

2010 New Participants

Total 68 new participants from various industries

Financial Services - Non Banking

- 1 Ascendas Land (Singapore) Pte., Ltd.
- 2 Cathay Life Insurance (Vietnam) Ltd.
- 3 Chartis Vietnam Insurance Company Ltd.
- 4 Grant Thornton (Vietnam) Ltd.
- 5 Indochina Capital
- 6 Keppel Land International Ltd.
- 7 Manulife Vietnam Ltd.
- 8 Mapletree Investments Pte., Ltd.
- 9 PricewaterhouseCoopers
- 10 Prudential Finance
- 11 Saigon Asset Management Corp.
- 12 Toyota Financial Services Vietnam Co., Ltd.
- 13 Vietfund Management
- 14 Visa International

Hi-Tech

- 1 Advanced Micro Devices Far East Ltd. - Vietnam
- 2 Autodesk
- 3 Dell Asia Pacific Sdn - Vietnam R.O.
- 4 EMC Computer Systems (FE) Ltd.
- 5 Emerson Network Power
- 6 Fuji Xerox Asia Pacific Pte., Ltd.
- 7 Harvey Nash
- 8 Invensys Process Systems (S) Pte. Ltd.
- 9 Novellus Vietnam Ltd.
- 10 Rockwell Automation SEA Pte. Ltd. (Vietnam R.O.)
- 11 Sita

2010 New Participants

Total 68 new participants from various industries

Various Manufacturing

- 1 AB Mauri Vietnam
- 2 Cargill Vietnam Ltd.
- 3 Chantelle Vietnam Ltd.
- 4 Doosan Heavy Industries Vietnam Co., Ltd.
- 5 DSM Nutritional Products Vietnam Ltd.
- 6 GreenFeed (Vietnam) Co., Ltd.
- 7 Holcim Vietnam Ltd.
- 8 Samsung Vina Electronics Co., Ltd.

Chemicals

- 1 Chevron Lubricant Vietnam Ltd.
- 2 Henkel Vietnam
- 3 Jepsen & Jessen (SEA) Pte., Ltd.
- 4 Map Pacific Vietnam Co., Ltd.
- 5 TOA Paint (Vietnam) Co., Ltd.
- 6 Total Gas Vietnam
- 7 Total Vietnam

Consumer Goods

- 1 Estee Lauder R.O.
- 2 Henkel Consumer Vietnam
- 3 Herbalife International of America
- 4 Moet Hennessy Vietnam Importation Co., Ltd.
- 5 Richfield Worldwide J.S.C.

Pharmaceuticals

- 1 Beaufour Ipsen Pharma
- 2 Fresenius Kabi Asia Pacific Ltd.
- 3 Getz Pharma
- 4 Mega Lifesciences
- 5 Ranbaxy Laboratories Ltd.

2010 New Participants

Total 68 new participants from various industries

Trading

- 1 Areva T&D Vietnam Co., Ltd.
- 2 DKSH Vietnam Co., Ltd.
- 3 Draeger Medical Vietnam Co., Ltd.
- 4 Paccess
- 5 Seco Tools

Financial Services - Banking

- 1 BNP Paribas
- 2 Hong Leong Bank
- 3 Wells Fargo Bank

Oil & Mining

- 1 Petronas R.O.

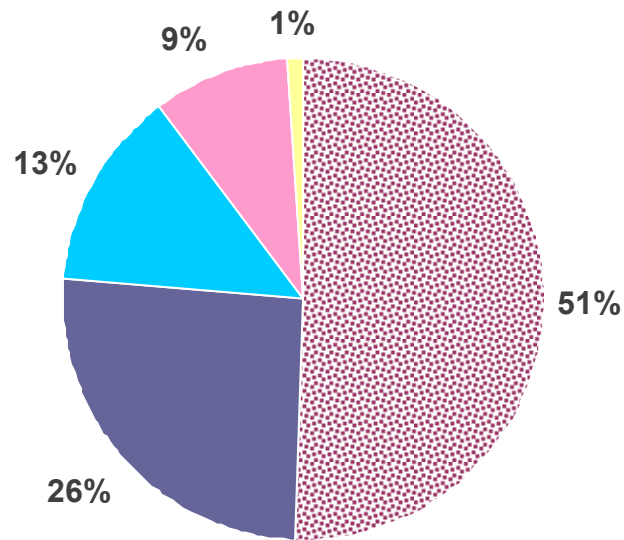
Other Industries

- 1 ACNielsen Vietnam Ltd.
- 2 ALSTOM Holdings
- 3 Big C Vietnam
- 4 Expeditors (E.I. Freight Forwarding Co., Ltd.)
- 5 Federal Express Pacific Inc. R.O.
- 6 Ingersoll Rand - R.O.
- 7 Linfox Logistics Vietnam
- 8 Sealed Air Corp.
- 9 TNT - Vietrans Express Worldwide (Vietnam) Ltd.

Survey Demographics

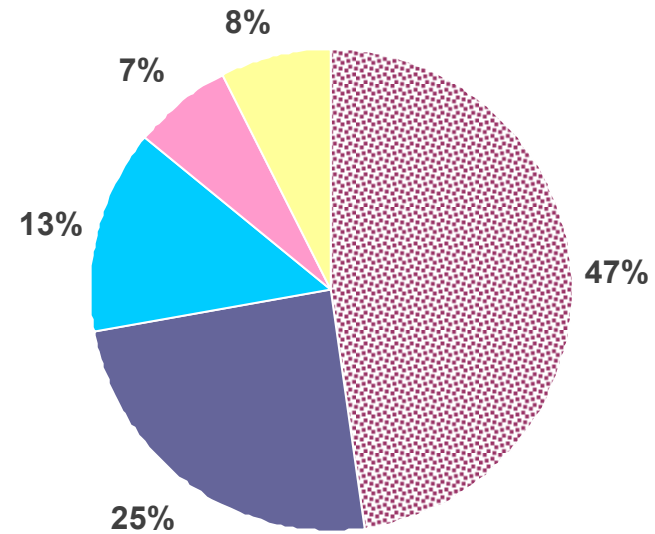
Organizations by company size

Revenue (USD in millions)



⬢ < 25
 ⬢ 25 to < 100
 ⬢ 100 to < 250
 ⬢ 250 to < 1000
 ⬢ >1000

Total Employees



⬢ < 100
 ⬢ 100 to <250
 ⬢ 250 to < 500
 ⬢ 500 to <1000
 ⬢ >1000



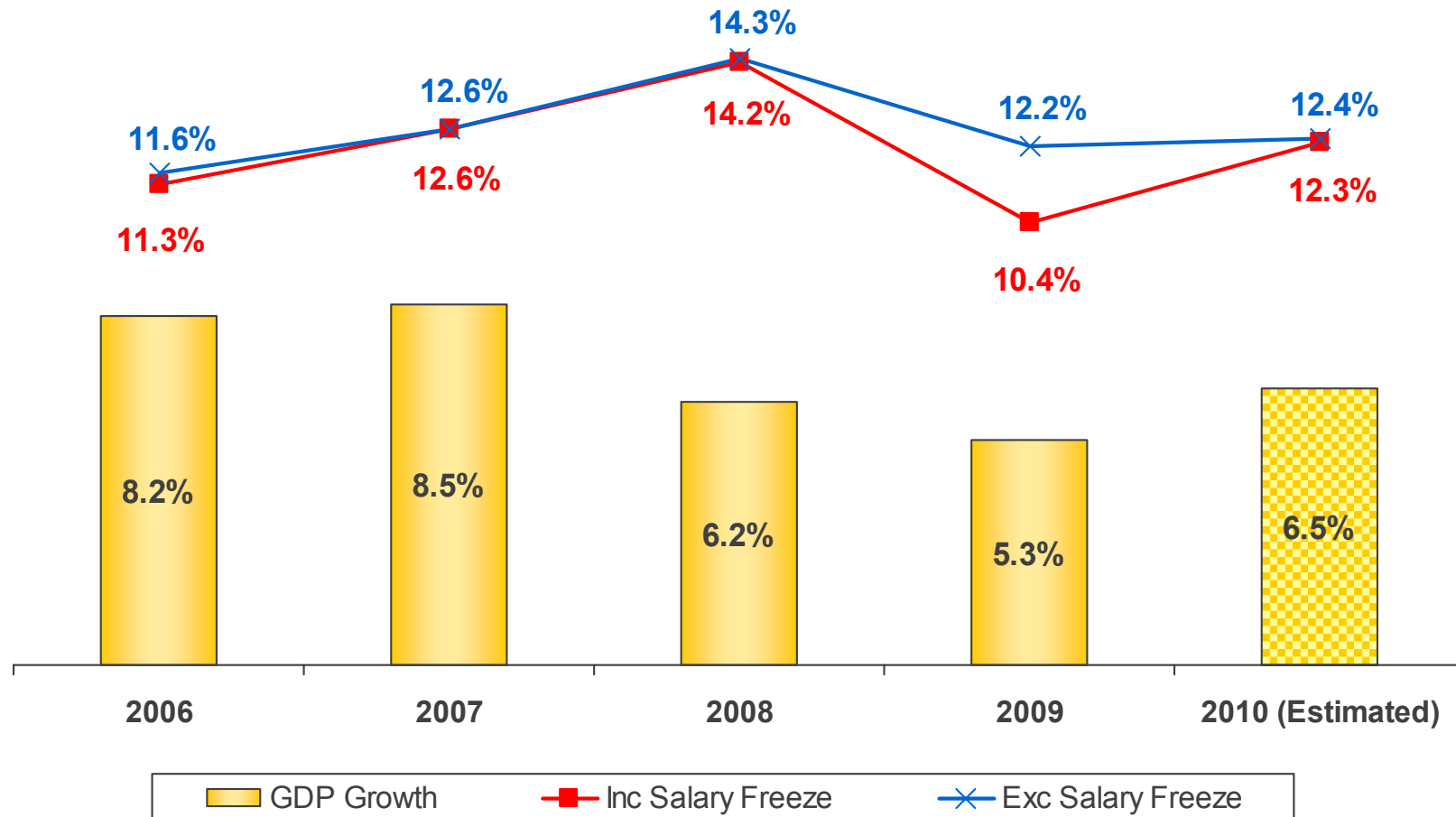
Key Findings on 2010 VN TRS

Vietnam 2010 Overview

- With a young population (56% under 30) and low labour cost (2nd lowest labour cost country after India), Vietnam is an attractive country for FDI
- Business conditions in Vietnam have been improving well compared to last year, consumer confidence re-gains and is ranked number two top confident country according to 2010 Nielsen consumer confidence index
- Leaders show high growth expectations towards the Vietnam economy and their own business
- With better growth and more investment, more competition is expected
- Top concerns of senior leaders are competitive pressure, ability to pass on price increase and inflation, shortage of skilled labour, petrol prices and wages growth
- In uncertain times, more information would give more confidence, and being consistent with peers would give more comfort

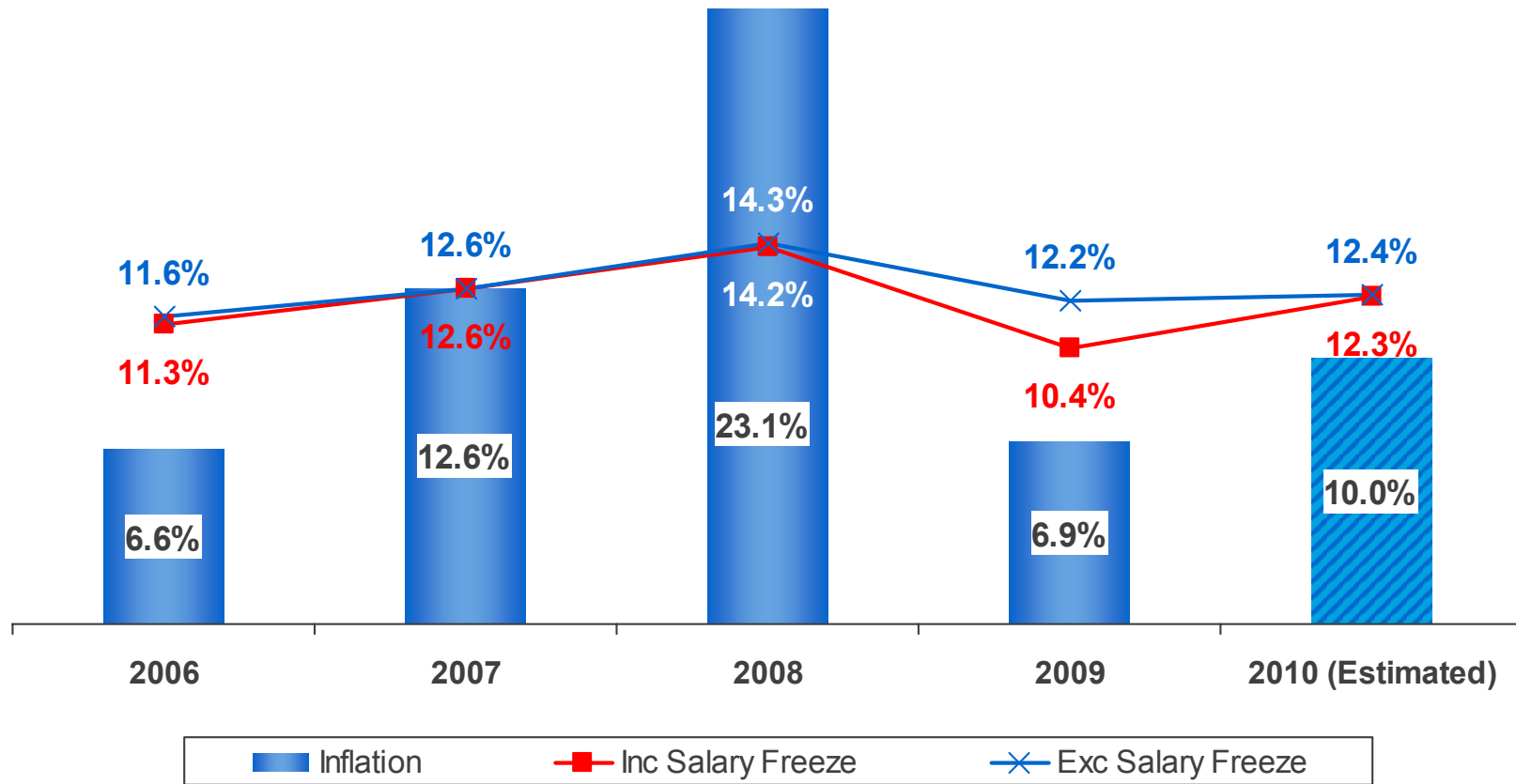
Average Salary Increase Trend

Upward trend in light of economic recovery



Average Salary Increase Trend

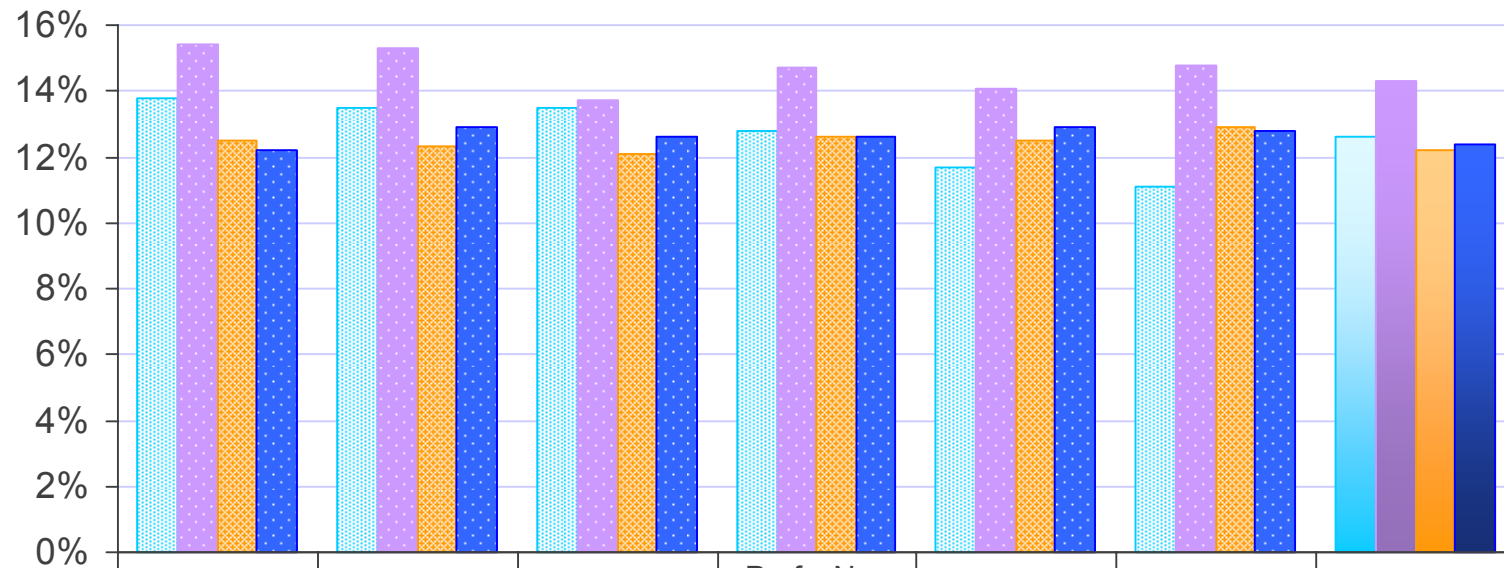
Except 2008, salary increases have been higher than inflation rates



Salary Increase Trend by Staff Category

Slightly higher than 2009 for most levels

Average Salary Increase, 2007 - 2010

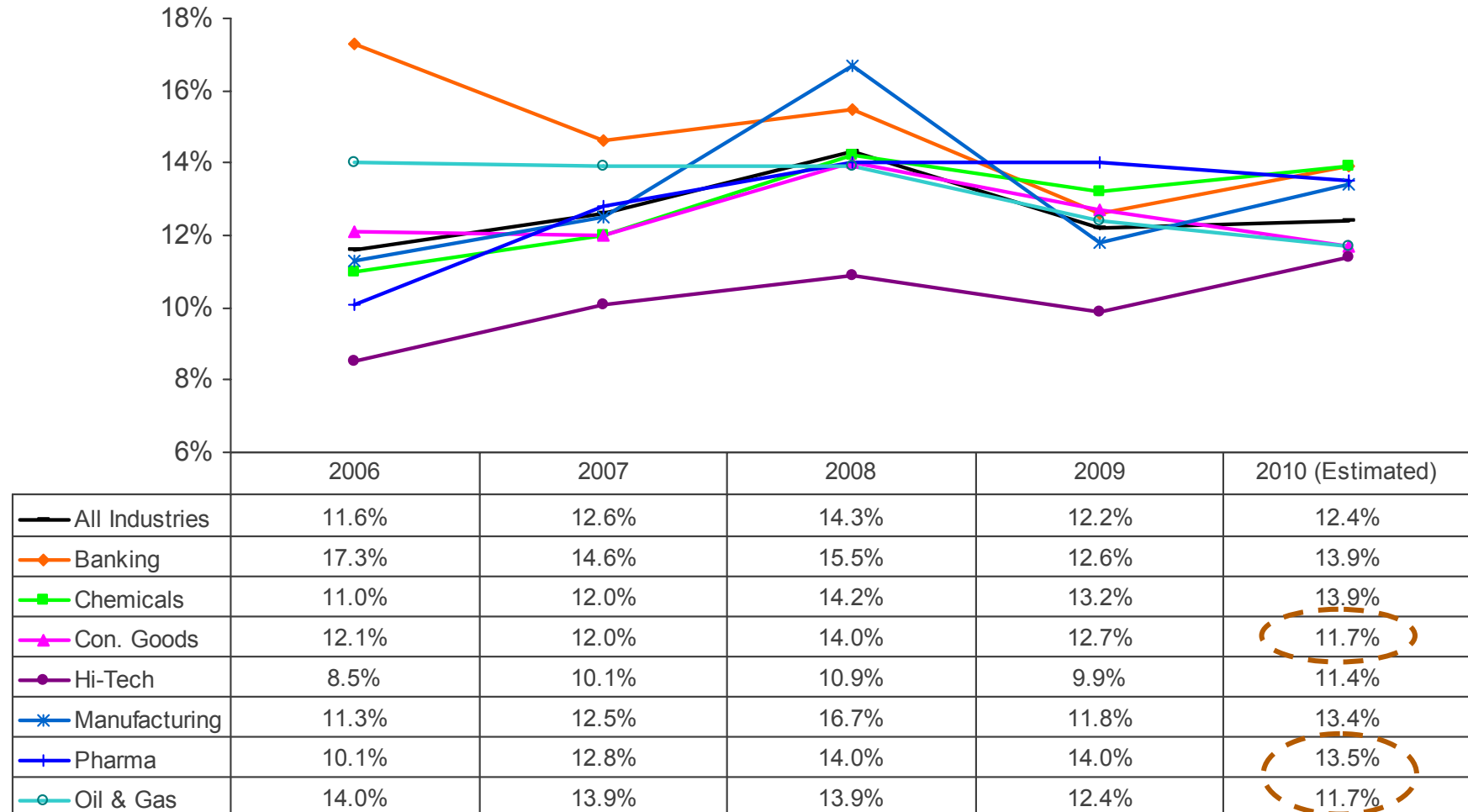


	Executive	Management	Prof. - Sales	Prof. - Non Sales	Para Prof.	Blue Collar	Overall
2007	13.8%	13.5%	13.5%	12.8%	11.7%	11.1%	12.6%
2008	15.4%	15.3%	13.7%	14.7%	14.1%	14.8%	14.3%
2009	12.5%	12.3%	12.1%	12.6%	12.5%	12.9%	12.2%
2010 (Estimated)	12.2%	12.9%	12.6%	12.6%	12.9%	12.8%	12.4%

