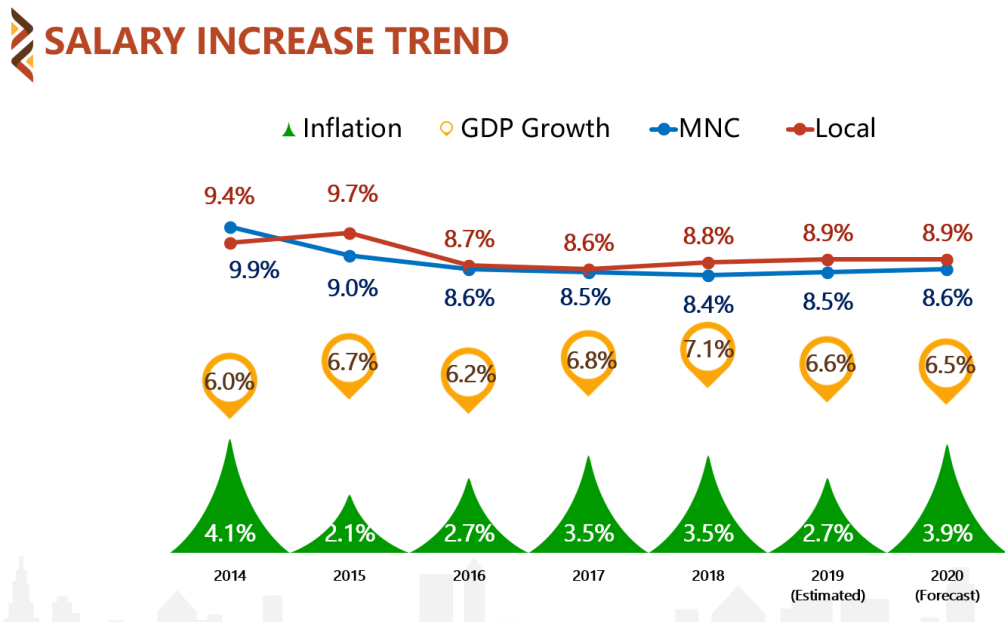# THE 2019 MERCER – TALENTNET TOTAL REMUNERATION SURVEY

On October 8th 2019, **Vietnam Rewards Summit 2019** - the country's first and largest conference in the fields of total rewards and remuneration organised by Talentnet Corporation gets off to a rousing start at Sheraton Saigon Hotel, attracting large attendance of over 600 business leaders and HR professionals in Vietnam and beyond. Under the theme ''Trends of Payfluence'', the summit offers more than 10 expert-led presentations, panel discussions, and interactive breakout workshops, shedding light on how to design a game-changing rewards strategy strongly linked to business objectives and organisation values.

On top of that, the event also announces the results of the 2019 Mercer – Talentnet Total Remuneration Survey, which attracted immense participation of 605 well-established MNCs and local conglomerates from 16 different industries. High Tech, Consumer Goods, Chemical, Life Sciences, and Manufacturing industries are in the top list in terms of the number of participants. With remuneration data of over 342,000 employees across Vietnam, the 2019 Mercer – Talentnet survey continues to be the largest and the most comprehensive salary and remuneration report in Vietnam over the past 10 years.

In particular, this year's survey marks the impressive attendance of 62 domestic enterprises, mainly from Consumer Goods, Real Estate and Banking industries. This investment shows the high level of interest amongst Vietnamese businesses in customising and professionalising the remuneration program, keeping up with the market trends, while improving their talent attraction and retention capabilities, especially amidst the increasingly competitive business climate nowadays.

