

Survey: Asia Pacific Corporate Travel Executives On Managing The Risks Of A Global Workforce

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Prepared by:



International SOS is the world's leading international healthcare, medical assistance, and security services company.



The Association of Corporate Travel Executives (ACTE) is a not-for-profit association established to provide executive-level global education and peer-to-peer networking opportunities.

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Executive Summary

Without a doubt the physical relocation of staff on a temporary basis (such as business trips overseas), or on a permanent basis as companies seek to expand a presence in a new country for example, brings a stream of issues that can be complex, complicated and costly for all those involved.

Complex because the very act of relocating an executive overseas requires significant planning and logistics involving airlines, relocation companies, specialists in accommodation, health considerations, and then arranging everything to dovetail so that the executive can begin work on a set date.

Complications such as the relocation of the family from a stable environment into a brand new country together with the added stress of finding new schools and new friends in a foreign, or even worse, unfriendly environment.

For the newly relocated staff or business travellers away from familiar working environments, increased and unfamiliar threats to their health, safety and security can be expected with risks including everything from illness, pollution, adverse weather, tropical diseases, natural disasters, crime and outbreaks of civil or even political unrest.

As the world recovers from the global financial crisis, many companies are looking to Asia for growth opportunities and low cost production centres. While in Asia, countries that have weathered the financial tsunami better than others are continuing to explore and exploit opportunities overseas through strategic partnerships, joint ventures, mergers and acquisitions.

In July 2010, The Association of Corporate Travel Executives (ACTE) asked their members to participate in a survey to gain an insight into how corporations and organisations in the Asia Pacific region 'manage the risks of their global workforce'.

Supported by International SOS, the world's leading international healthcare, medical assistance, and security services company, ACTE invited members involved in corporate travel management and travel purchase to answer 12 questions on 'Managing the Risks of a Global Workforce'.

The survey intended to:

- Benchmark duty of care practices in the Asia Pacific region
- Ascertain perception and level of risk of outbound Asia Pacific travellers
- Identify best practice processes and practices used to mitigate risks to business travellers

Key Findings

- A cap on travel spend is of a higher concern than security
- Extra safety measures are not generally in place for international events / meetings
- A common belief that insurance coverage is adequate as a risk mitigation measure
- Few companies are sending their executives to high/extreme risk countries and those that do, 75% do not see the need to conduct travel safety training for their employees

47.1% listed themselves as being involved in travel management but in another role than those listed. These 'others' may come from human resources, operations, or administration. An accepted fact is that the presence of high %age of 'other' does skew the results although there were mechanisms in place to limit this occurrence.

Duty Of Care¹

Business travel continues to increase in range and frequency with the need by multinationals and small mid-sized businesses (SMBs) alike to seek new markets, lower production costs and raw materials in ever more remote and unfamiliar places. The relocation of talented staff also triggers heightened employer liability in regards to employee duty of care wherever they are based.

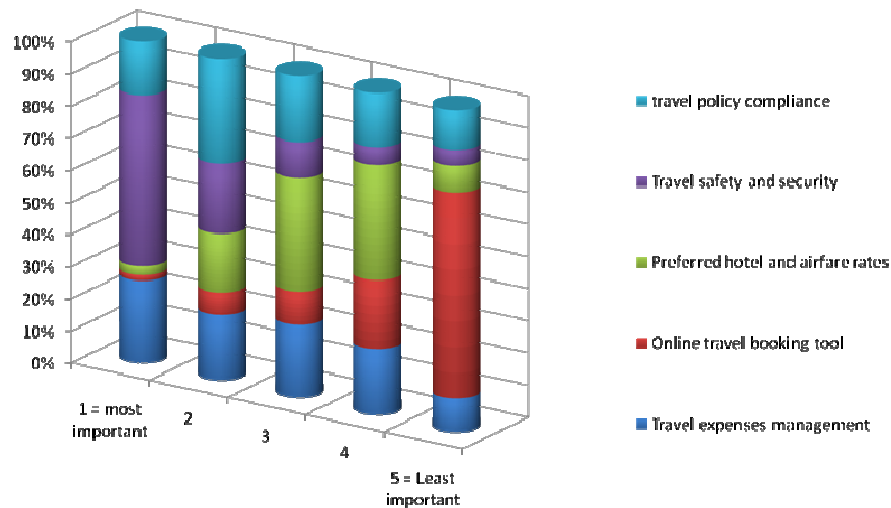
¹ For more information about Duty of Care, International SOS has a white paper *entitled 'Duty of Care of Employers for Protecting International Assignees, their Dependants and International Business Travellers'*. An Executive Summary can be found on the International SOS website at <http://www.internationalsos.com/dutyofcare/>