Excluding Salary Freeze

Average Salary Increase Trend by Industry

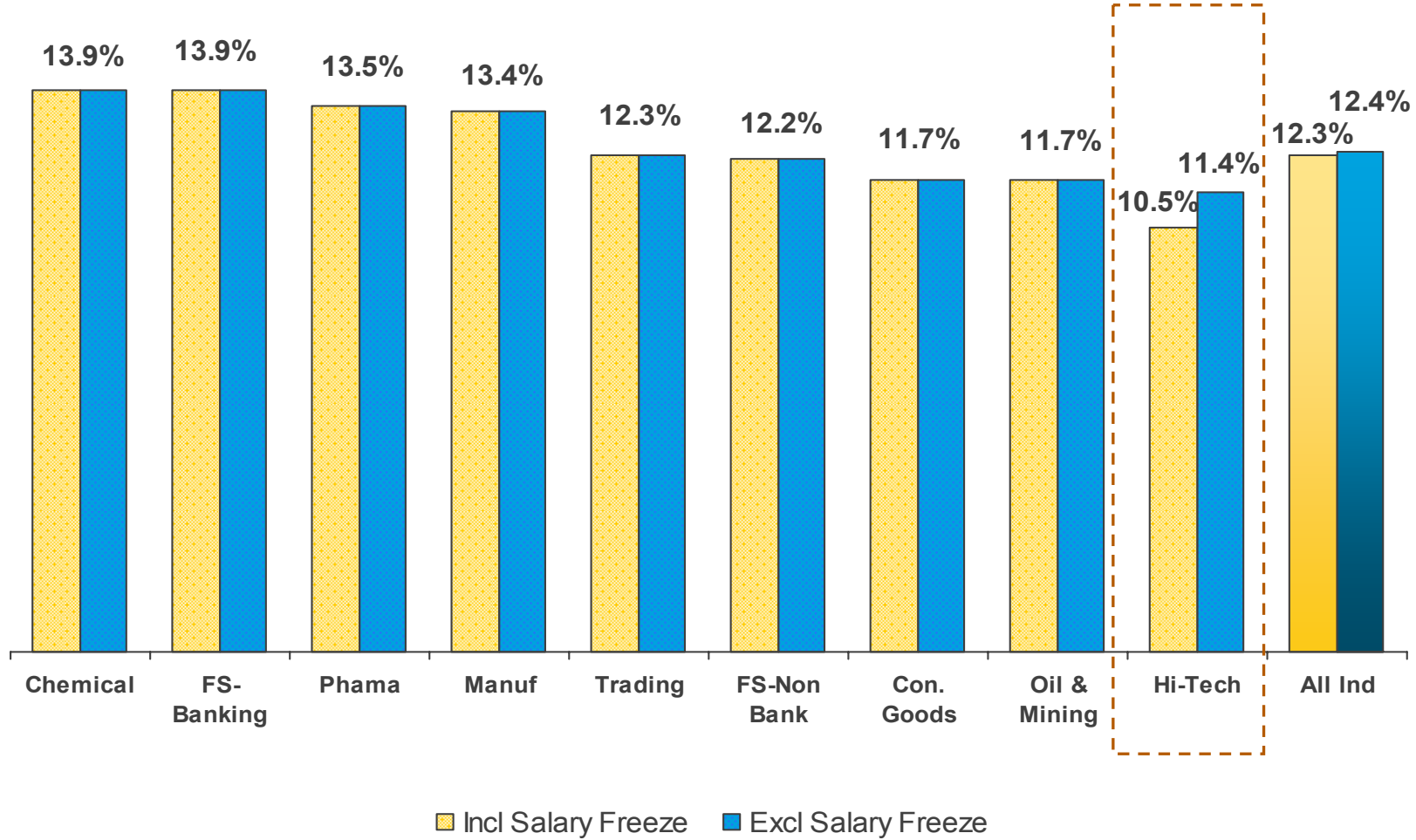
Upward trend for most industries except COG, Pharma and O&M industries



Excluding Salary Freeze

2010 Average Salary Increase by Industry

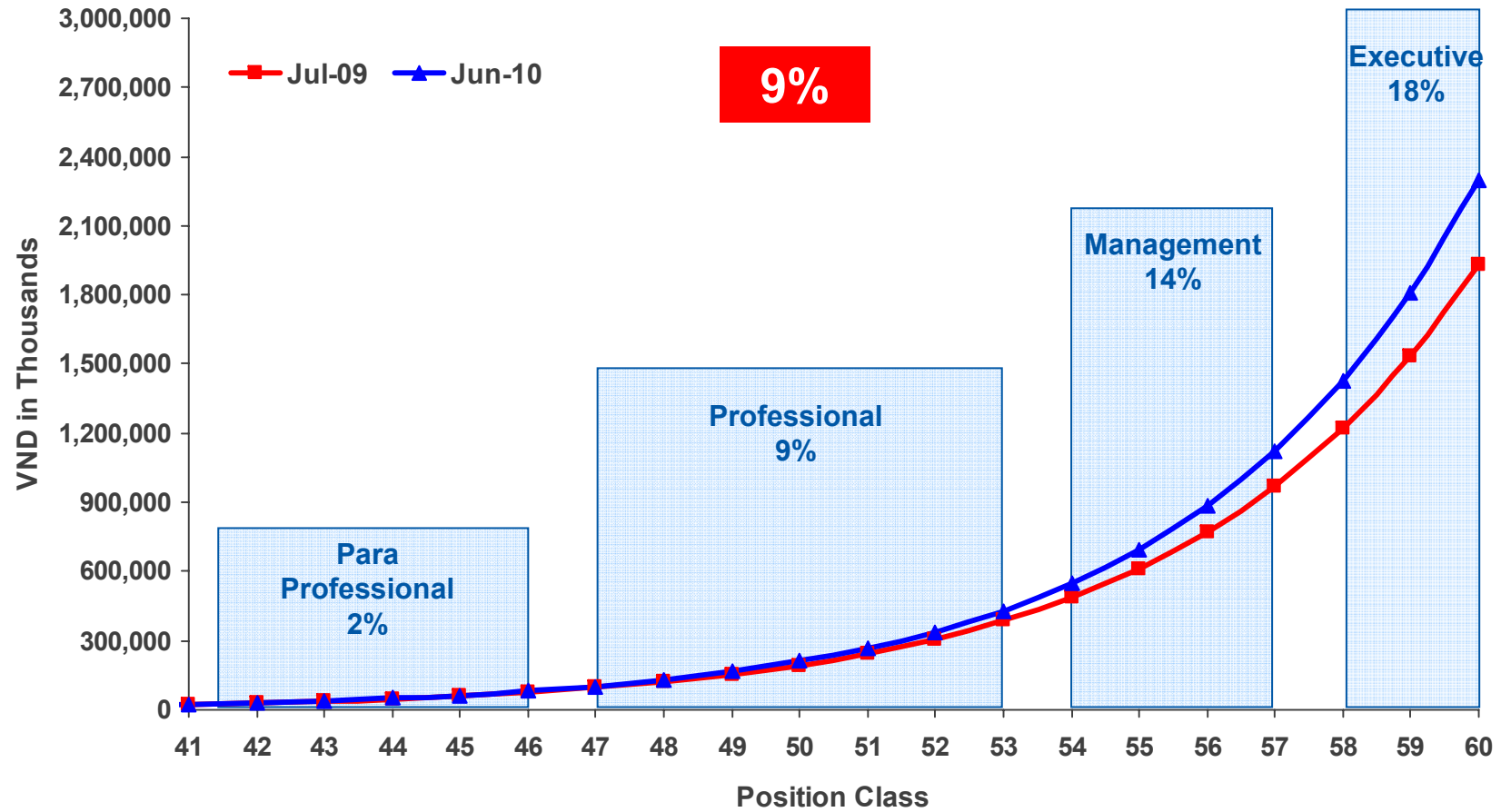
Only 2 companies reported salary freeze



Market Movement - Annual Base Salary (COMP1)

Moderate movement for Comp1

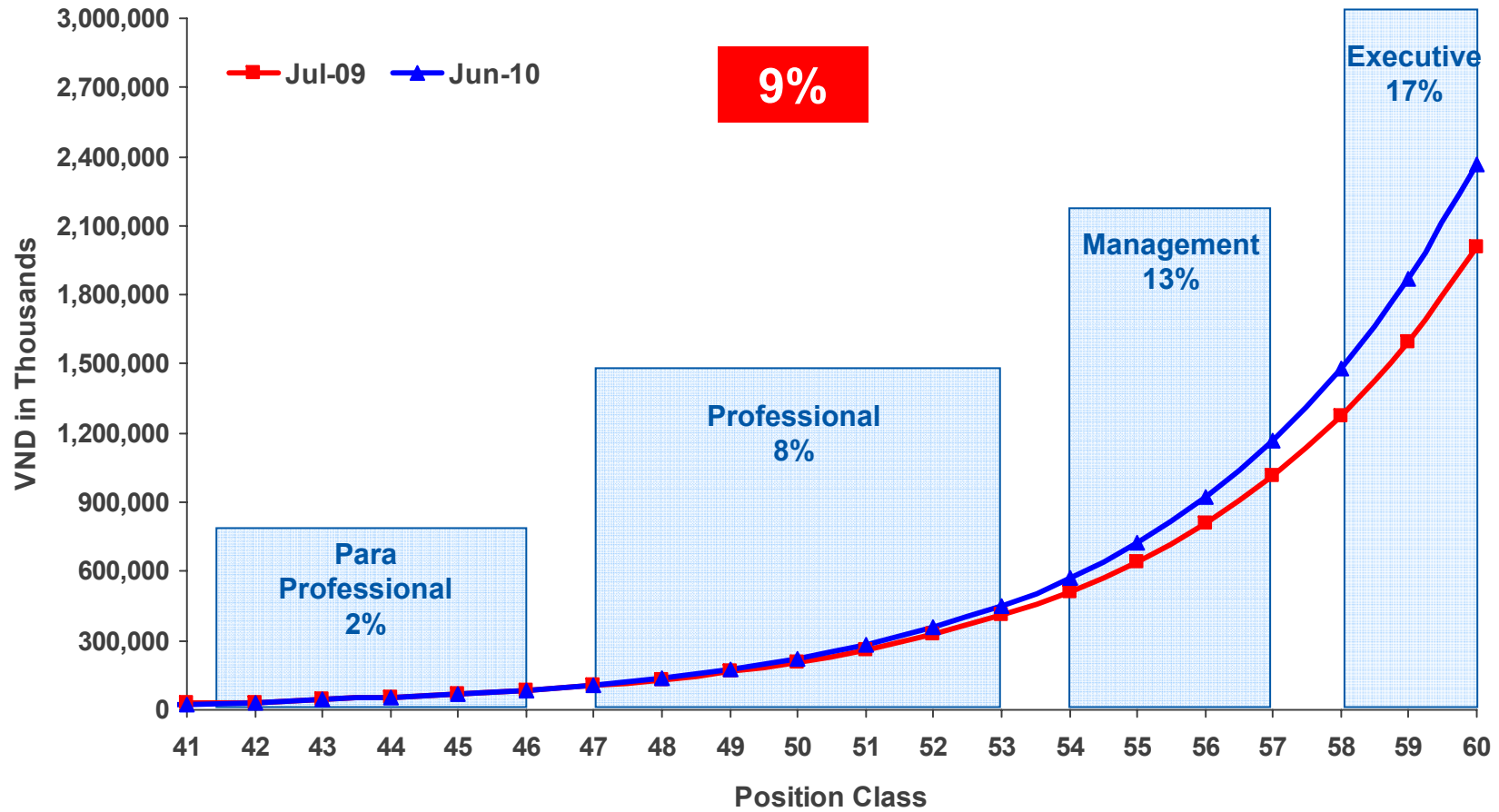
Median trendline movement, 2009 - 2010



Market Movement - Annual Guaranteed Cash (COMP2)

Moderate movement for Comp2

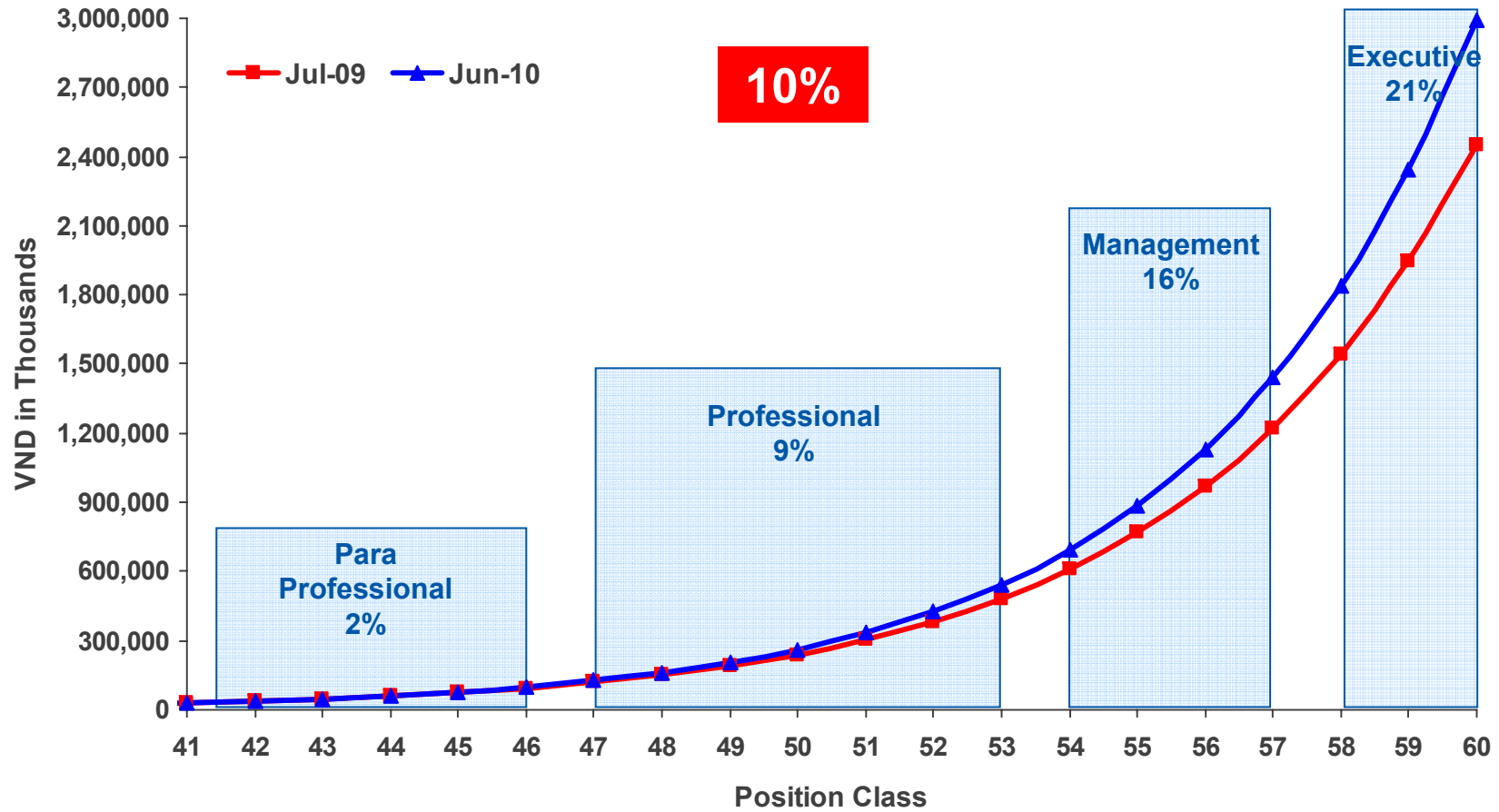
Median trendline movement, 2009 - 2010



Market Movement - Annual Total Cash (COMP3)

Moderate movement for Comp3 actual

Median trendline movement, 2009 - 2010



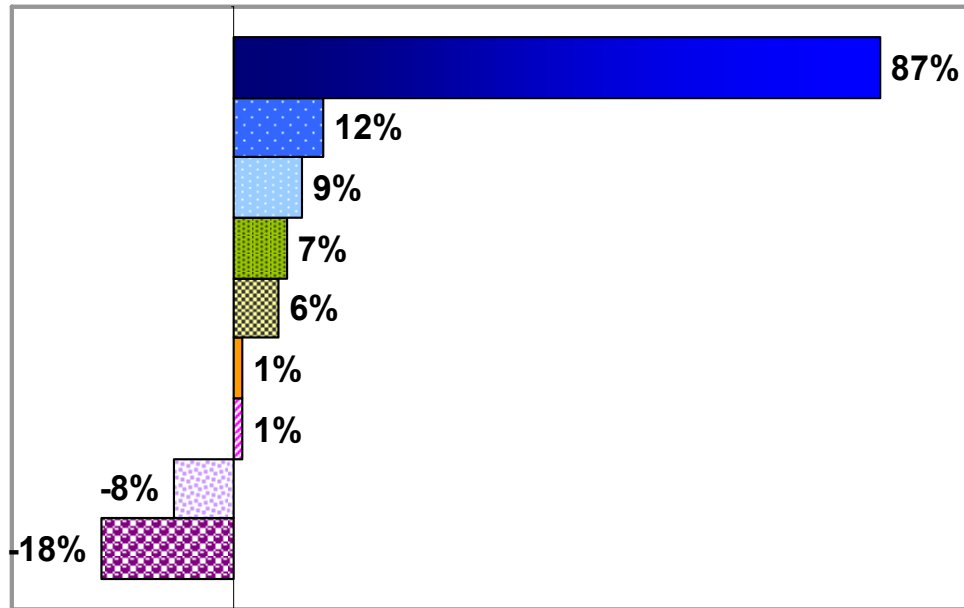
Market Movement by Industry

Industry	Annual Guaranteed Cash	Annual Total Cash
Manufacturing	16%	20%
Oil & Mining	12%	15%
Trading	10%	7%
Pharma	9%	7%
Hi-Tech	8%	10%
Consumer Goods	8%	11%
Chemical	7%	5%
FS - Banking	5%	8%

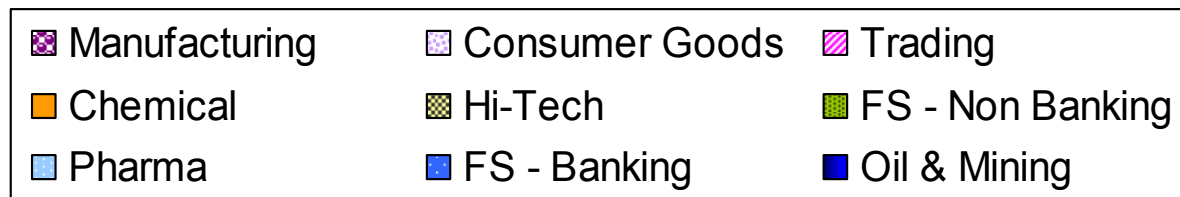
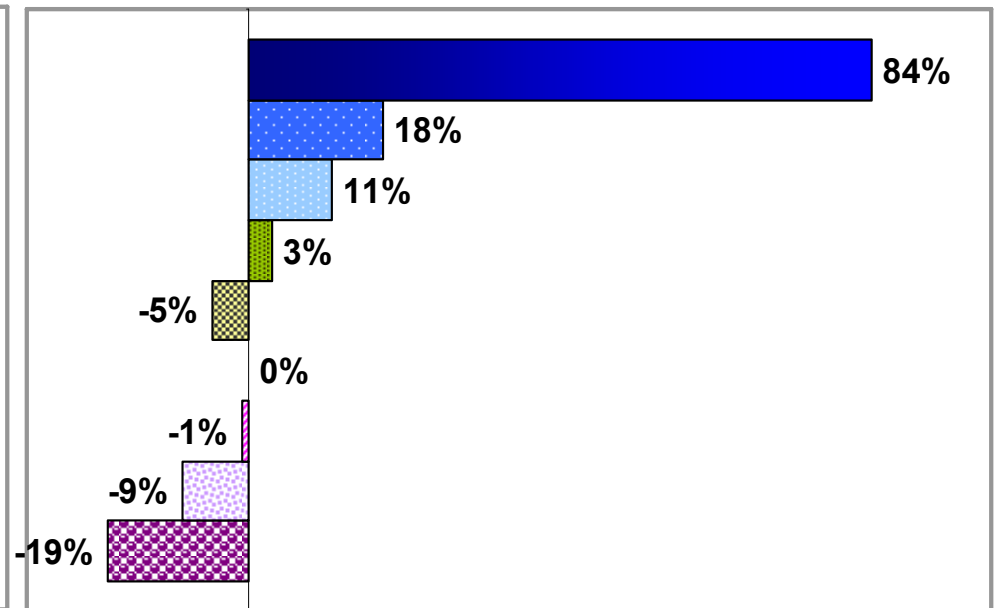
Pay Difference by Industry

Oil & Mining pays premium in the market

Percentage Deviation from All Industries
(Annual Guaranteed Cash)



