Away

- Combined Healthcare & Personal Accident Insurance is still a preferred option – existing or new plan

- Differentiate by offering other special/premium benefits – pension, critical illness, etc.…

- Consider cost sharing to increase employees’ responsibility and sustainability of the plan

- Flexi Benefit is a new attraction & retention trends in the Region.
Thank you