Risk Management Situations of International Assignees and Business Travellers

- *Acts of terrorism, kidnapping, hijacking, piracy*
- *Lawlessness, violent crimes, threats, opportunistic crime, organized crime, imprisonment*
- *War, insurgency, political upheaval, coups, and civil unrest*
- *Natural disasters such as hurricanes, floods, tornado, storms, mudslides, earthquakes, tsunamis, snowstorms, extreme weather conditions, and drought*
- *Infectious diseases and pandemics such as influenza, SARS, and Avian flu*
- *Travel-related infections such as malaria, respiratory infections, hepatitis, typhoid fever, dengue fever, and other medical emergencies*
- *Lack of air quality, rural isolation, language and cultural estrangement*
- *Vehicle accidents and airline catastrophes*
- *Hotel fires*
- *Common travel problems such as lost luggage, invalid/expired/forgotten passports, pickpockets, and scheduling delays*
- *Lack of legal/administrative compliance (i.e. immigration and visa challenges)*

The concept of duty of care for transplanted staff and business travellers is that organisations must make efforts to avoid the risk of reasonably foreseeable dangers to the traveller. Employers are expected to take practical steps to safeguard against such threats.

In fact, 56.9% of people surveyed in the ‘Managing the Risks of a Global Workforce’ survey ranked traveller safety and security as being most important to their firm. Second with 26.4% was travel expense management while travel policy compliance recorded 17.4%. As a note, 1.7% felt that an online booking tool was not a high priority when considering traveller safety.



Somewhat reassuringly, 69.6% declared that their company travel policy is designed around traveller safety and security. This does raise the question, however, of what happens when a

crisis hits at companies where a travel policy designed around traveller safety and security is non-existent?

Those 38.4% that answered their company were without a proper traveller security and safety policy means that a particularly risky strategy is being pursued especially if company executives are working, living, and travelling abroad as part of their work duty to generate revenue for their employer.

Another point to note is that as countries start to recover from the financial crisis, other countries off-the-beaten track may provide a revenue stream previously unexplored. By not having a policy that covers these countries (and some fall into the high risk category), companies may actually be hindering their own growth potential and running the risk of losing market share or competitiveness.

Travel Risk Ratings

Before looking at the locations that companies are sending their staff, a word about Travel Risk Ratings. These tend to follow a set of parameters to determine the health and security risks found in countries, cities and urban centres and apply to the whole country.

These provide an understanding of dangers faced by travellers to countries and use a number of factors to determine the level of risk. Of course, these ratings may be viewed ambiguously and certainly may not cover the entire country and travel specialists will need to thoroughly understand risks associated with the travelled to destination to give the executive a clearer and more comprehensive briefing.

Generally, ratings are assessed by the frequency of violent crime, unrest, government stability, war, the existence of terrorism, and others with the threat alert relating to the whole country rather than just specific location or locations. This means that countries that are considered safe may have a lower rating because incidents in other parts of the country will affect the whole rating system.

International SOS and Control Risks use a propriety risk rating system with profiles on personal safety, petty crime, kidnapping, violent crime, social unrest, rule of law, and corruption; situational developments, special incident advisories, and travel alerts.

Added into the mix are considerations of health risks to provide a more comprehensive understanding to customers about various topics such as vaccination requirements, infectious

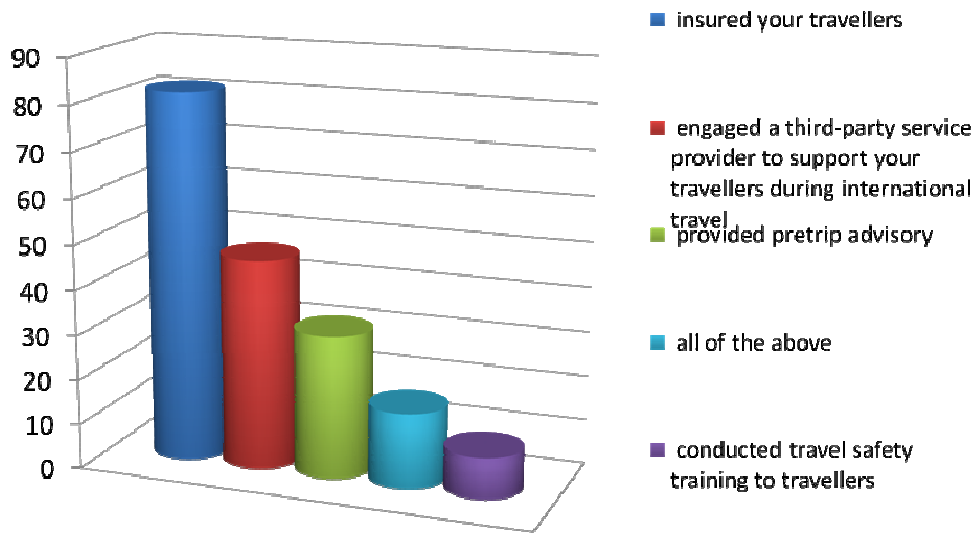
diseases common in destinations, food and water safety, and tips on staying healthy while abroad.