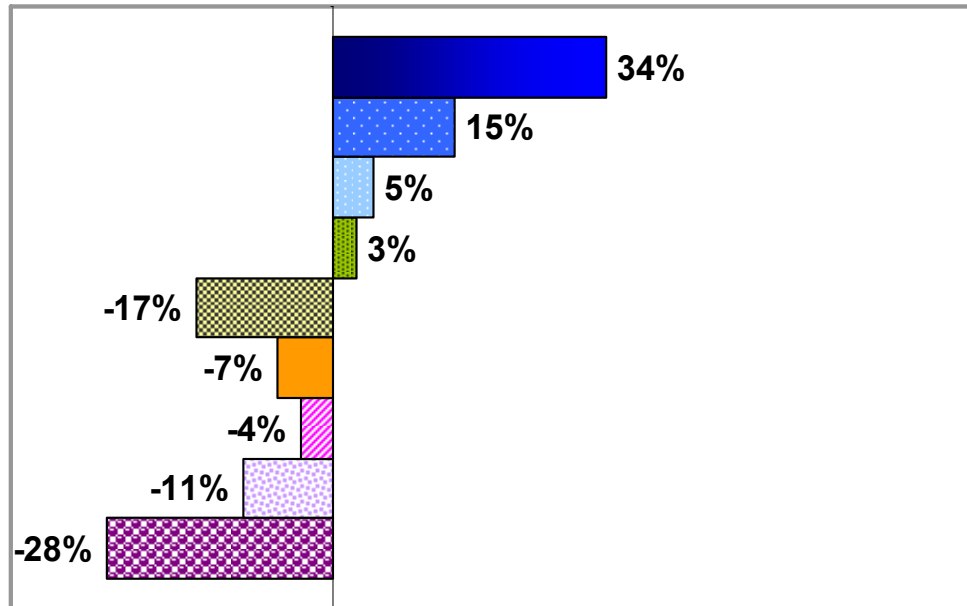
Percentage Deviation from All Industries
(Annual Total Cash)



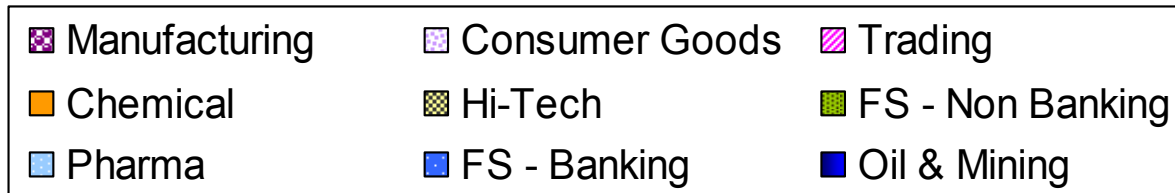
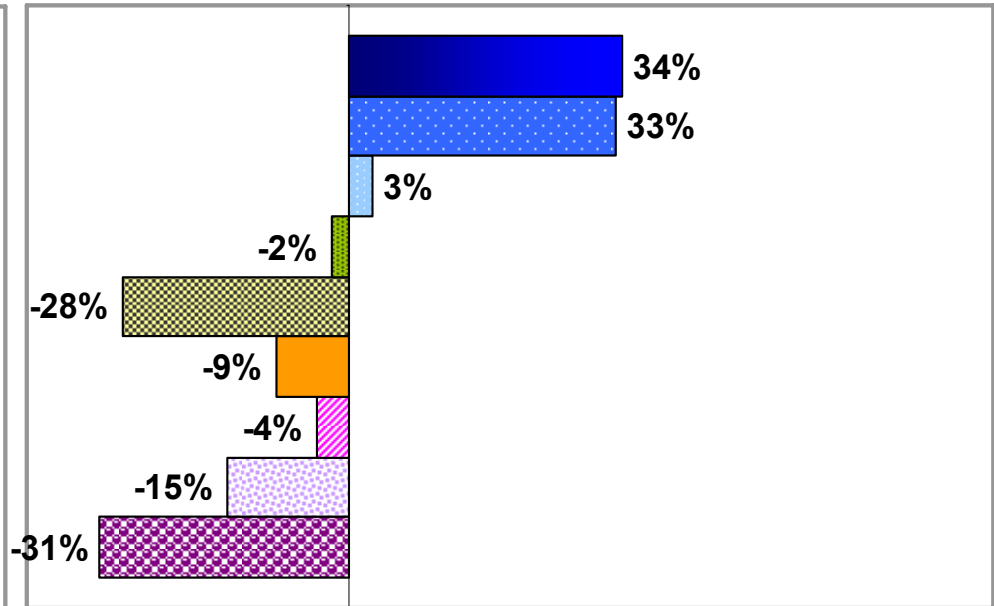
Pay Difference by Industry - Management Level

Oil & Mining and Banking pay premium in the market

Percentage Deviation from All Industries
(Annual Guaranteed Cash)



Percentage Deviation from All Industries
(Annual Total Cash)

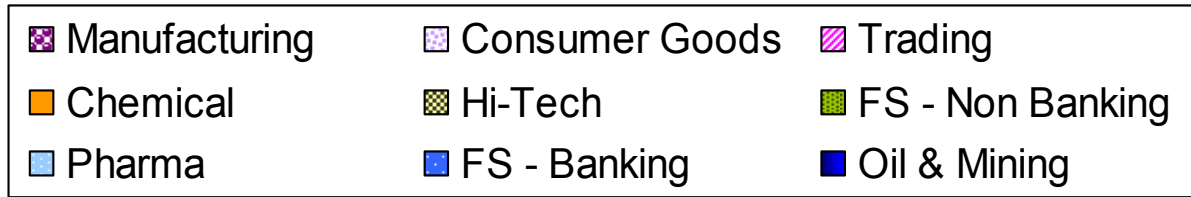
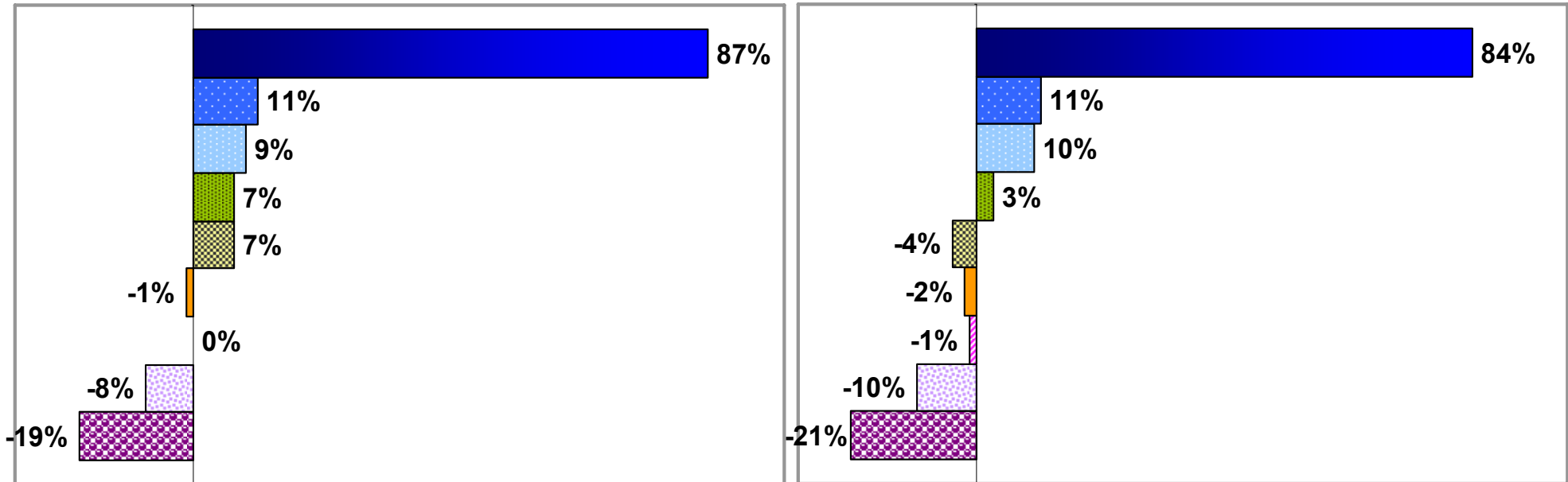


Pay Difference by Industry - Professional Level

Oil & Mining pays premium in the market

Percentage Deviation from All Industries
(Annual Guaranteed Cash)

Percentage Deviation from All Industries
(Annual Total Cash)

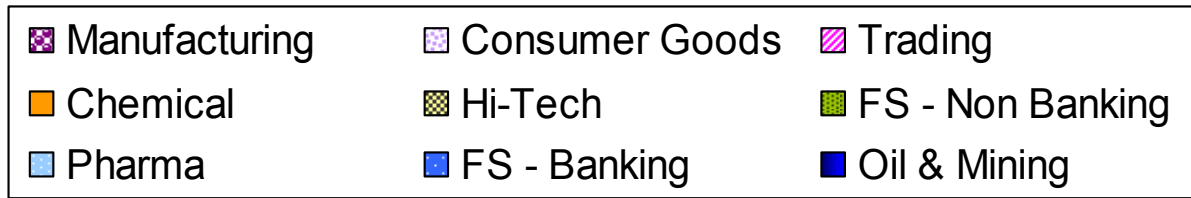
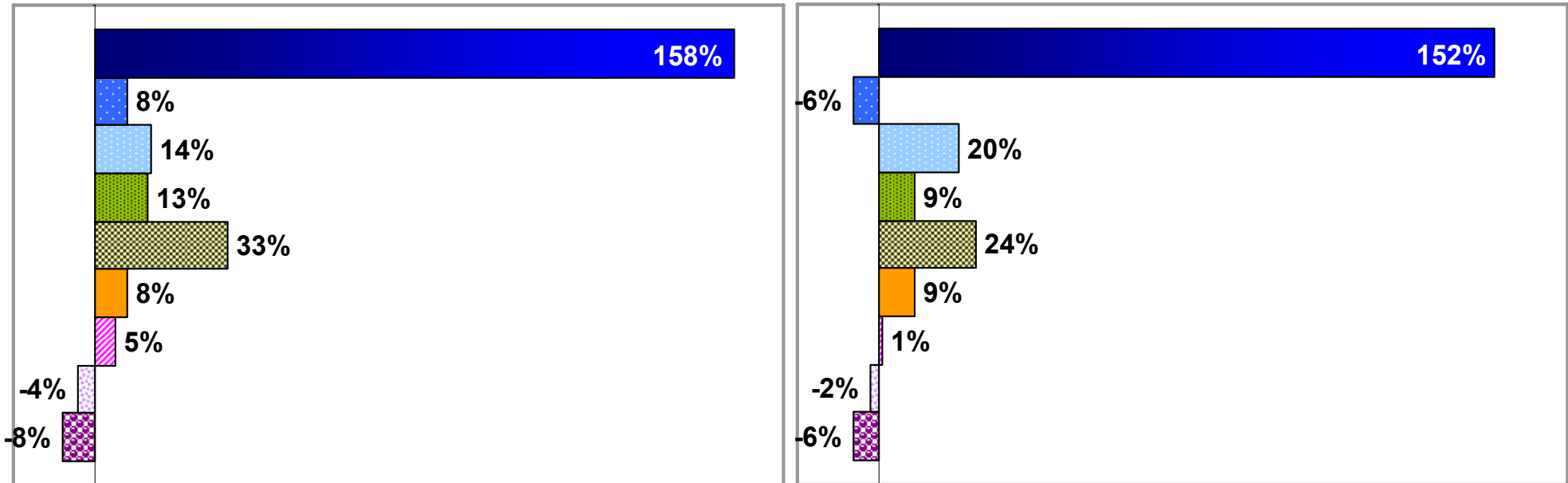


Pay Difference by Industry - Para Professional Level

Oil & Mining pays premium in the market

Percentage Deviation from All Industries
(Annual Guaranteed Cash)

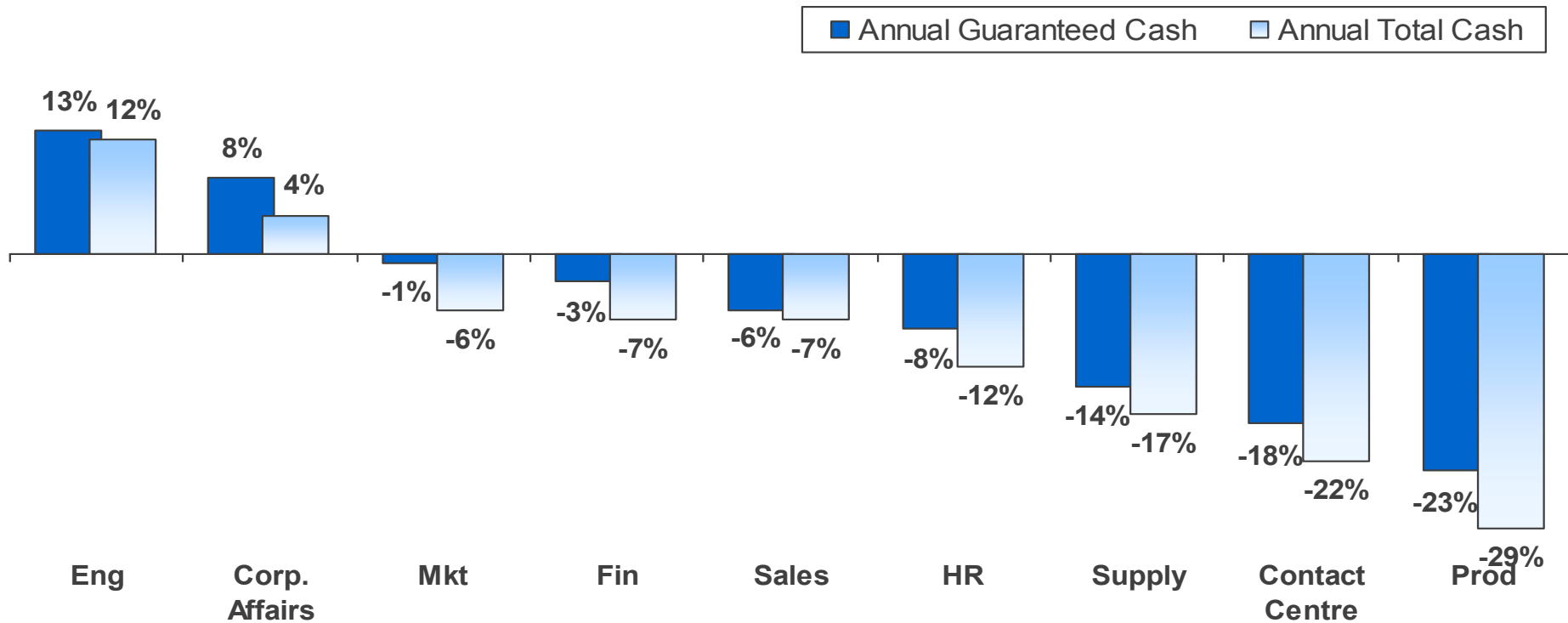
Percentage Deviation from All Industries
(Annual Total Cash)



Functional Comparison - Management Level

Functional pay differences under market pressure

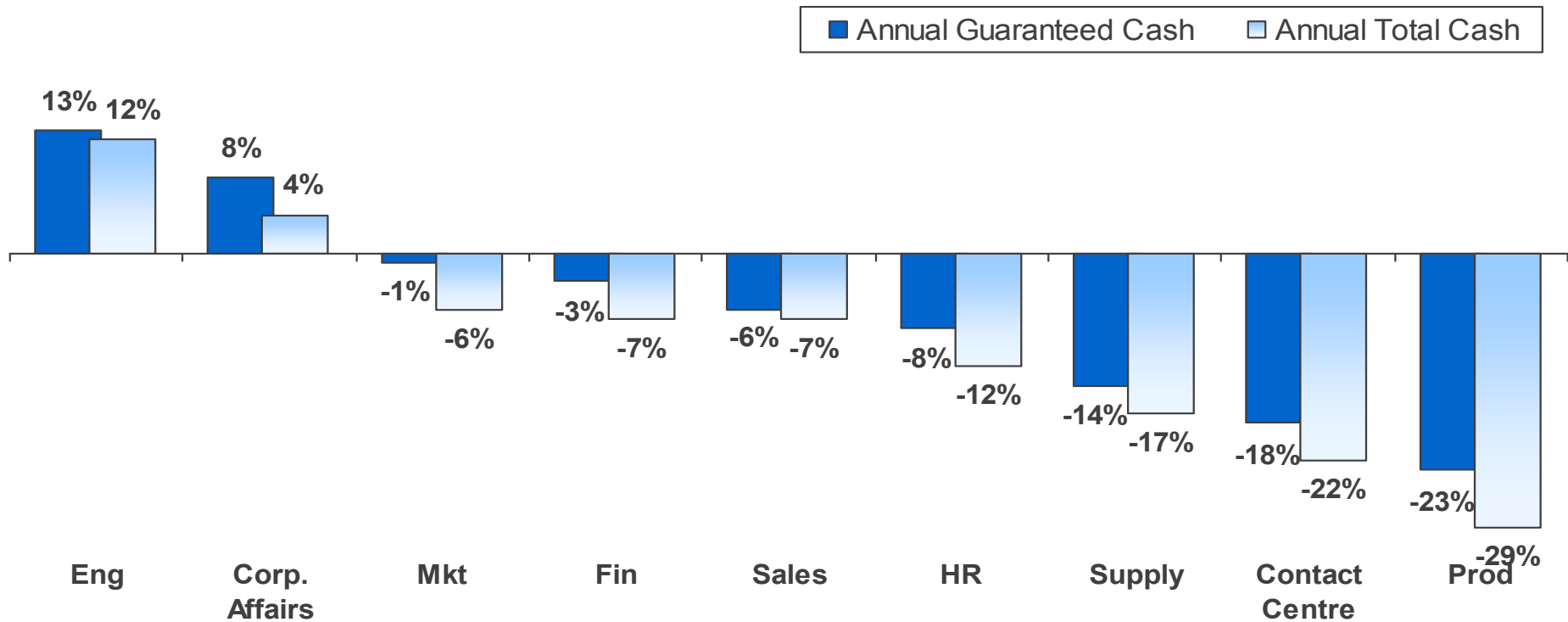
Percentage Deviation from All Industries



Functional Comparison - Management Level

Functional pay differences under market pressure

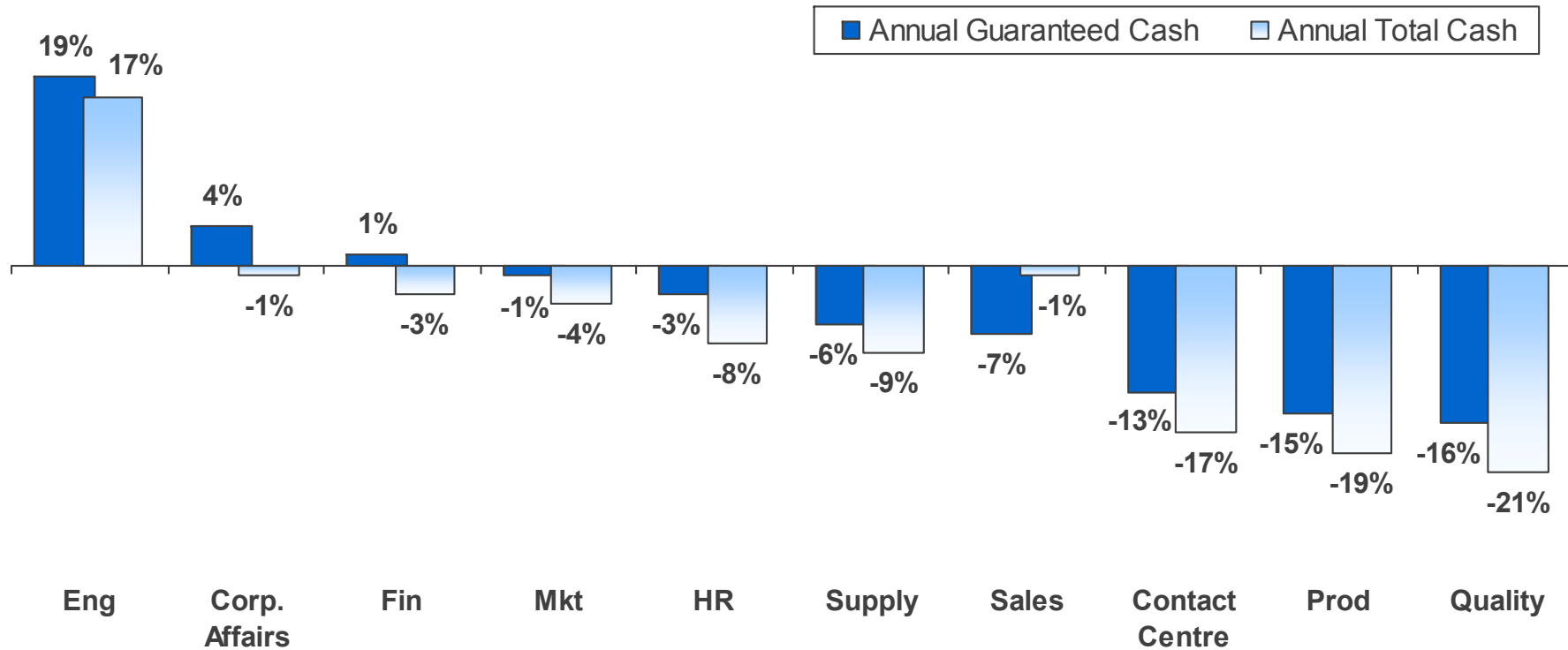
Percentage Deviation from All Industries