Salary Increase Trend in Relation to Inflation and GDP Growth

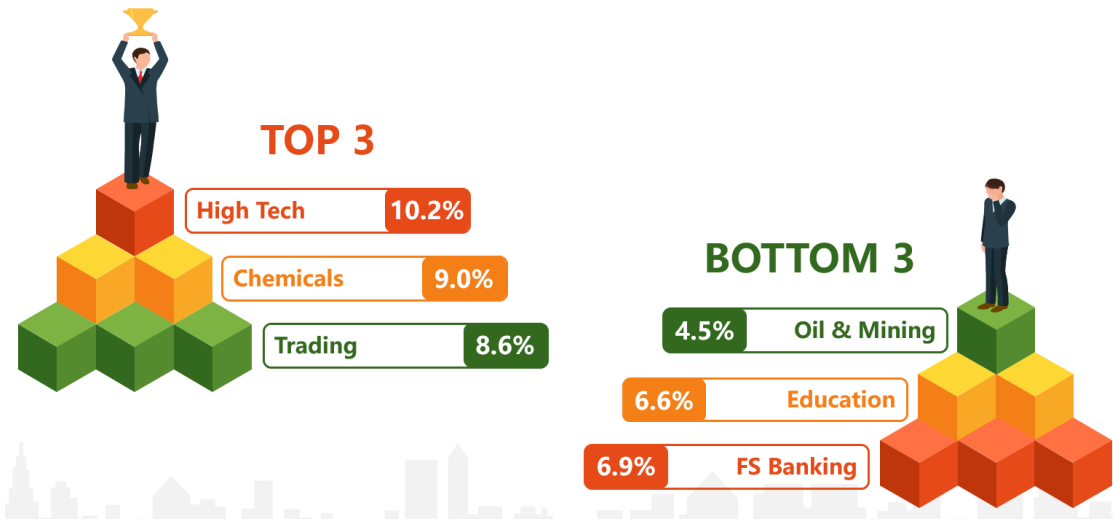**SALARY INCREASE TREND**

Source: The Mercer - Talentnet Total Remuneration Survey Report 2019

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According to the Mercer – Talentnet survey, the salary increase rate in 2019 is 8.6% (MNCs), and 8.9% (local businesses), with no significant difference compared to last year's result. Frankly, this increase is still higher than Vietnam's current rate of inflation and GDP growth.

Salary Increase Rate by Industry

SALARY INCREASE TREND
Top 3 & Bottom 3 – MNC

TOP 3

High Tech	10.2%
Chemicals	9.0%
Trading	8.6%

BOTTOM 3

| 4.5% | Oil & Mining |
| 6.6% | Education |
| 6.9% | FS Banking |

Source: The Mercer - Talentnet Total Remuneration Survey Report 2019

High Tech, Chemical, and Trading are the top 3 industries providing the highest salary increase rates, which are 10.2%, 9.0%, and 8.6% in particular orders. On the other hand, such industries as Oil & Mining, Education, and Financial Services-Banking report the lowest salary increase rates at 4.5%, 6.6%, and 6.9% respectively.

Pay difference between MNCs and local companies

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PAY DIFFERENCE OF LOCAL vs. MNC
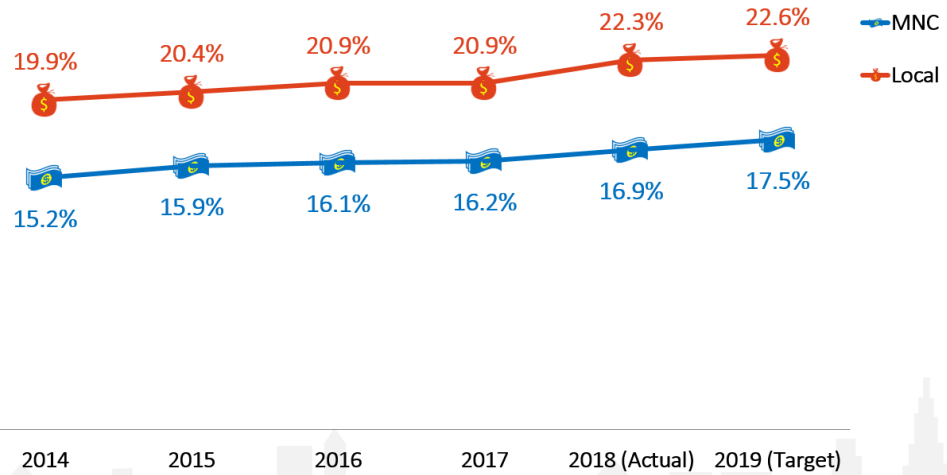**Annual Base Salary (COMP 1)**
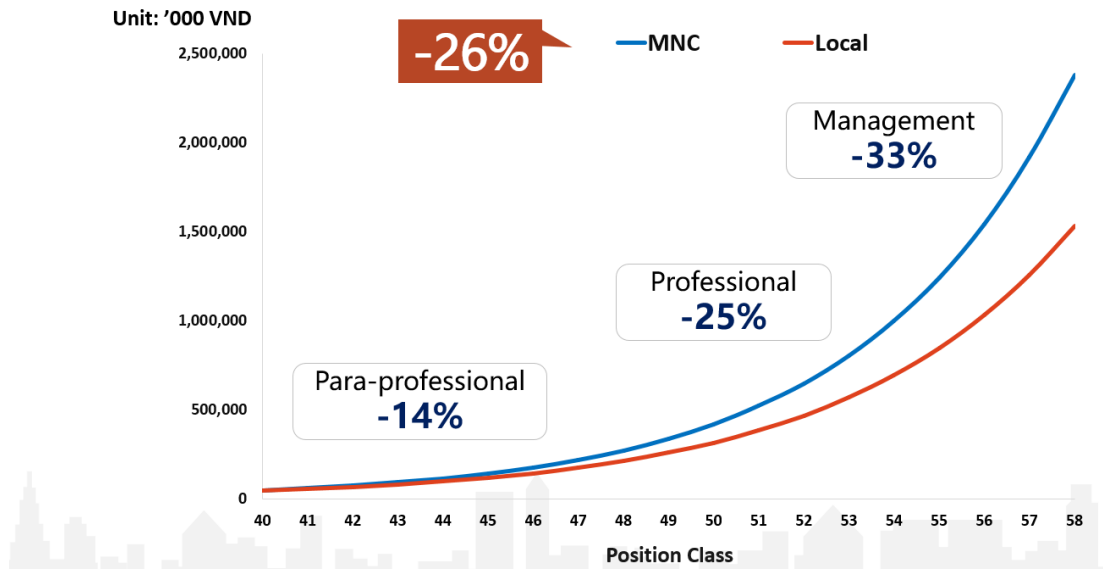
Source: The Mercer - Talentnet Total Remuneration Survey Report 2019