The results give executives a far greater understanding of where they will be going, the associated risks, the safer locations and also general advice about what to do if an incident occurs.

Low Risk

With all this in mind, the results clearly show that corporations are unwilling to seek opportunities in those countries identified as being of moderate to extreme risk with 76.89 % declaring that their executives are being sent to countries such as Germany, Singapore, Japan and China.

Interestingly, 82.7% said they provide insurance as a measure to manage traveller safety and security. This means 17.3% do not offer insurance. Another worrying statistic is that only 9.4% said their company conducted travel safety training for travellers.



Safety Training

Travel safety training can cover areas such as what happens if flights are delayed or cancelled, what to do in a car accident, who to call if directions required, lost, and others ranging from small to major issues.

A small %age (3.1%) stated that their organisation did not have traveller insurance, a third party service to provide traveller support during international travel, provided pre-trip advisories, nor conducted travel safety training.

Travellers with these companies need to seriously audit their travel health and security measures before travel...unless they believe this all taken care of or, even worse, take the view that 'this happens to other people and won't happen to me'.

If these companies do not even have key man insurance or a policy disallowing more than one executive on the same plane, then they are heading for trouble. Imagine if a bank or industrial group was to send their most promising executives on a train or plane that subsequently crashed? Apart from the human tragedy, the cost to the company would be immense in terms of talent development and management skills.

Traveller Guide Checklist

The timely and critical delivery of information allows informed decisions on the health and safety of travellers. When travelling to an unfamiliar country for any period of time, travellers should have an understanding of the following:

- The medical situation
- Food and water safety
- Cultural tips
- Personal safety tips
- Situation updates on weather, protests, and transport interruptions
- National holidays
- Travel risk ratings
- Emergency contacts

And when something does happen, a further layer of information is required including employees at risk, their precise location and situation, communications and much more.

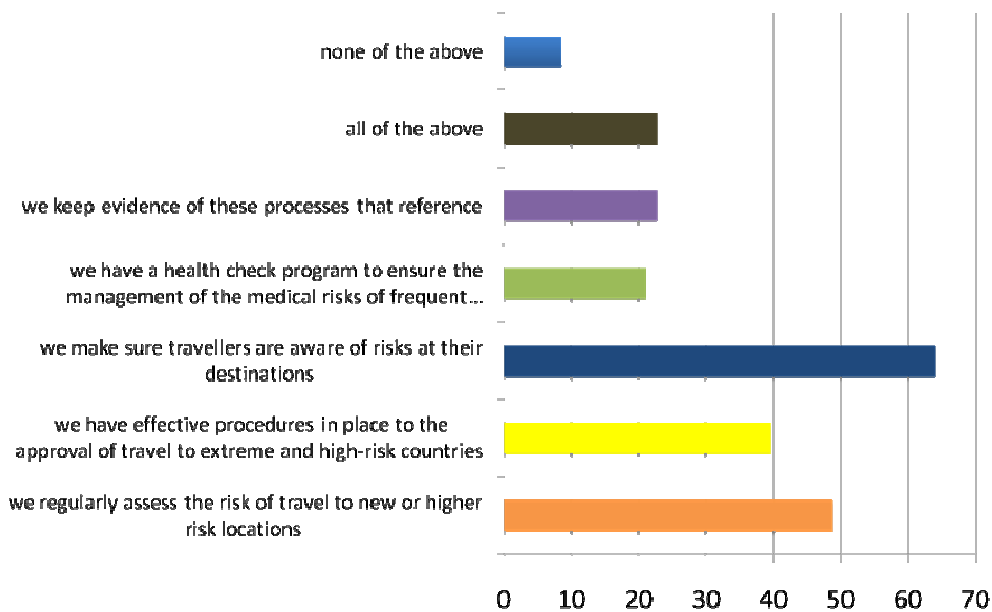
Additional Measures

While actual travel to moderate to extreme risk locations (such as Afghanistan, Algeria, Cameroon, Chad, Iraq, Pakistan, Papua New Guinea, and others) was reported as limited, responses were quite surprising when asked if their company implemented additional risk mitigation measures to these countries.²

46.6% said that there was an emergency response plan in case things took a turn for the worse, this was followed by 42.2% revealing that there was a vaccination programme in place to ensure the travellers were protected. Remember, this question covers additional risk mitigation when travellers visit high/extreme risk countries.