Functional Comparison - Professional Level

Functional pay differences under market pressure

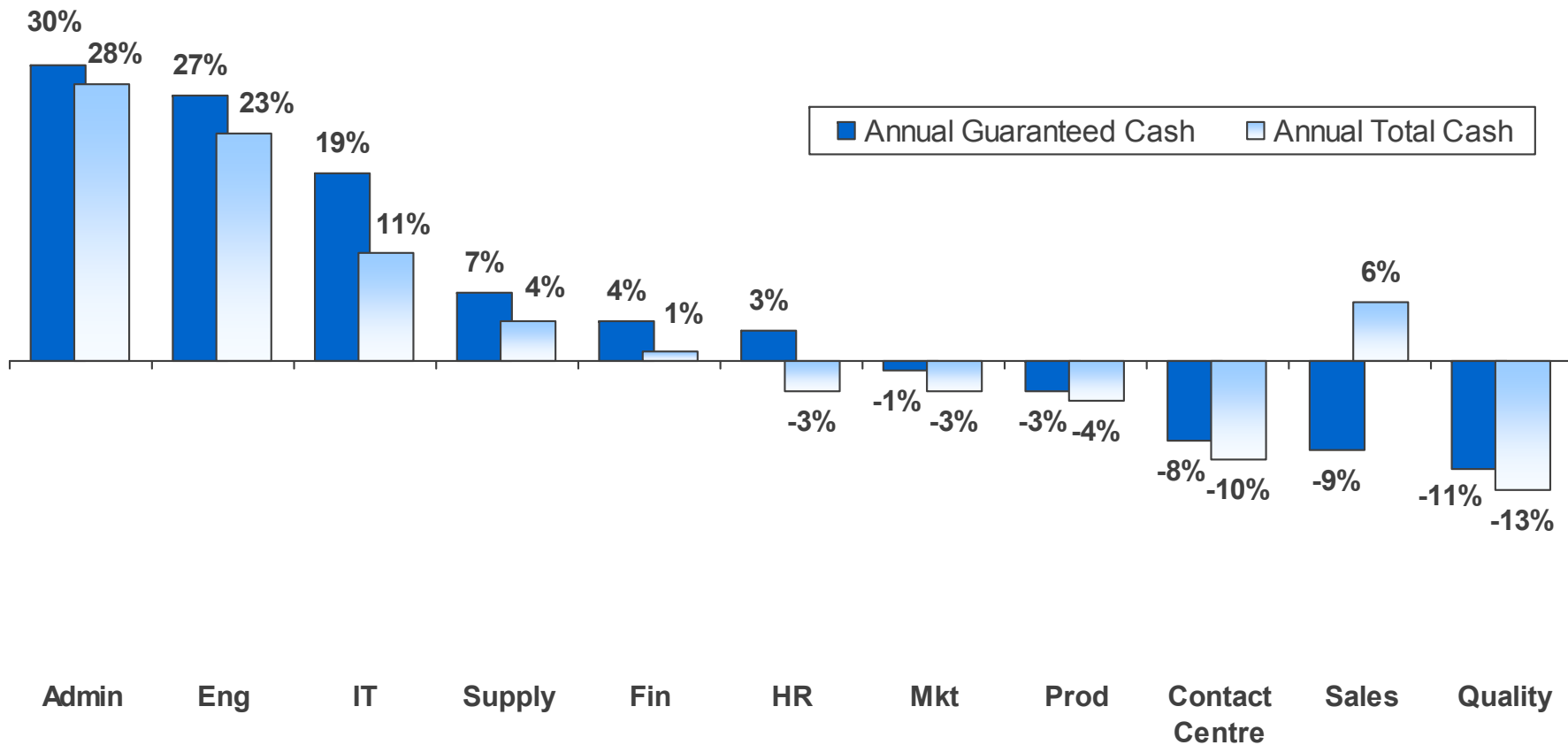
Percentage Deviation from All Industries



Functional Comparison - Para Professional Level

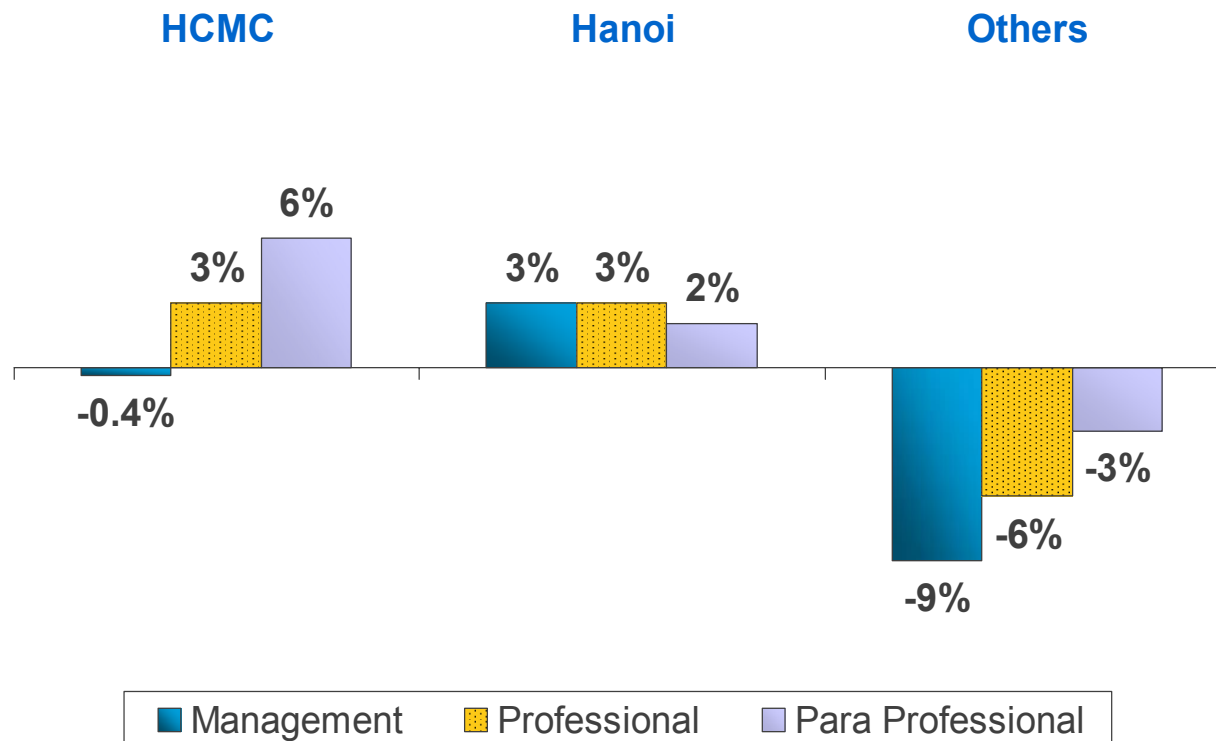
Functional pay differences under market pressure

Percentage Deviation from All Industries

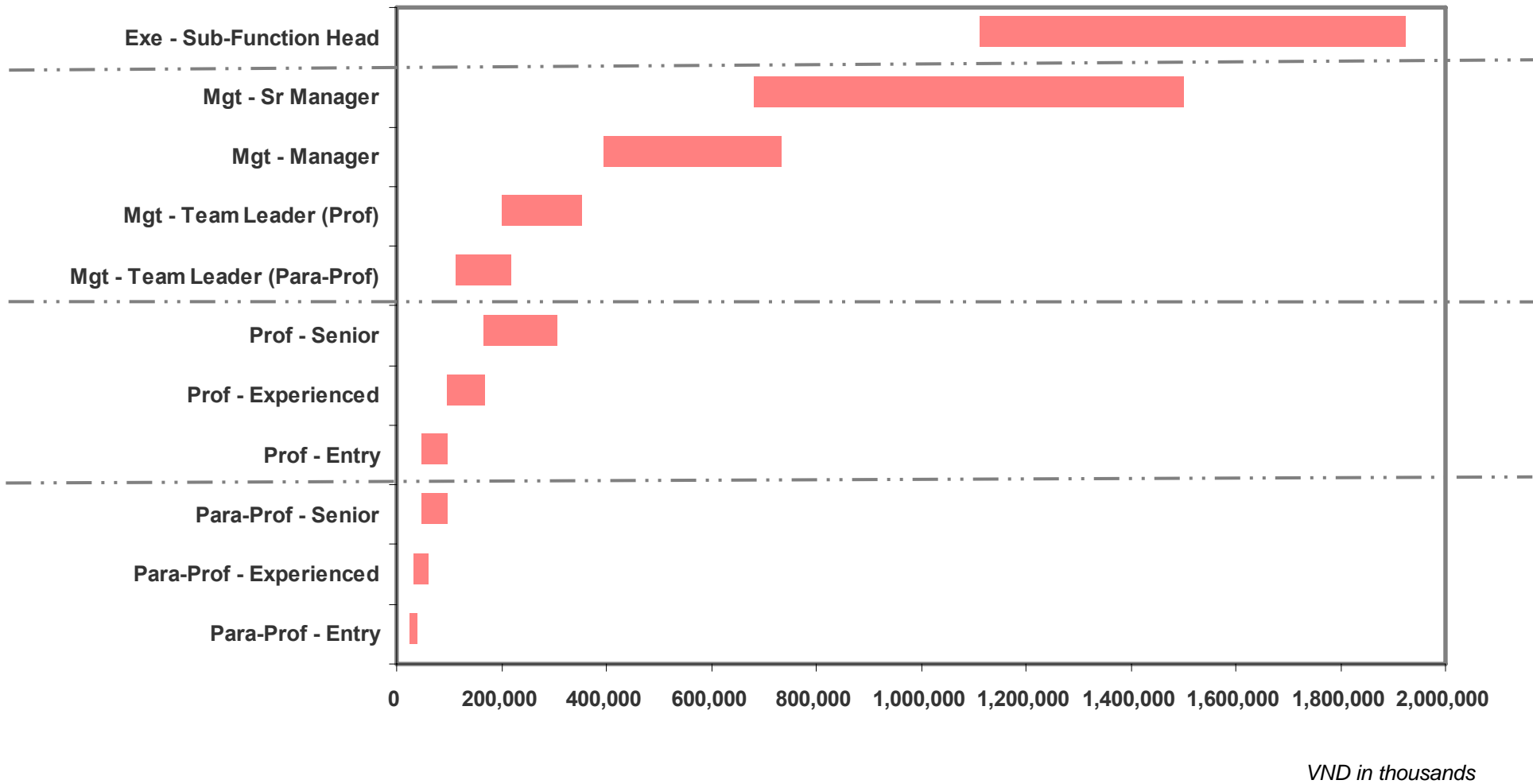


Location Comparison

Percentage Deviation from All Industries
(Annual Guaranteed Cash)



Pay Progression by Career Stream and Level

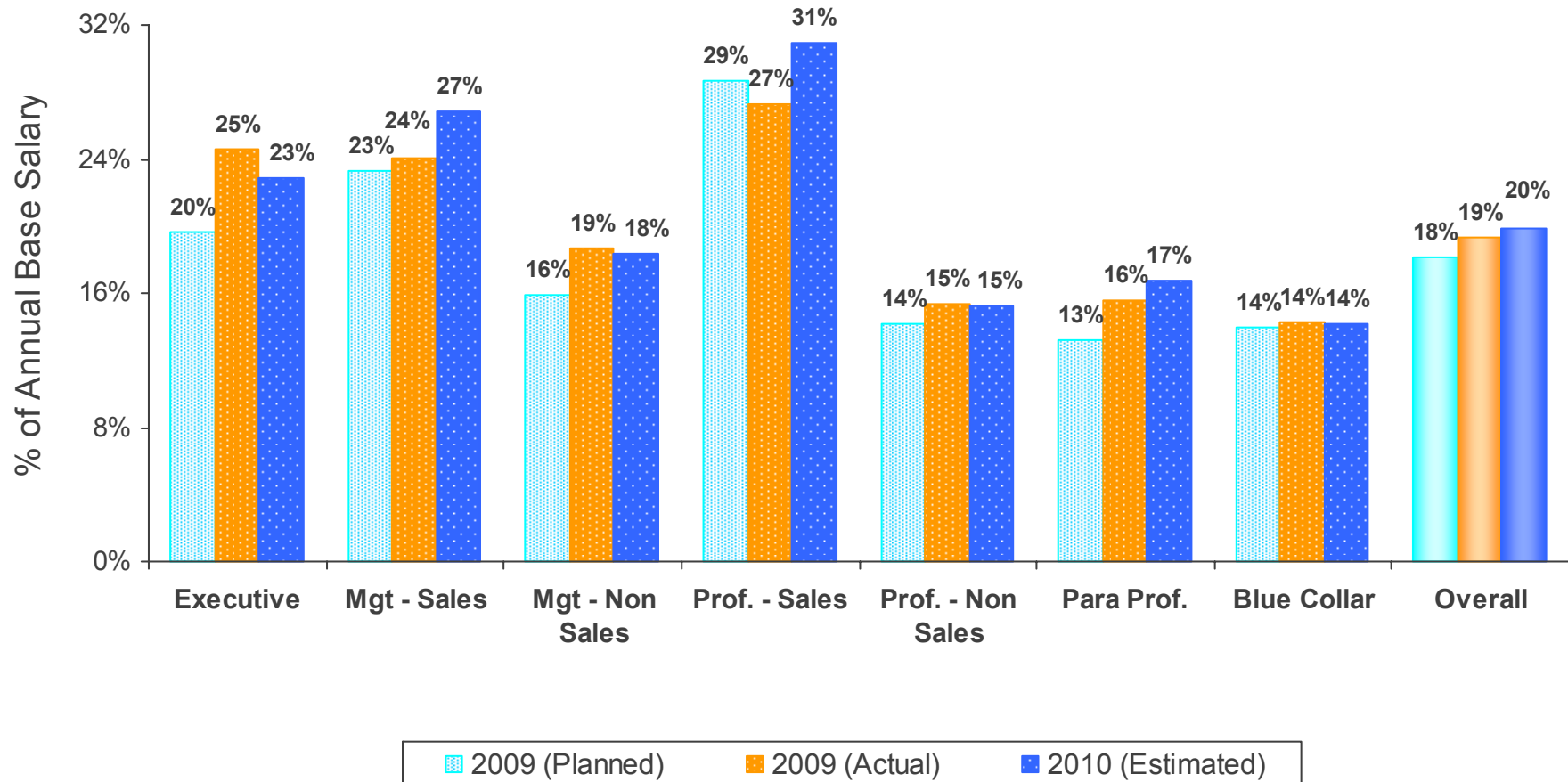


Fixed Allowances Provided by Companies

	Transport Allow	Meal Allow	Position Allow	Clothing Allow	Car Allow
% of Companies providing	50%	32%	25%	15%	13%
Typical Monthly Amount (VND '000)	<ul style="list-style-type: none"> • Exec: 3,000 • Mgt Sales: 1,200 • Mgt Non Sales: 1,000 • Prof Sales: 800 • Prof Non Sales: 400 • Para Prof: 200 	390	<ul style="list-style-type: none"> • Exec: 6,400 • Mgt Sales: 3,000 • Mgt Non Sales: 2,000 • Prof Sales: 500 • Prof Non Sales: 1,100 • Para Prof: 400 	100	<ul style="list-style-type: none"> • Exec: 17,800 • Mgt: 15,000 • Prof: 8,000
Commonly Provided in industry	<ul style="list-style-type: none"> • Pharma • Trading • COG 	<ul style="list-style-type: none"> • COG • Oil & Mining • Chemicals • Pharma 	<ul style="list-style-type: none"> • Oil & Mining • Manuf • COG • Chemicals 	<ul style="list-style-type: none"> • Oil & Mining • FS - Non Banking • Pharma 	<ul style="list-style-type: none"> • COG • Hi-Tech • FS - Banking