In 2019, the average salary offered by local companies is 29% lower than MNCs. The pay differences for annual base salary for different positions between MNCs and local enterprises are 14% (Para-professional), 25% (Professional) and 33% (Management). The gap is much wider at management level as multinational companies have been focusing on offering higher salary to management positions to fairly compensate for their larger contribution and scope of work.

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VARIABLE BONUS TREND

| 2014 | 2015 | 2016 | 2017 | 2018 (Actual) | 2019 (Target) |

Local: 19.9% | 20.4% | 20.9% | 20.9% | 22.3% | 22.6%

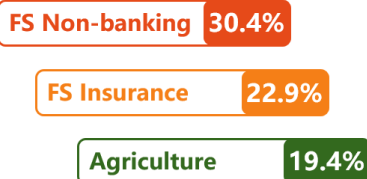MNC: 15.2% | 15.9% | 16.1% | 16.2% | 16.9% | 17.5%

Source: The Mercer - Talentnet Total Remuneration Survey Report 2019

However, from another perspective, the forecasted variable bonus rate of Vietnamese companies this year is higher than that of MNCs (22.6% compared to 17.5%). This figures show that local companies are willing to be more flexible in pay and bonus to compete with MNCs in the war for talents.
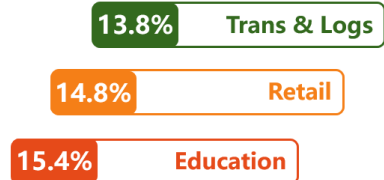
TARGET 2019 VARIABLE BONUS – MNC
Top 3 & Bottom 3 Industries

TOP 3
FS Non-banking 30.4%
FS Insurance 22.9%
Agriculture 19.4%

BOTTOM 3
13.8% Trans & Logs
14.8% Retail
15.4% Education

Source: The Mercer - Talentnet Total Remuneration Survey Report 2019

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Due to business nature, companies in the Financial Services including Non-Banking and Insurance have the highest bonus rates, at 30.4% and 22.9% respectively, compared to the annual base salary. In particular, 2019 records a remarkable increase in the bonus rate of the Agriculture sector (19.4%). Meanwhile, Logistics, Retail and Education sectors have the lowest bonus rates of 13.8%, 14.8% and 15.4%, respectively.

According to Ms. Nguyen Thi Thanh Huong, Deputy CEO of Talentnet, *"The significant increase of participating companies in the Mercer - Talentnet salary survey this year reflects the huge demand of businesses for an official and reliable database to benchmark their current rewards system with that of the market; maximize the use of Human Resources budget; and build an effective remuneration system to attract talents and enhance the company's competitive edge. Besides, the salary report will be a valuable source of information for CEOs and HR leaders in making informed business development as well as succession planning decisions."*

Thanks to a globally standardised methodology and a collection of the most updated HR trends, Mercer - Talentnet salary survey has cemented its powerful position as one of the most trustworthy sources for organisations to refer to in the process of designing people strategy relating to remuneration and total rewards. Combined with other factors such as working environment, training and development, performance management, etc., Mercer – Talentnet salary report will effectively assist companies in planning the base salary and bonus budget, recruiting and retaining talents, as well as supporting business strategy achievement and sustainable development.

<center>**- Ends -**</center>

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Talentnet Corporation

Established in 2017, originating from the Human Resources Services unit of PricewaterhouseCoopers Vietnam, Talentnet is now acknowledged as the leading HR consulting firm in the country, with nearly 20 years of experience in the local labor market. With the vision "Make a difference in the lives of every employee", Talentnet is passionate about contributing to a better working life for Vietnamese employees through professional HR solutions designed to meet the diverse needs of Vietnamese and international clients. Local understanding enhanced by international methodology from two global partners give Talentnet a greater understanding of organizations when providing suitable solutions. Its wide range of integrated services includes: Executive Search, Payroll and HR Outsourcing, Mercer Salary Surveys, and HR Consulting.\