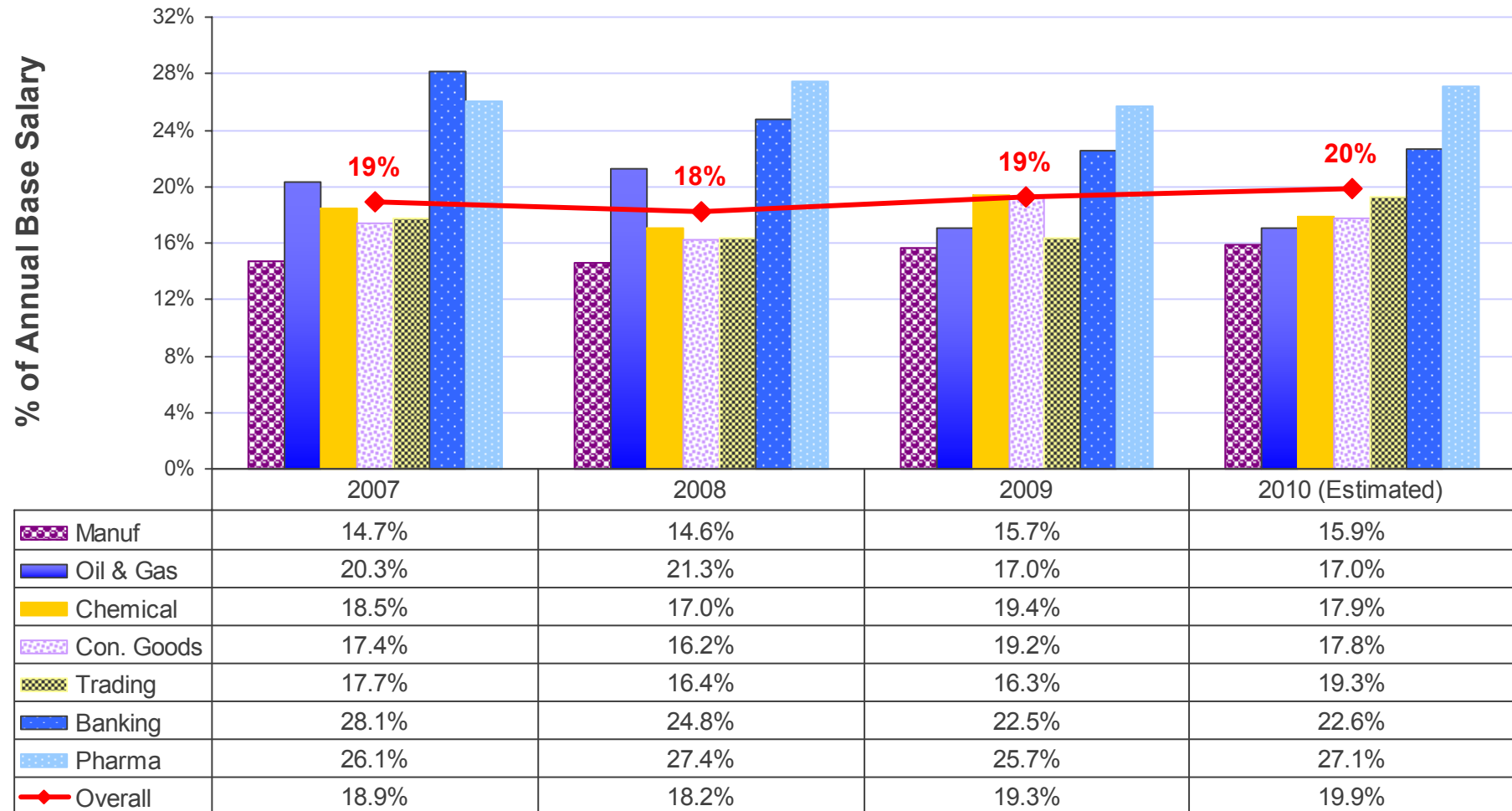
Variable Pay by Staff Category

Actual bonus 2009 was slightly higher than planned, lower than 2010



Variable Pay by Industry

2010 is similar to 2009 for most industries

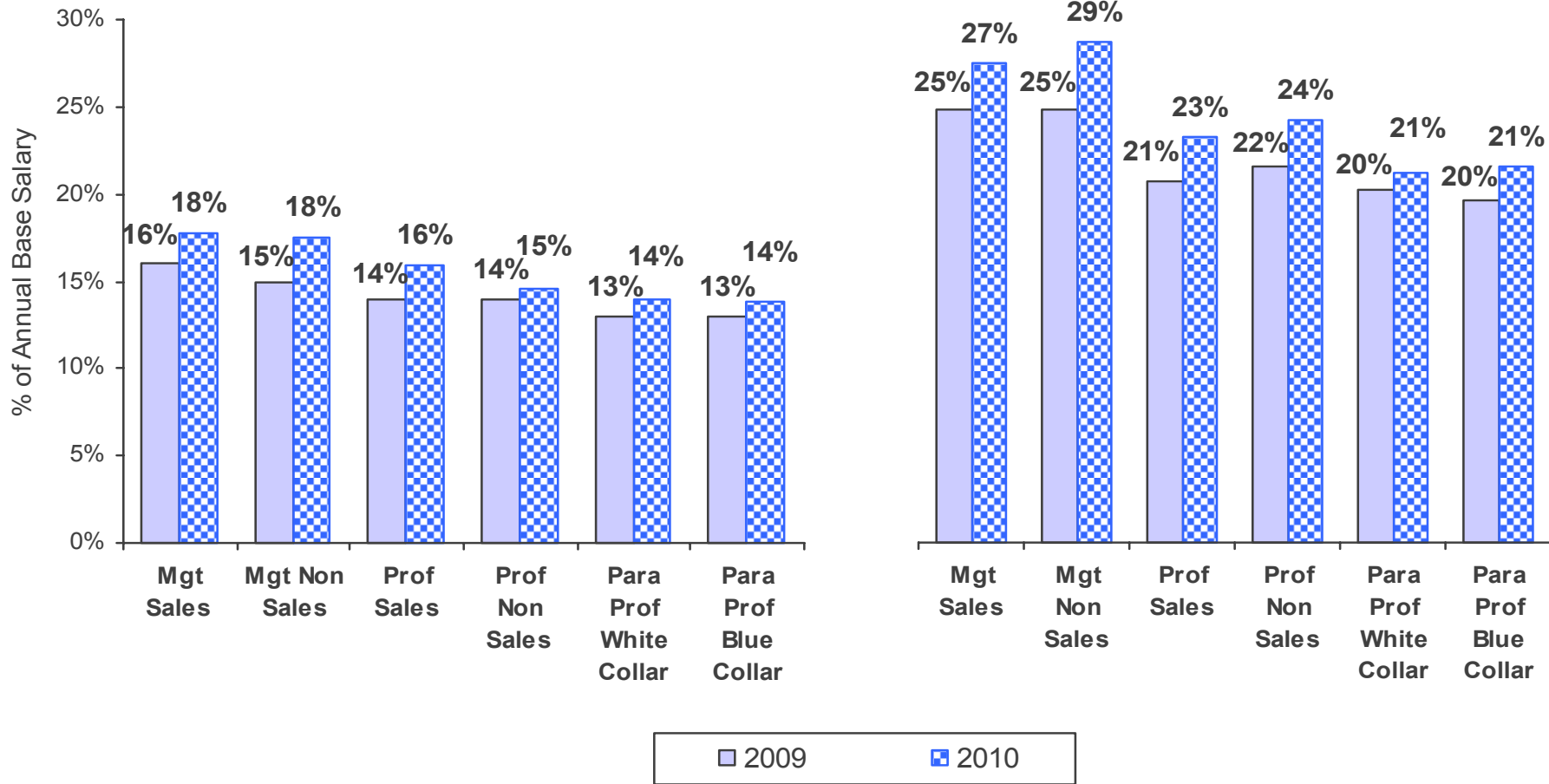


Variable Bonus Policy

Higher variable bonus is also planned for 2010

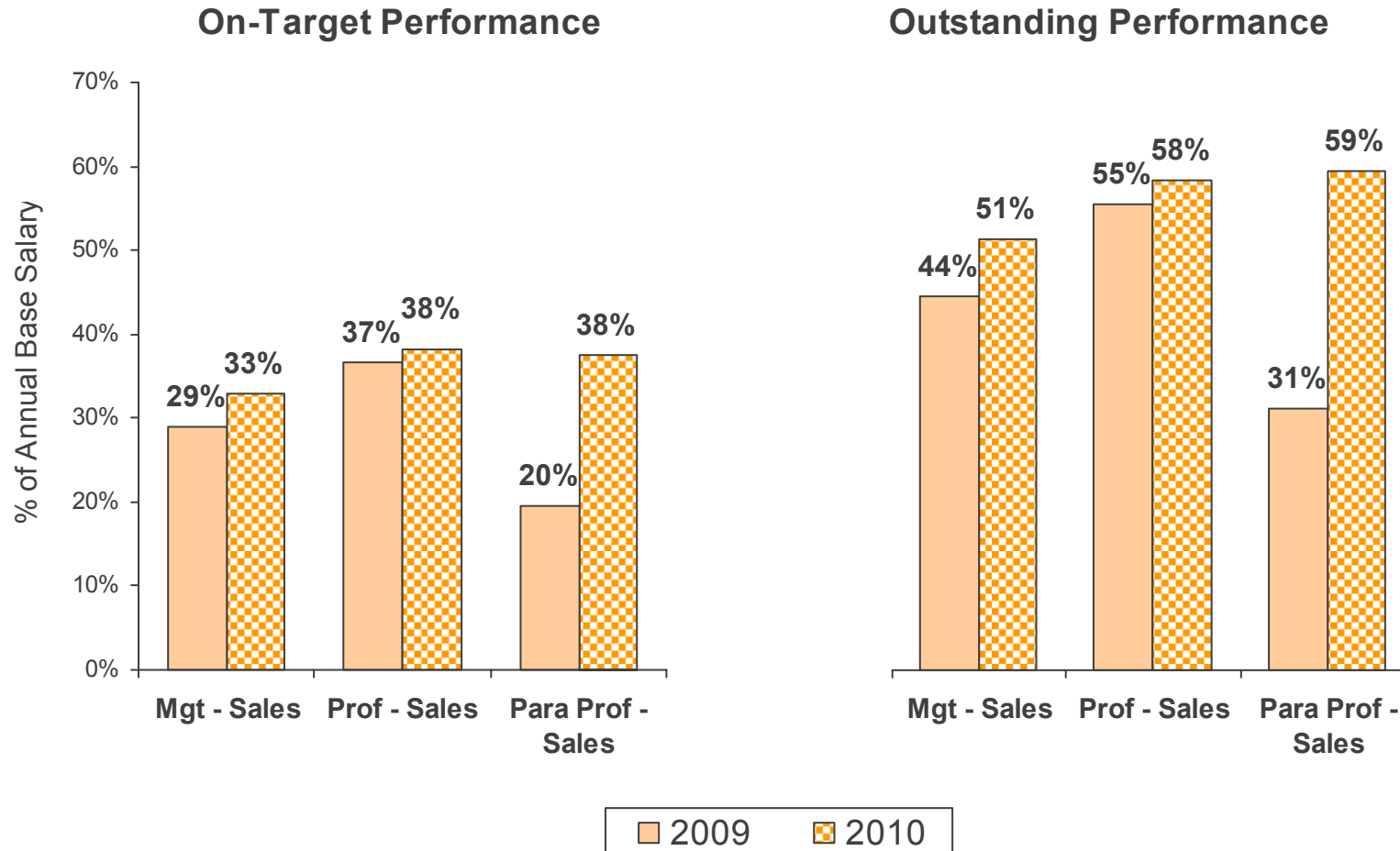
On-Target Performance

Outstanding Performance



Sales Incentives Policy

Higher sales incentives is planned for 2010

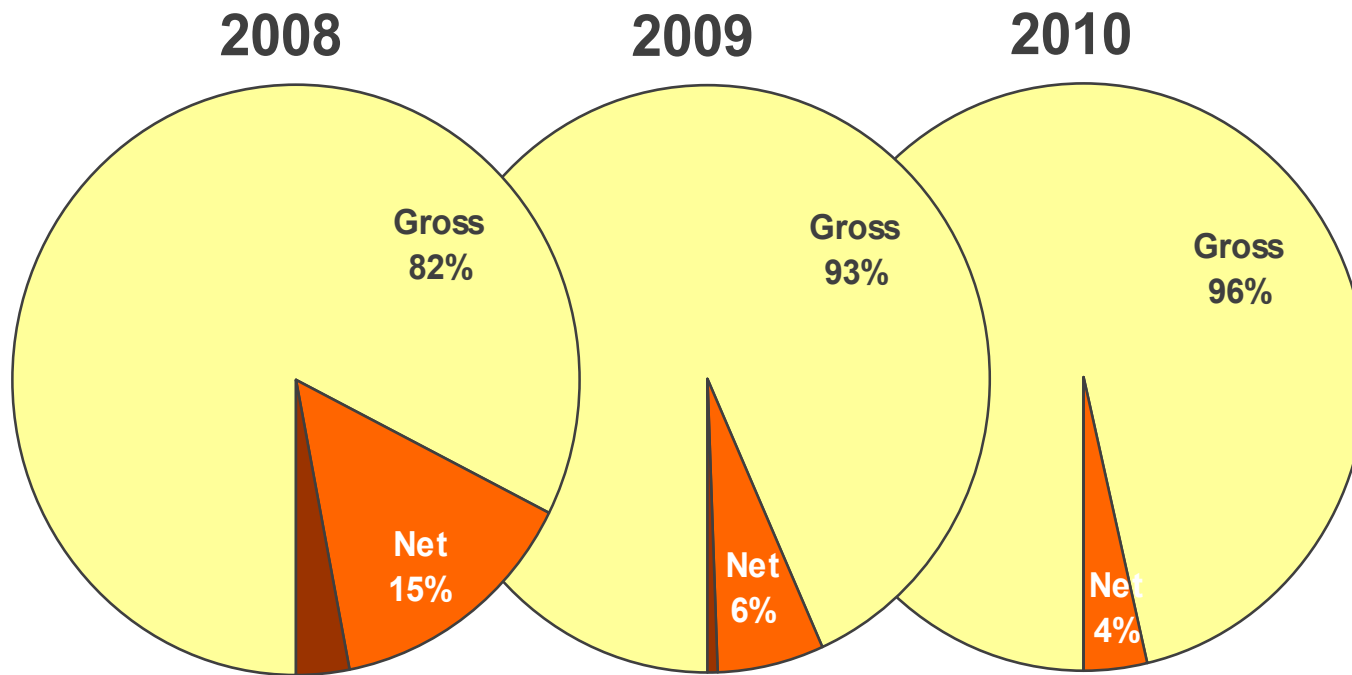


Variable Pay Target for 2010 Provided by Companies

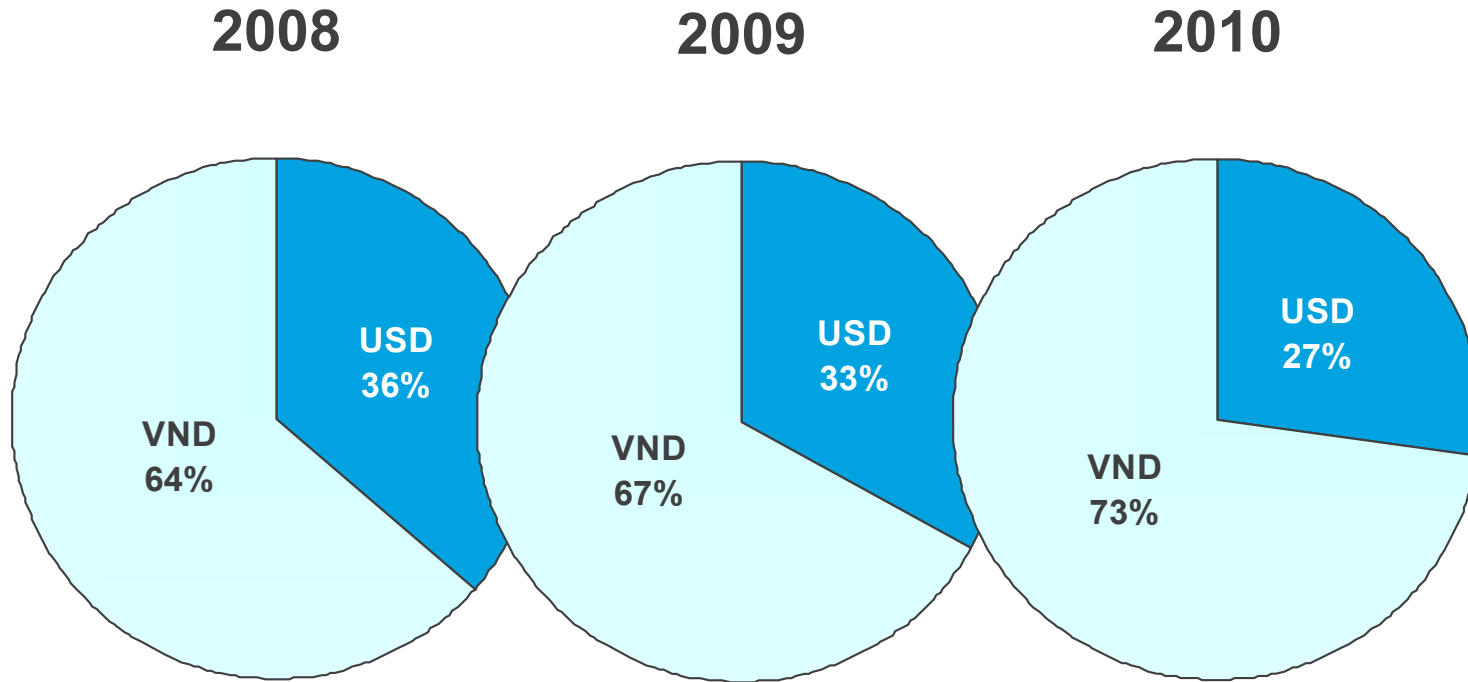
Type of Variable Pay		Exec	Mgt - Sales	Mgt - Non Sales	Prof - Sales	Prof - Non Sales	Para - White Collar	Para - Blue Collar
Variable Bonus	% of Companies providing	96%	66%	97%	53%	95%	87%	87%
	Number of Months Paid	2.6	2.2	2.0	2.0	1.6	1.5	1.7
Sales Incentives	% of Companies providing	3%	59%		72%		21%	
	Number of Months Paid	3.3	3.6		4.0		3.3	

Other Compensation Trend

Moving from Net to Gross pay structure



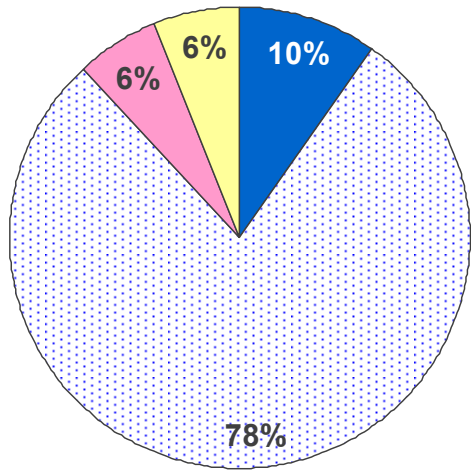
Other Compensation Trend
Moving from USD to VND pay guarantee



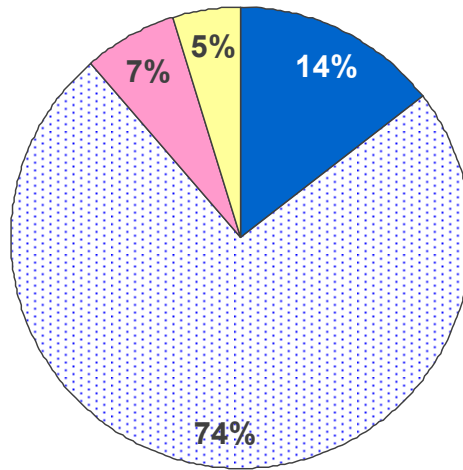
Other Compensation Trend

Number of months paid

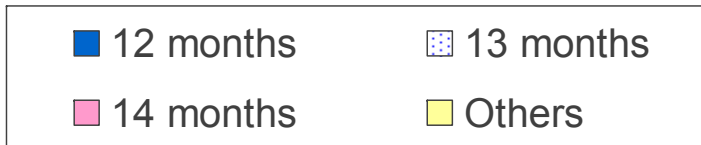
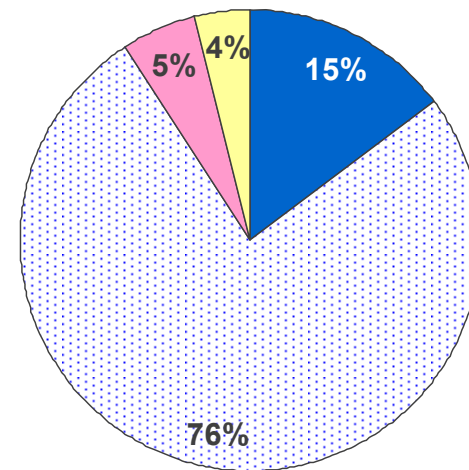
2008



2009



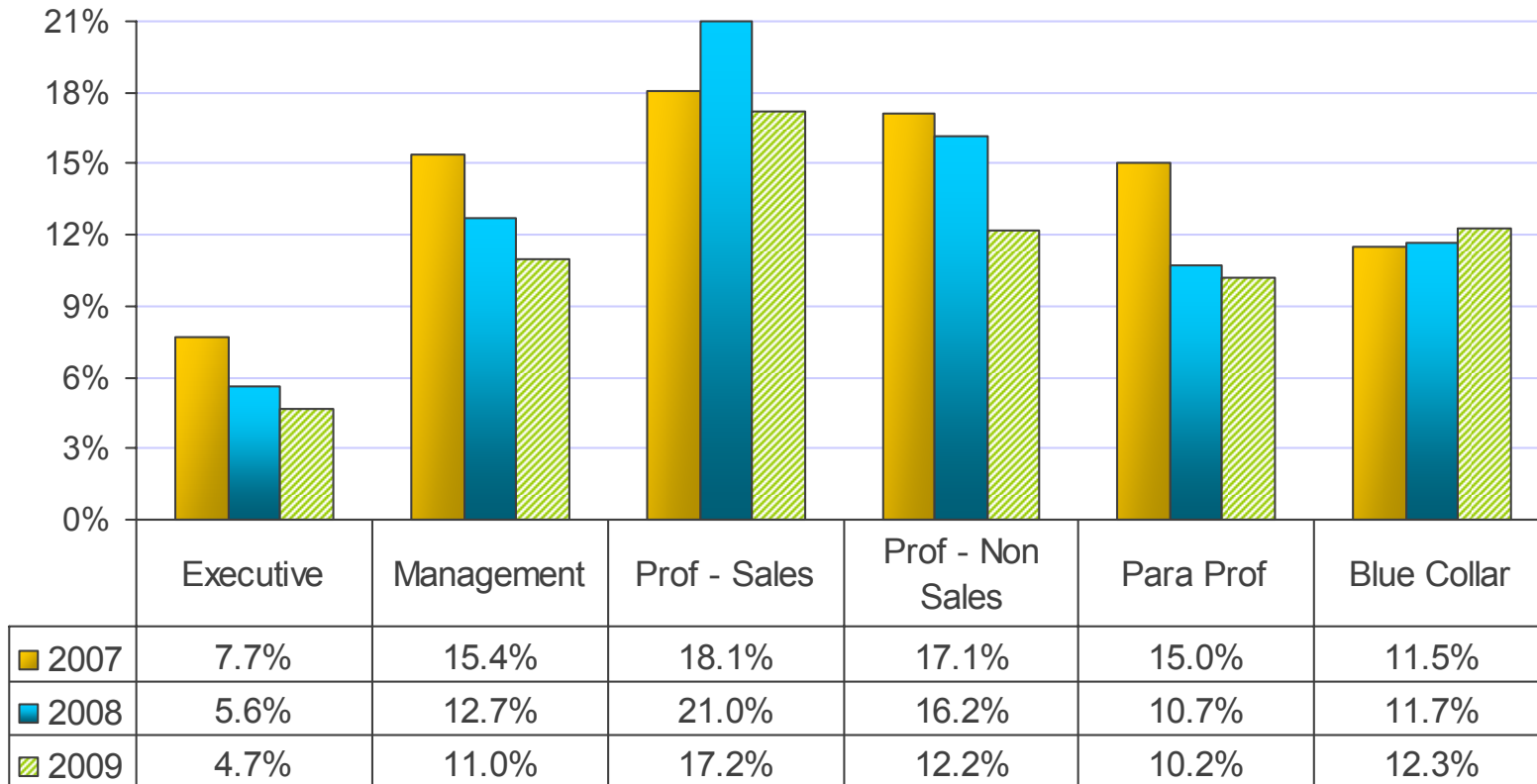
2010



Staff Turnover by Staff Category

Professional level still got the highest rate

Average Staff Turnover, 2007 - 2009

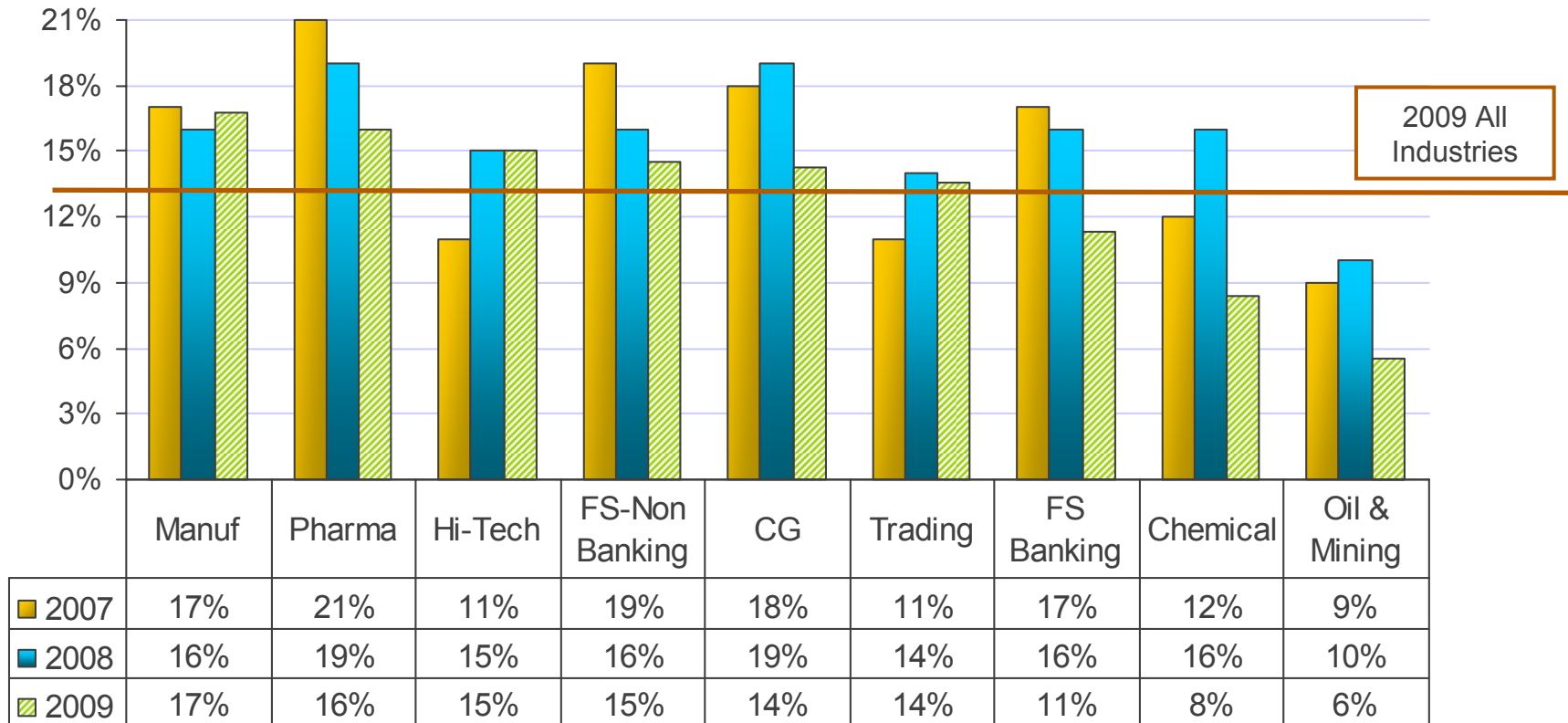




Staff Turnover by Industry

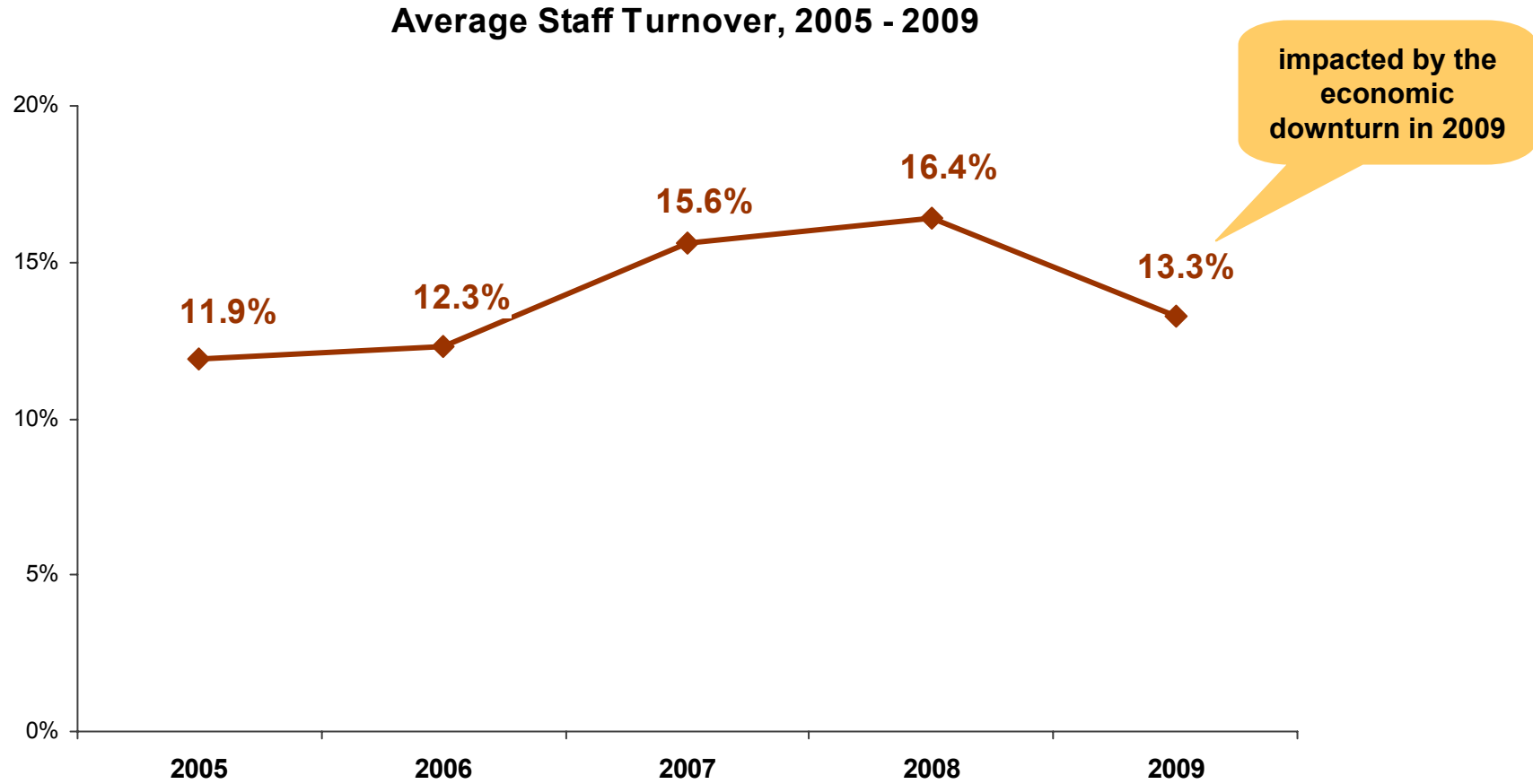
Manufacturing had highest voluntary staff turnover in 2009

Average Staff Turnover, 2007 - 2009



Staff Turnover Trend

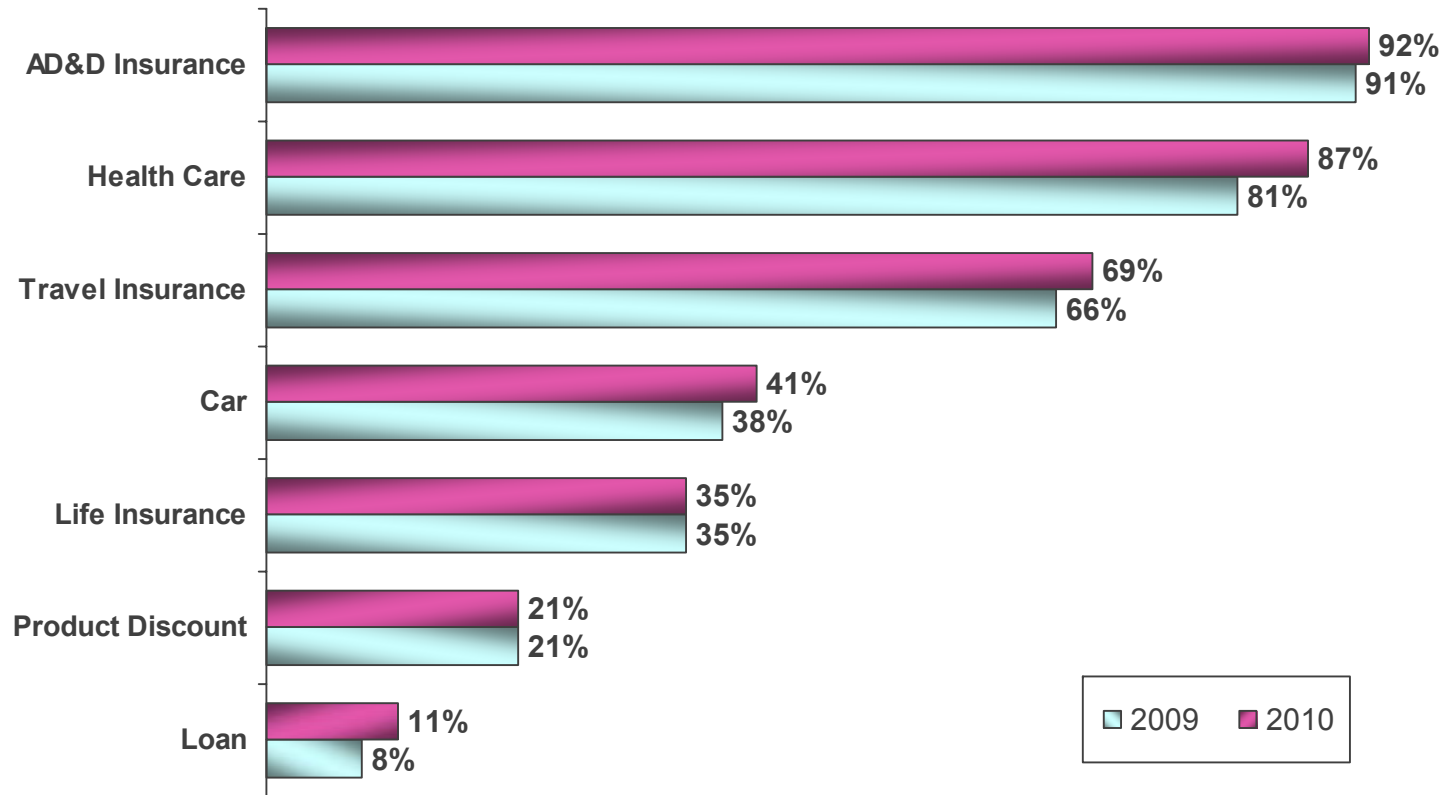
Downward trend after several years in upward trend



Benefit Practice Development

Practices remain very similar to 2009

Benefit Practices, % Company Providing



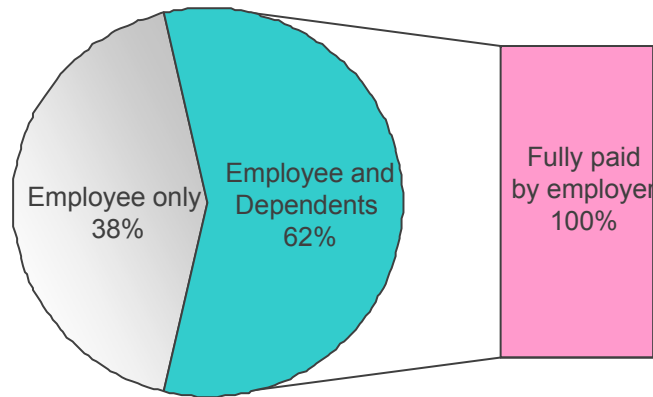
2010 Typical Benefits Practice (On Top Of Statutory Requirement)

Item	% Co. providing	Top Mgt	Mgt	Prof	Staff	Dir Lab
▪ AD&D Insurance	92%	✓	✓	✓	✓	✓
▪ Private Health Insurance	87%	✓	✓	✓	✓	✓
▪ Travel Insurance	69%	✓	✓	✓	✓	
▪ Car	41%	✓	✓			
▪ Life Insurance	35%	✓	✓	✓	✓	
▪ Product Discount	21%	✓	✓	✓	✓	✓
▪ Loan	11%	✓	✓	✓	✓	

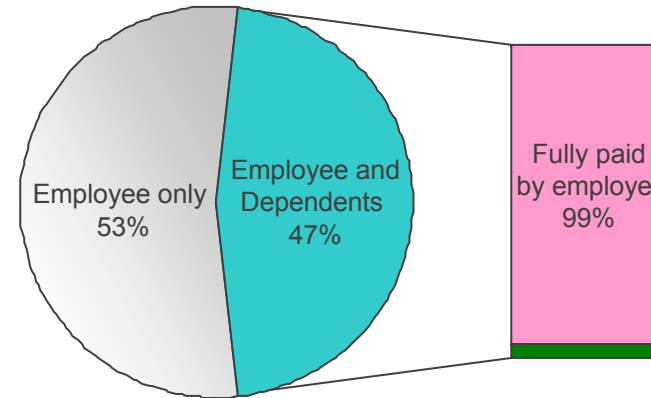
Private Health Care

Similar to 2009, covering for dependent is more common for management

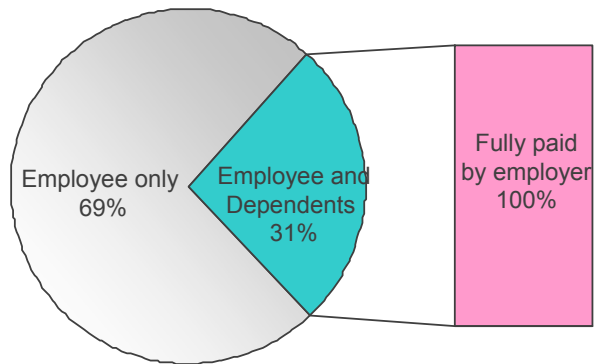
Executive



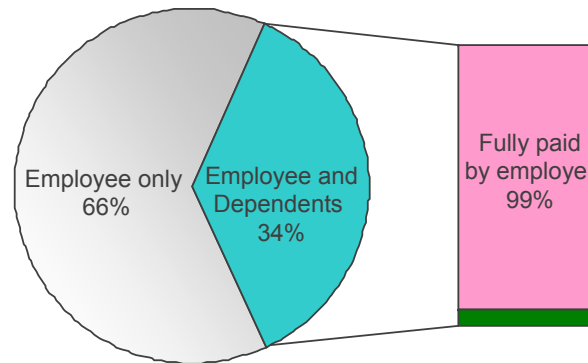
Management



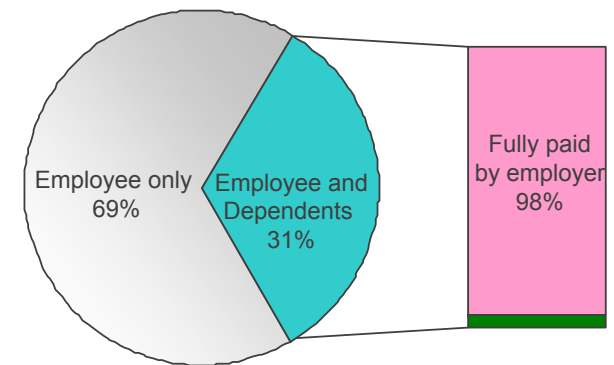
Professional – Sales



Professional – Non Sales

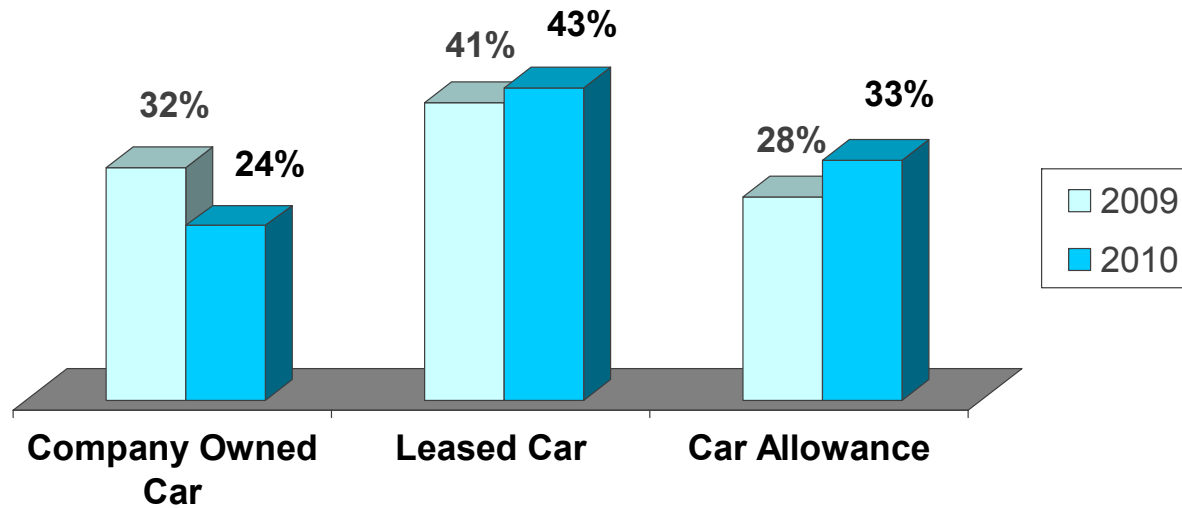


Para Professional



Company Car

An attractive benefit to recruit and retain talents



2009 Total No. of respondents: 73

2010 Total No. of respondents: 101

Key findings on 2010 TRS

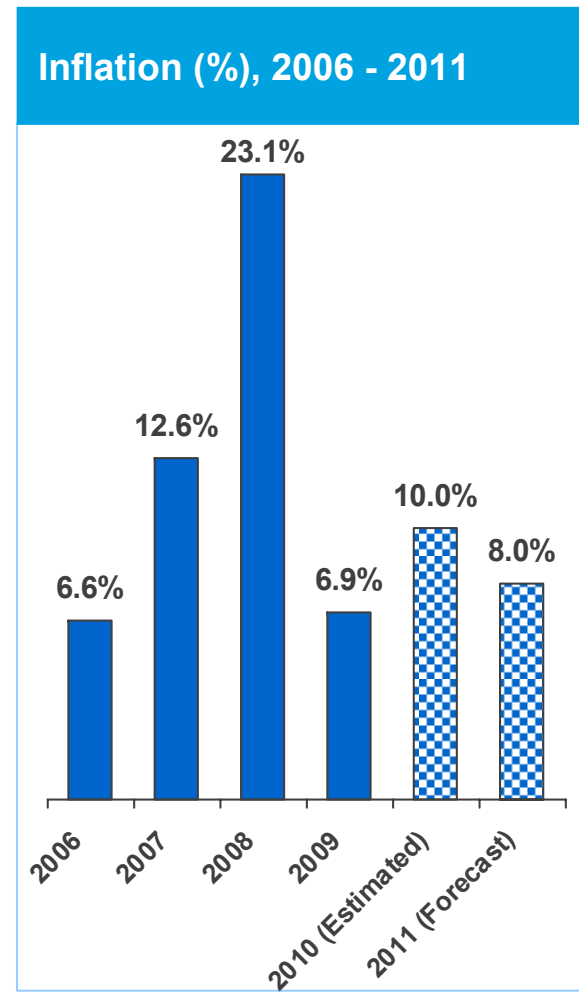
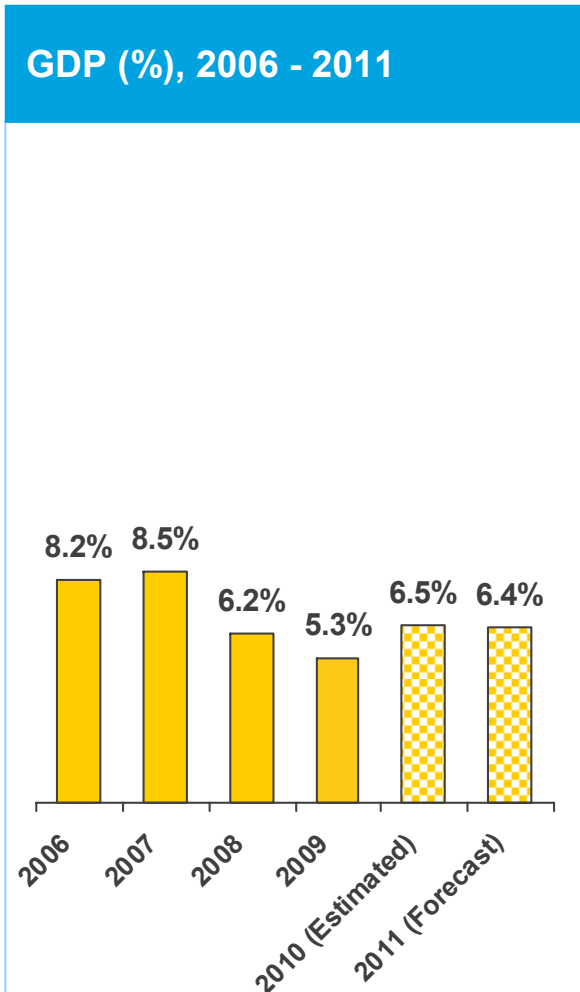
Summary

- In light of economic recovery, only 2 companies reported salary freeze
- Salary increase rates in 2010 are slightly higher than 2009 for most levels and most industries
- Banking, Chemical, Pharma, and Manufacturing industry reported higher salary increase rate, Hi-tech industry reported the lowest salary increase rate
- Oil and Mining, Banking, and Pharma pay premium in the market
- Engineering and Corporate Affairs function get higher pay for management and professional level. For staff level, Engineering and Admin function get higher pay compared to other functions
- Variable pay planned for 2010 performance is higher than 2009 for sales function and quite similar to 2009 for other functions
- Private health insurance is provided by more companies in 2010, other benefits remain the same as in 2009
- Moving from guaranteeing pay in net-USD to gross-VND is the market trend



Key Drivers for 2011 Remuneration

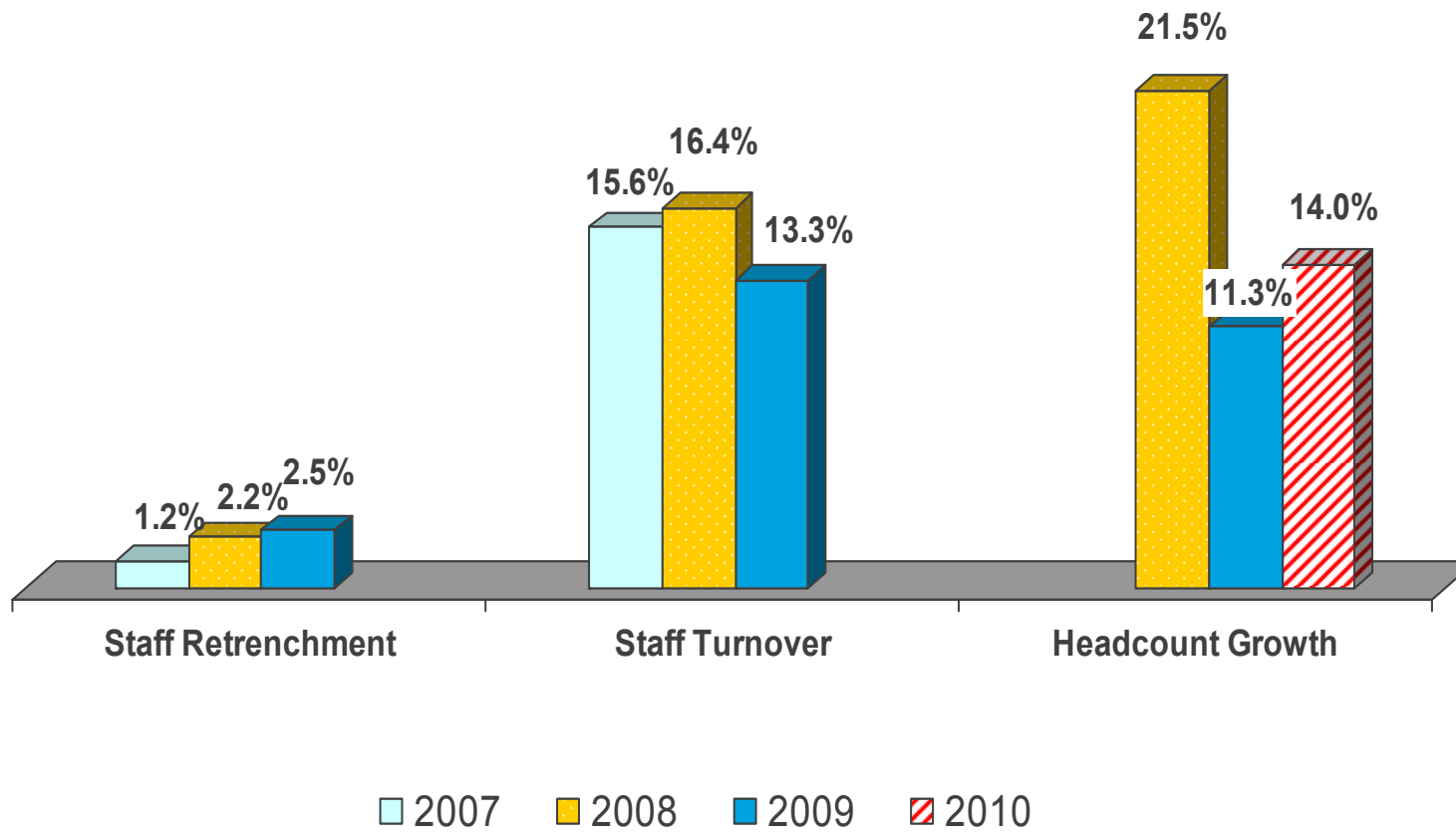
Economic and Business Environment



Source: General Statistics Office of Vietnam, IMA Asia May 2010

Labor Demand in 2010

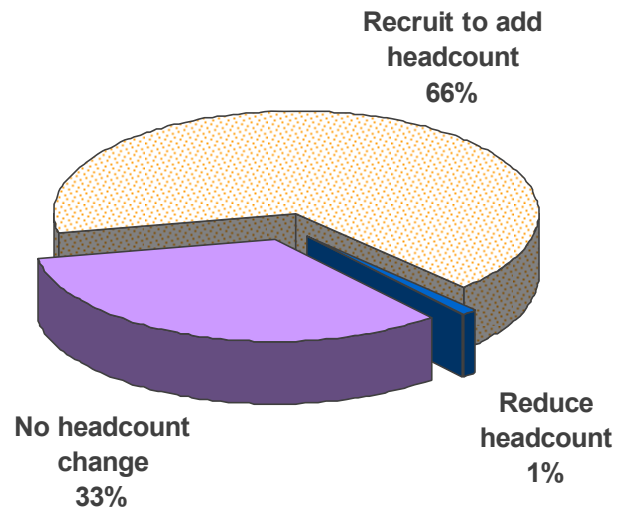
Headcount growth is planned to be higher in 2010



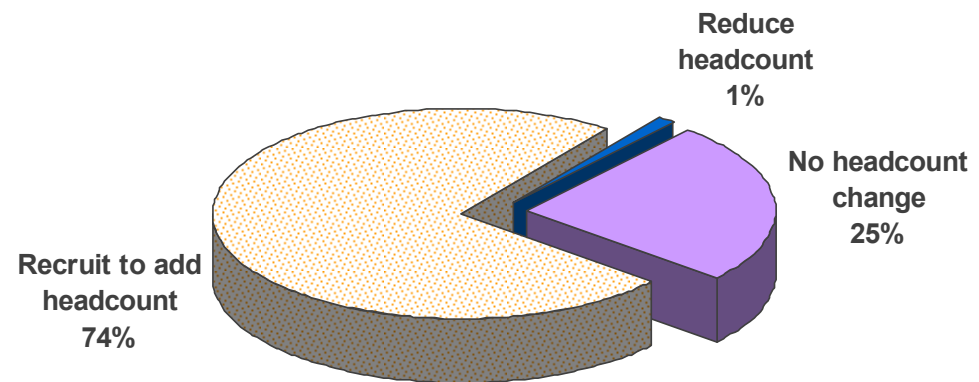
What is the hiring intention?

More companies plan to add headcount in the next 12 months

Next 3 months



Next 12 months



Hot Jobs in 2010

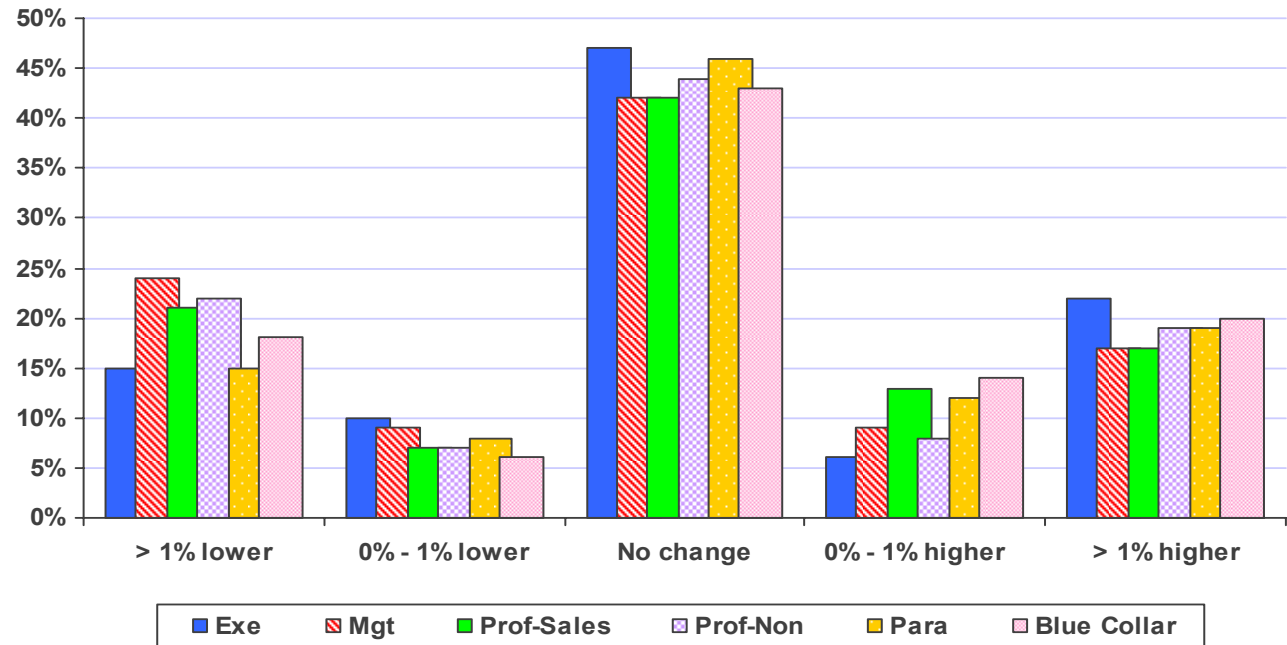
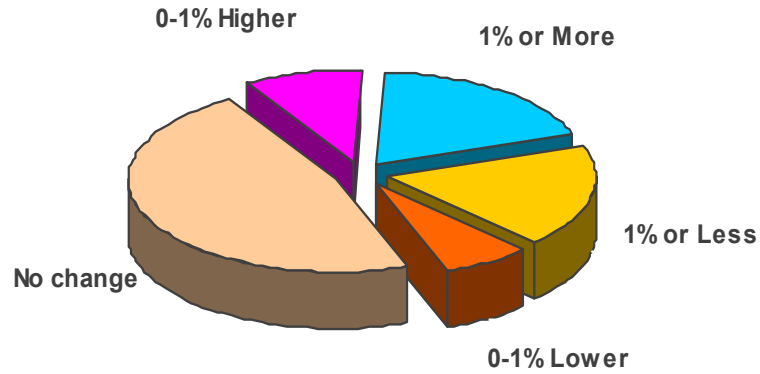
Top 3 - difficulty in recruiting

Job Family	Level	Actual Title
Marketing	Management	Marketing Manager
Sales	Management	Sales Manager
Sales	Professional	Sales Executive, Account Manager

Top 3 - difficulty in retaining

Job Family	Level	Actual Title
Marketing	Management	Marketing Manager
Sales	Management	Sales Manager
Sales	Professional	Sales Executive, Account Manager

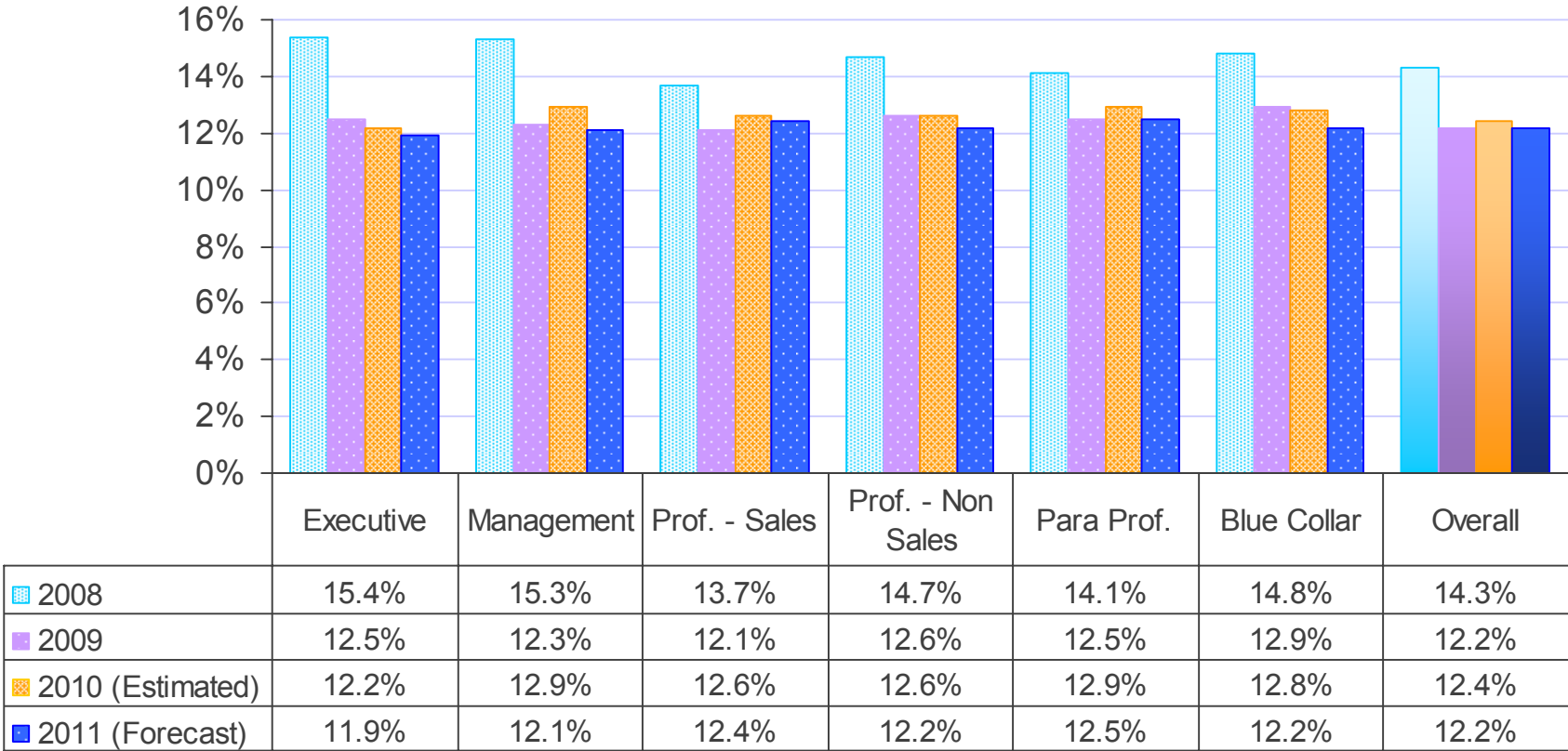
Salary Increase Forecast for 2011



2011 Forecast Salary Increase by Staff Category

Salary increase forecasted for 2011 is slightly lower than 2010

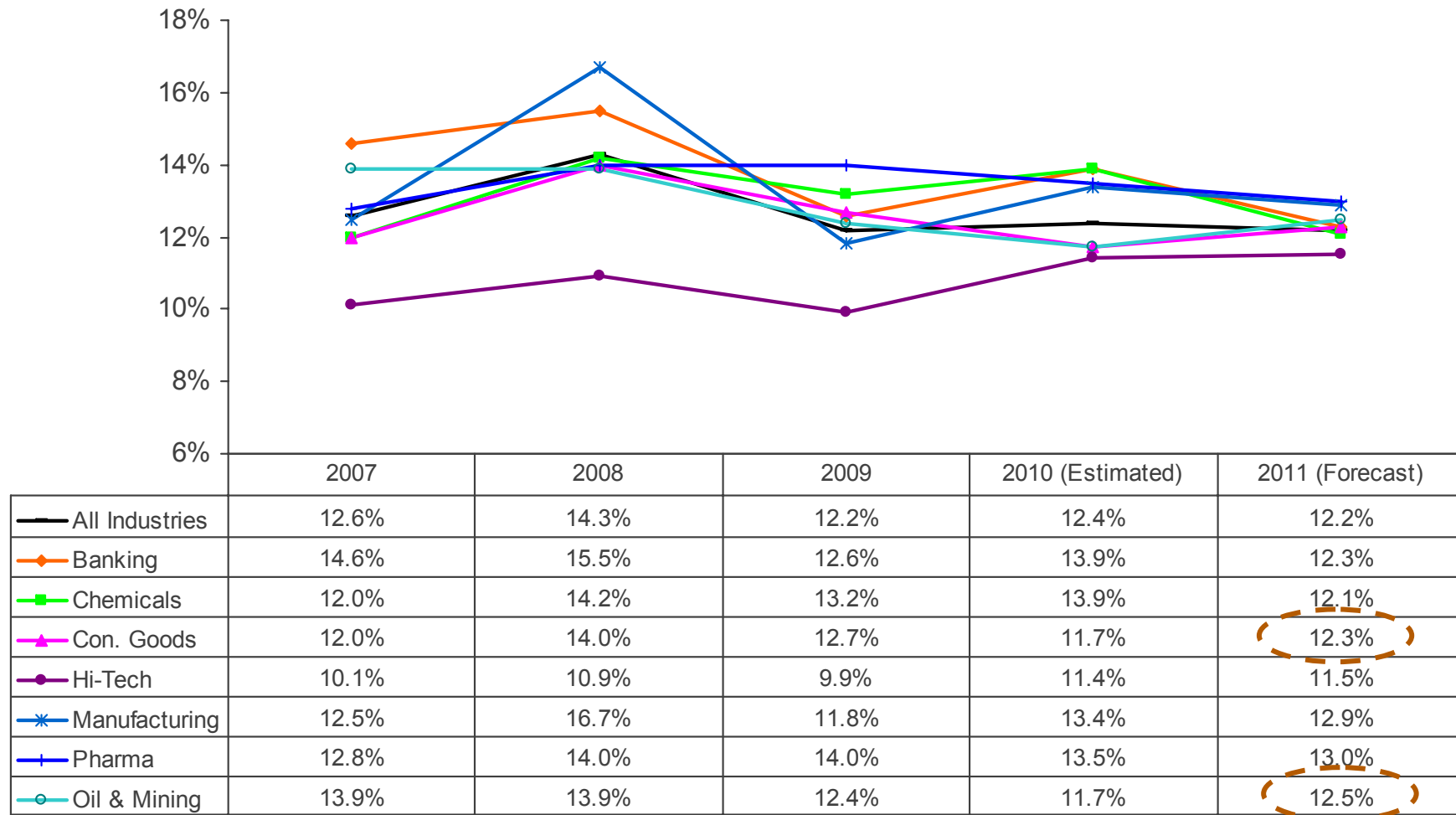
Average Salary Increase, 2008 - 2011



Excluding Salary Freeze

2011 Forecast Salary Increase by Industry

Conservative forecast for most industries except COG and Oil & Mining

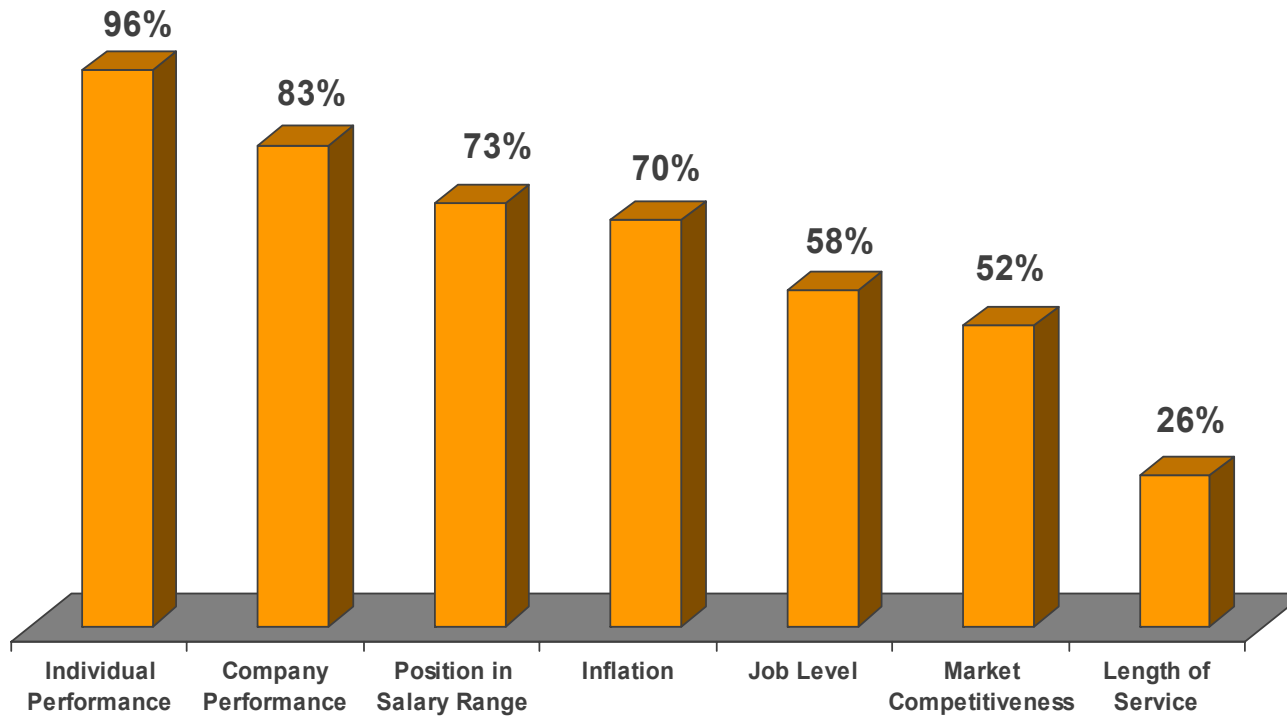


Excluding Salary Freeze



Factors That Affect Salary Increments

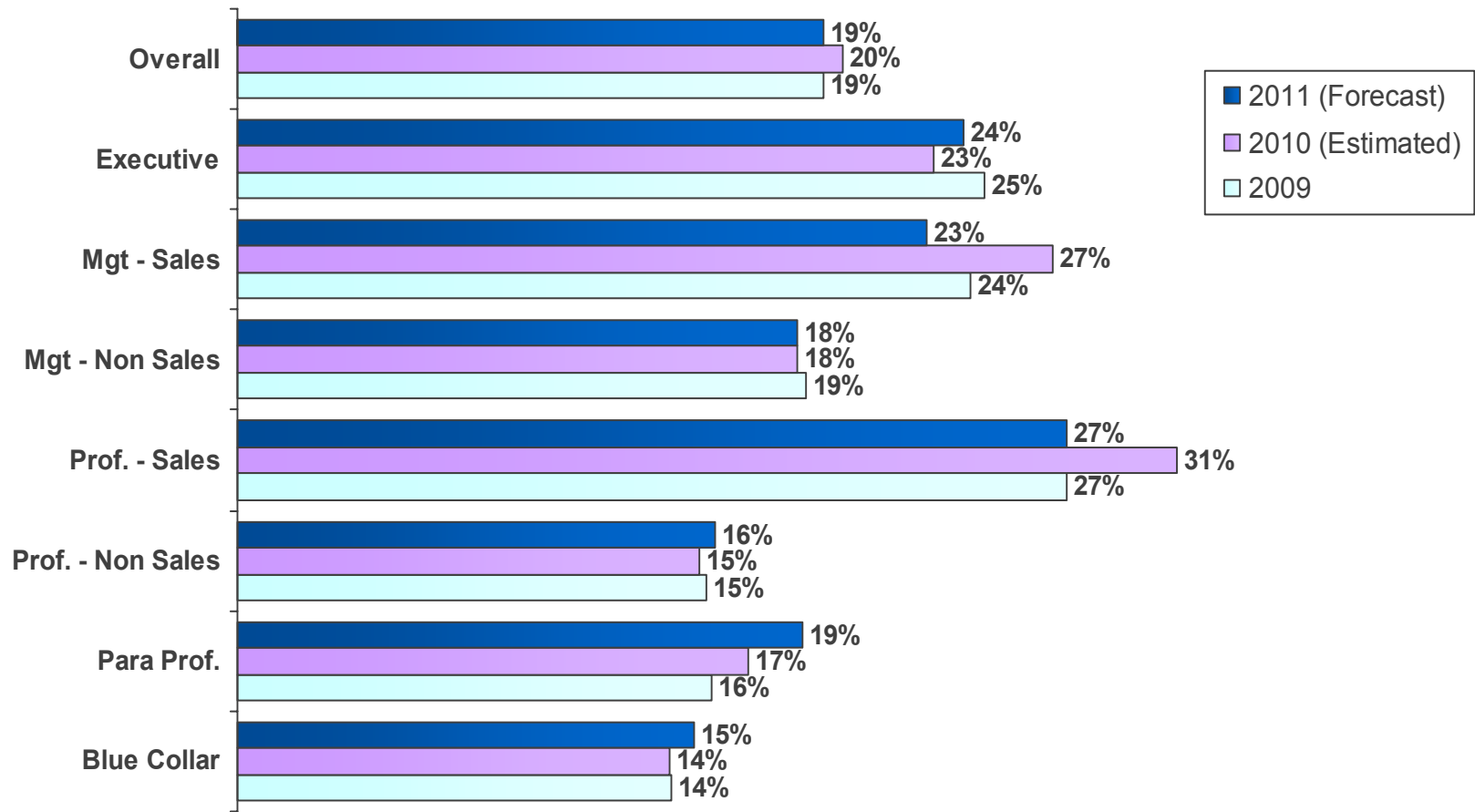
Market Competitiveness is now one of the factors



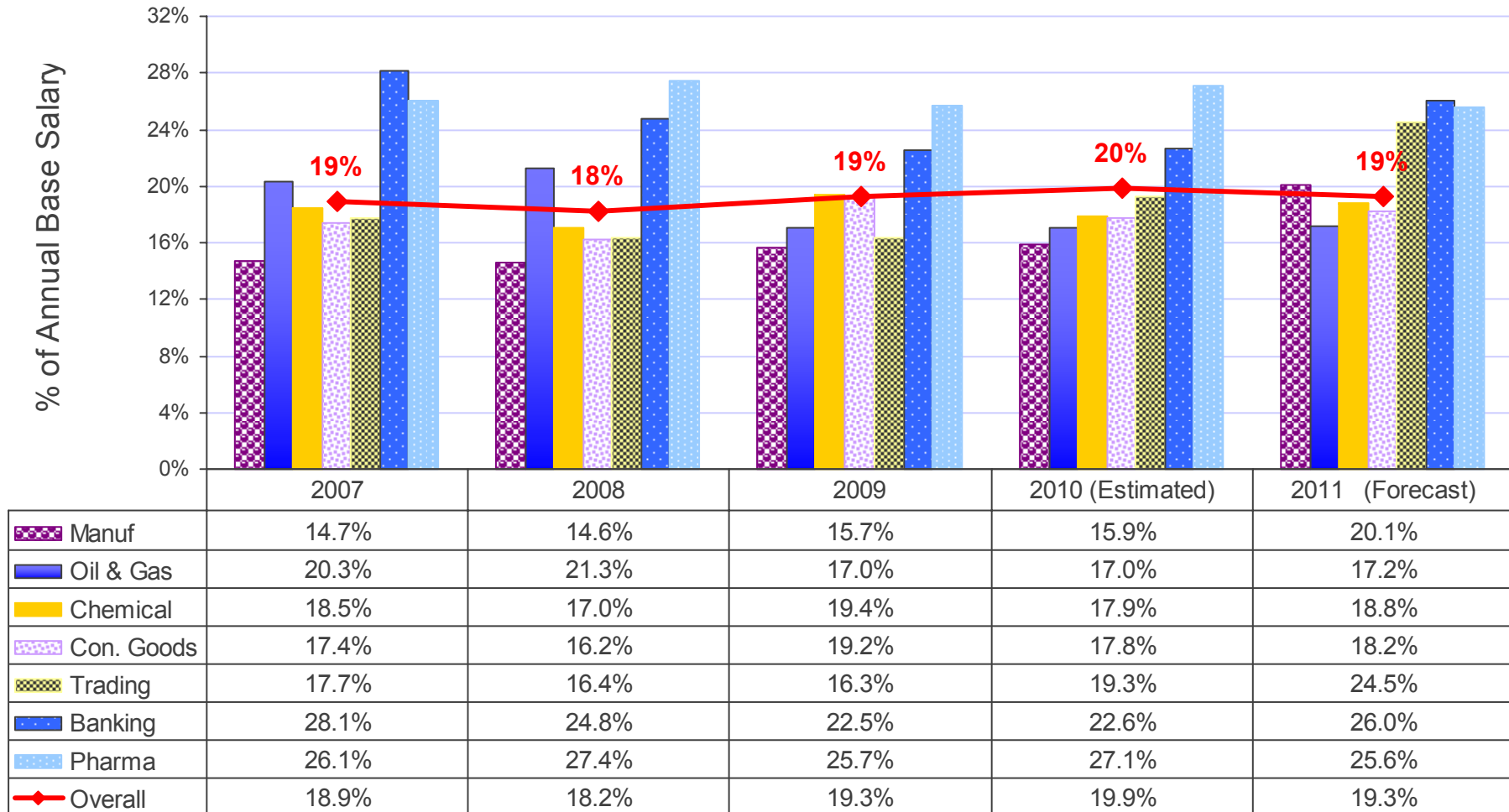
2011 Variable Pay Forecast by Staff Category

Similar to 2009 and 2010

Average Variable Pay, 2009 - 2011



2011 Variable Pay Forecast by Industry

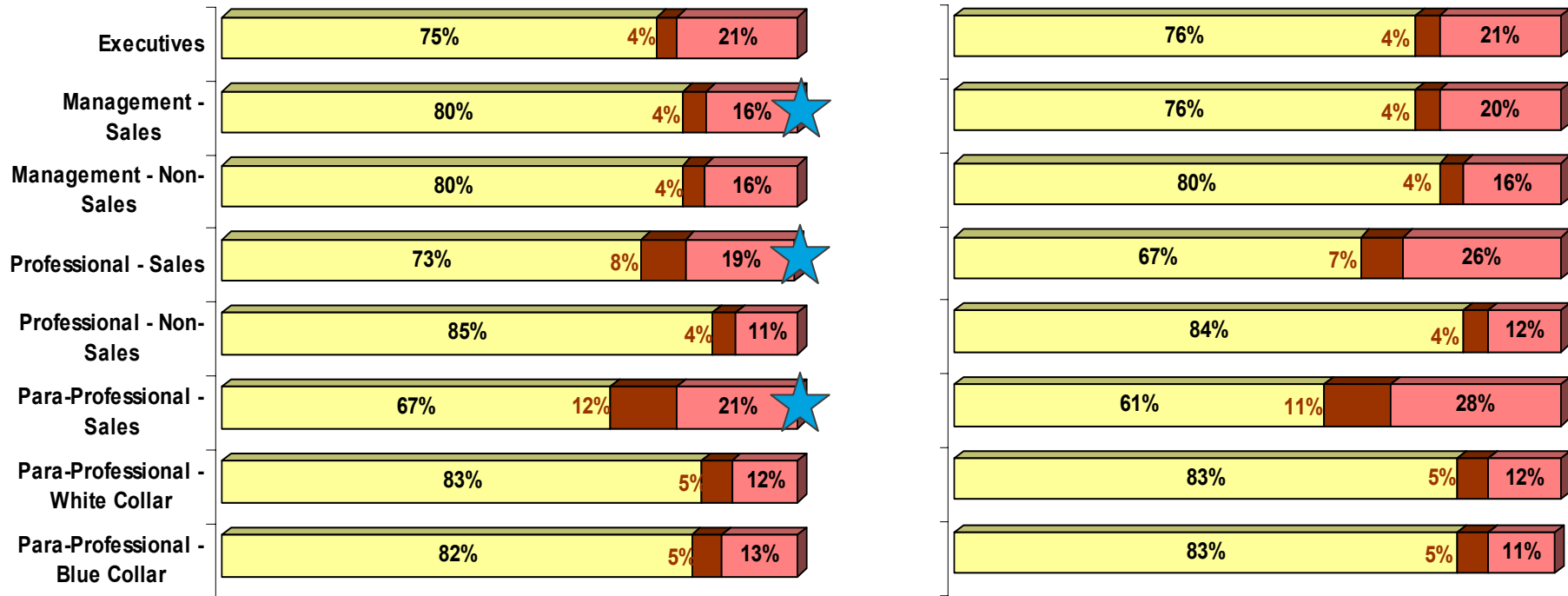


Cash Compensation Mix

Sales forces have higher target variable pay portion than actual

Actual Comp Mix

Target Comp Mix



Base Salary
 Guaranteed Cash
 Variable Cash

Key Drivers for 2011 Remuneration

Summary

- In light of economic recovery, up to $\frac{3}{4}$ companies plan to add headcount to support their business activities in the next 12 months
- However, most companies are still very cautious and forecast a conservative salary increase rate for 2011 due to the economic uncertainty lying ahead
- Individual and company's performance are still the two main factors that affect salary increment decision. Market competitiveness is also a factor considered by companies
- 2011 overall variable pay is also conservatively forecasted to be slightly lower than 2010
- Marketing and sales managerial positions are still considered to be difficult to recruit and retain by the majority of participating companies

How HR Should Prepare for the Future

Suggested actions

- Prepare the workforce for better growth in 2010
- Prepare for more competition in skilled labours
- Have better preparation to develop, recruit and retain hot jobs, especially the hot jobs in marketing and sales function
- Since compensation is the main factor to attract employee, benchmark with your peers to define how competitive your compensation is
- Know how much variable pay provided by your peers and improve your performance management system
- Aware of the potential high inflation rate by end of 2010
- Keep up with changes on labour law and regulations to manage non compliance risks
- Plan your budget for the increased social insurance contribution up to 2014




Thank You.

Contact Information

For further information, please contact our consultants at tel: **(84 8) 6 291 4188**

Industry	Contact Person	Ext.
Consumer Goods	Ms Ngo Ngoc Thuc Doan	604
Chemicals	Ms Vo Thi Thuy Diem	611
Financial Services	Ms Hua Ngoc Thuy Tram	605
Hi-Tech	Ms Do Thi Thu Phuong	606
Manufacturing	Ms Nguyen Thi Hong Van	601
Oil & Mining	Ms Duong Thi Thu Huong	607
Pharmaceuticals	Ms Ton Nu Diem Nguyen	603
Trading	Ms Tran Thi Quynh Anh	610
VN TRS Leader	Ms Nguyen Hoa	600



Legislative Updates 2010 - 2011

Presented by Nguyen Thi Thanh Huong
Senior Manager, Payroll & HR Outsourcing Services



Contents

1. Personal Income Tax Highlights in 2010
2. Changes in Minimum Wage 2010
3. Social Contribution Highlights 2010-2014
4. Claim Procedure for Un-employment Insurance
5. Draft of New Labor Law Effective from 2011

Personal Income Tax Highlights in 2010

- Income Tax Exemption (Circular 160/2009/TT-BTC)

Income	Tax exemption
Bonuses paid in 2009 before 03/31/2010	50%
Dividend paid in 2009 before 30/06/2010	100%

- Business Per Diem: increased from VND 70,000/ day to VND 150,000/ day (97/2010/TT-BTC Circular) applicable from 20th August 2010



Contents

1. Personal Income Tax Highlights in 2010
2. Changes in Minimum Wage 2010
3. Social Contribution Highlights 2010-2014
4. Claim Procedure for Un-employment Insurance
5. Draft of New Labor Law Effective from 2011

Personal Income Tax Highlights in 2010

- Income Tax Exemption (Circular 160/2009/TT-BTC)

Income	Tax exemption
Bonuses paid in 2009 before 03/31/2010	50%
Dividend paid in 2009 before 30/06/2010	100%

- Business Per Diem: increased from VND 70,000/ day to VND 150,000/ day (97/2010/TT-BTC Circular) applicable from 20th August 2010

Personal Income Tax Highlights in 2010

- **VAT deducted from the housing rental for foreign experts working in Vietnam (Document # 2696/TCT-CS)**

- Have signed a labor contract with Vietnam enterprises

No

- Have signed a labour contract and received salary and benefits from foreign enterprises

Yes

- **Guideline of conversion from net to gross salary (Document # 3565/TCT-TNCN)**

- For net salary: converted net to gross salary (document # 1578/TCT-TNCN)

- For net salary and net benefits (utilities, medical insurance... paid by employers): converted net of salary only, then plus with net benefits to calculate taxable income.

- For both net and gross salary from two sources: converted net into gross salary, then plus with gross salary for personal income tax calculation.

Minimum Wages in 2010

- Area minimum salary applicable to **Vietnamese entities**

Decree 97/2009/NĐ-CP

Unit: VND in thousands	Entity in area I	Entity in area II	Entity in area III	Entity in area IV
Decree 97/2009 (from 01/01/2010) A	980	880	810	730
Decree 110/2008 (from 01/01/2009) B	800	740	690	650
Increase C=A-B	180	140	120	80
% of increase D=C/B	22.50%	18.92%	17.39%	12.31%

- Area minimum salary applicable to **foreign entities**

Decree 98/2009/NĐ-CP

Unit: VND in thousands	Entity in area I	Entity in area II	Entity in area III	Entity in area IV
NĐ 98/2009 (from 01/01/2010) A	1,340	1,190	1,040	1,000
NĐ 111/2008 (from 01/01/2009) B	1,200	1,080	950	920
Increase C=A-B	140	110	90	80
% of increase D=C/B	11.67%	10.19%	9.47%	8.70%

Source: TalentNet summary and analysis

Changes in Insurance Contribution Rates

- Change on cap salary to contribute insurance from 01-May-2010 (Decree 28/2010/NĐ-CP)

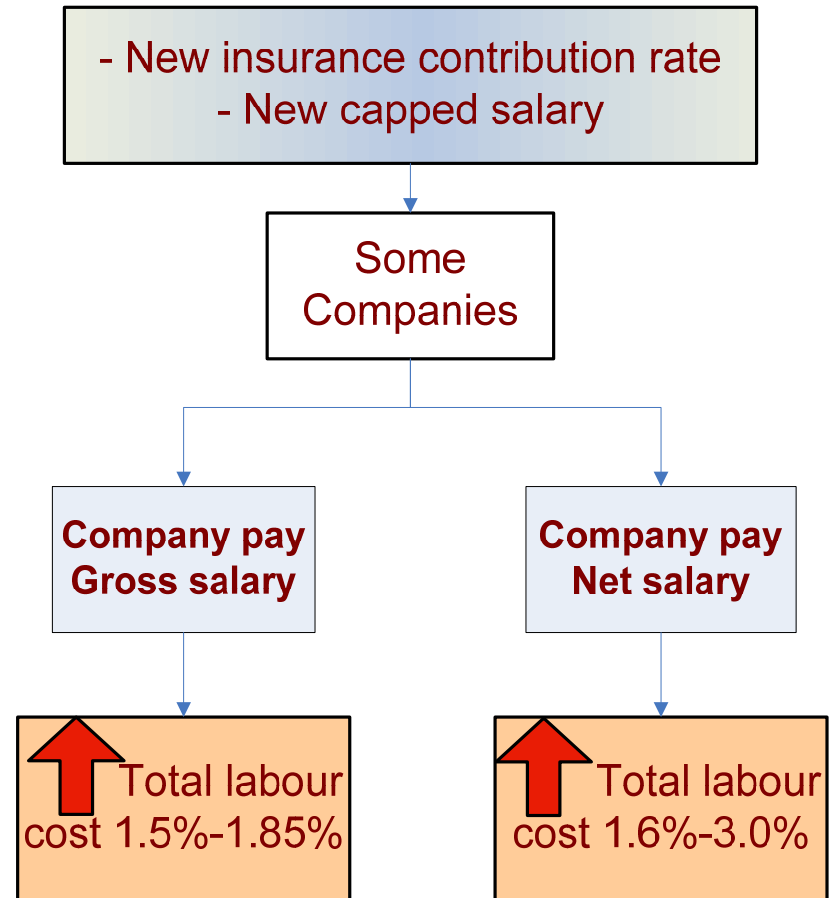
Unit: VND

Effective Date	Common Minimum Salary	Capped salary for insurance contribution
1 st May 2010	730,000/month	14,600,000/month
1 st May 2009	650,000/month	13,000,000/month

- Change on insurance contribution rate from 01-Jan-2010 (Decree 62/2009/NĐ-CP)

Kinds of comp Ins.	2009				2010			
	SI	HI	UI	Total	SI	HI	UI	Total
ER	15%	2%	1%	18%	16%	3%	1%	20%
EE	5%	1%	1%	7%	6%	1.5%	1%	8.5%
Total	20%	3%	2%	25%	22%	4.5%	2%	28.5%

Changes in Insurance Contribution Rates



Contribution 2011-2014

Social Insurance: route of contribution (Social insurance law 71/2006/QH11)

Route	Social Insurance Contribution Rate		
	2010 - 2011	2012 - 2013	2014
Employer	16%	17%	18%
Employee	6%	7%	8%
Total	22%	24%	26%

Health insurance: maximum rate will be increased to 6%, in which employee portion is 2% and employer portion is 4%. No detail plan yet. (Health insurance law 25/2008/QH12)

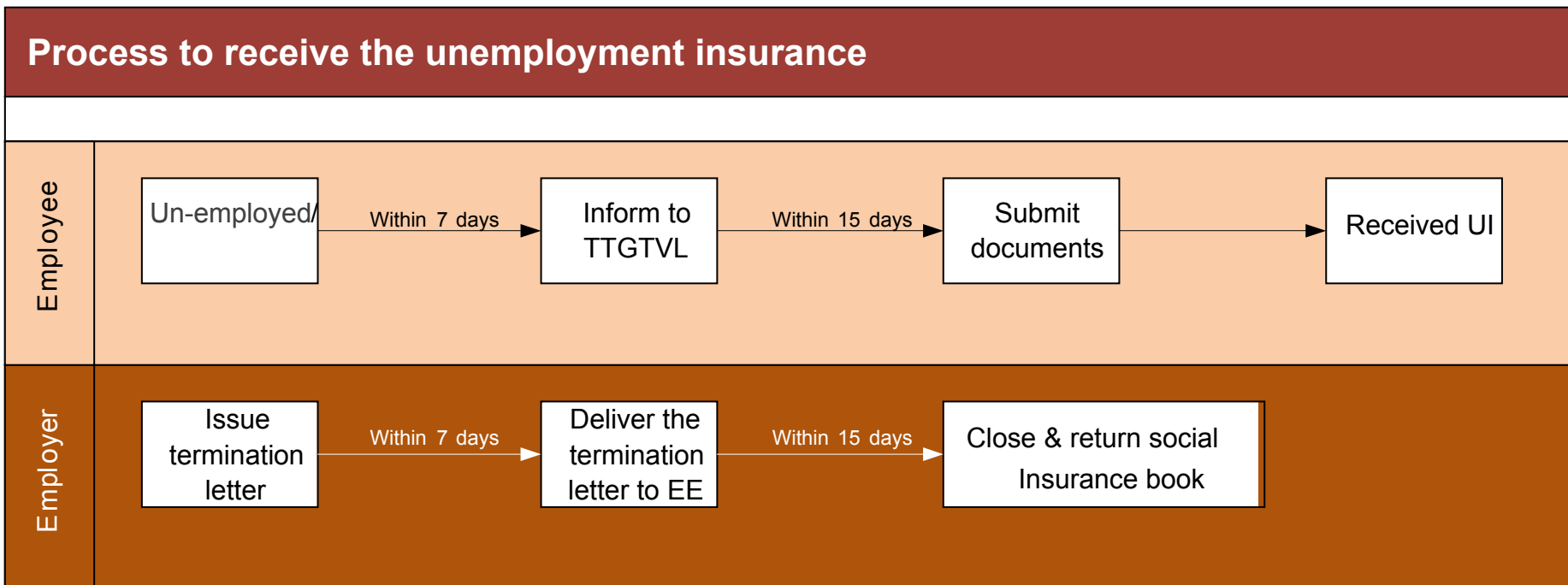
Administrative Fines Related to Social Insurance Contribution

- Fines for employers: Decree 86/21010/NĐ-CP – effective from 1st Oct 2010

Acts of violation	Penalties
Delinquent contribution of SI and UI	0.05%/ day Max VND 30 million
Inadequate number of people eligible to participate in social insurance	0.3 - 2.5 million/ EE
SI and UI contribution not properly calculated as regulated	0.3 - 0.7 Million/ EE
No participation in social insurance, un-employment insurance after 30 days of signing the labor contract	0.3 - 0.7 Million/ EE
No payment of insurance claims to employees (sickness, maternity...)	1.5 - 2 Million/ EE
Late payment to employee the reimbursement of sickness, maternity..claims after 3 days from receiving full regulated	Warning 0.2 - 0.5 Million/ EE
Not return SI book on time when employees stop working	Warning 0.5 - 1 Million/ EE
Lose, damage, make correction to the SI books	Warning 0.1 - 0.2 Million/ EE

Unemployment Insurance: Claim Procedure

- **Conditions for unemployment claim**
 - UI contribution from 12 months and above
 - Legal termination of labor contract or lost job
 - Un-employed
- **Documents need to be submit**
 - Application form
 - Termination letter
 - Social insurance book
 - ID card or resident book (notarized copy)



Draft of New Labour Law Effective from 1st January 2011

Regulation	Current labor law	Draft new labor law
Labor contract	Definite labor contract is signed only two times	Definite labor contract is signed only three times
Labor sublease contracts		Labor contracts subleased between the two enterprises and agreed by the employees
Salary during probation period	At least 70% of the basic salary	At least 85% of the basic salary
Termination of labor contract	Notification before the expired date of the labor contract is not required	Within 15 days before the labor contract expired, employee must be notified
Calculation time for severance allowance	Total working time up to 31/12/2008	Total working time up to 31/12/2008 plus the time that employee did not contribute to unemployment insurance after that

Draft of New Labour Law Effective from 01/01/2011

Regulation	Current labor law	Draft new labor law
Unlawful termination of labor contract	ER: compensation of at least two months salary and allowances (if any)	ER: Compensate 2 months salary for indefinite LB & definite LB; 1 month salary for labor contract under 12 months Add at least 2 months salary compensation if the labor contract terminate
	EE: can not receive severance allowance and have to compensate ½ month salary	EE: compensate 1 months salary for indefinite LB & definite LB; ½ month salary for labor contract under 12 months
Overtime	Not exceed 200 hrs/ year	Not exceed 300 hrs/ year
Overtime salary payment	Pay 300% of salary (including the work day on holiday)	Pay 400% of salary (including the work day on holiday)
Full paid holidays	Holidays: 9 days/ year	Holidays: 9 days/ year Foreigners: add 2 days for their country's national holidays