Only 21.6% will provide a security escort to protect their employees in danger spots. Disturbingly, the lowest response (20.7%) was for mandatory health screening to ensure the traveller is fit for travel – this was considered the lowest of all additional risk mitigation measures.

This demonstrated that survey participants were more focused on intent vs. implementation and prevention versus response. Although, risk management overall is high on the agenda.



² Incidentally, the second highest number of people skipped this question. The only question that had more people skip was in relation to whether they wanted to enter the lucky draw associated with this survey.

Budgets

A key finding in the *'Managing the Risks of a Global Workforce'* survey is in relation to travel security and health spending. Companies that have fixed travel budget need to seriously consider the drawbacks of assessing a quarter, half yearly or annual costs that are allocated.

Take, for example, the chaos and turmoil the Eyjafjallajokull volcanic eruption caused. This was a natural disaster on a scale not imagined and left many companies ill-prepared to cope with the fallout – from stranded employees to hotels hiking prices as a result. Company business continuity plans – those that had them – were hurriedly dusted off and put into action and, importantly, adapted to fit the situation.

International SOS estimates that 60 % of corporate travel budgets were spent during the volcano disaster alone, which took place near the beginning of the year.

A third said that their company spends between 1 and 10 % on travel safety and security spending as a % of the whole budget which indicates companies seemingly do not value their staff.

As international events, tradeshows, conferences and other meetings are a main source for business travel and seen as profile raisers, networking, sales opportunities and seeking introductions, 77 % say that their company does consider safety and security risks for events and meetings overseas.

23 % do not see this as being a necessary course of action at all. Whether this means that travellers from these companies are unaware that any precautions or planning have taken place before they travel is unknown.

In actuality, the event rather than the destination is an important consideration. Take for example any World Trade Organisation meeting. Traditionally these have been the focal point of protests and unrest by local and travelling demonstrators irrespective of the location. Or, a meeting that makes a ripe target for a terrorist strike.

Where companies have a concentration of talent, the risks are far greater. A plane crash recently killed the top ten sales executives who were travelling as part of an incentive scheme that rewarded them for being the best revenue generators for their company. Apart from the human tragedy, this accident at a stroke removed a significant proportion of revenue generation talent from the company.

The preservation of human assets regardless of the location and environment should be the highest priority for any company. Overseas events are often seen as the Achilles Heel by those in the security industry because the very nature and, often, destination, means those standard procedures will be redundant.

Conclusion and Lessons Learnt

Many organisations are operating across borders without fully understanding the duty of care obligations to their travelling populations. The survey did give a general understanding of approaches, measures and policies that multinationals and SMBs in the Asia Pacific implement to mitigate travel risk management.

While some results were surprising, there are some valuable lessons that can be learned:

- Travel departments must be involved in the crisis management planning, and policies must be developed with the ability to change and adapt based on unforeseen situations that may arise.
- Travellers must be informed and educated about travel policies and procedures before they depart, with a specific focus on what to do and who to contact during an emergency.
- Companies are forever evolving but the approach to travel health and security seems to be more reactive than proactive. Policies or travel budgets tend to be based on historical data rather than future events and when a major event knocks everything sideways (such as a volcanic eruption or pandemic), these companies are unable to adapt.
- Companies need to take a close look at how many people are actually involved in the travel aspect and who is responsible when an incident occurs.
- Even if an organization does not have a regular, day-to-day relationship with providers, at least working with the most frequent providers and engaging them in travel policy and/or crisis management planning process will help.
- If the traveller is empowered from the beginning, there are significant savings that can be made. For example, if the traveller is warned that a particular country is prone

to flooding in certain months, then these areas can be avoided during the affected period. Even giving travellers an updated public holiday calendar helps to mitigate risk.

- Employees that travel on behalf of their company face greater risks than any other staff member in the company simply because they often visit environments that are different from the norm. Training that can help them better prepare to cope with incidents – car accidents, delayed air travel, natural disasters – will save companies significant time and money in the future.

Relocation is taking place of executives both within and to the region in greater numbers all on a mission to scout for opportunities and gain a perspective. The economic crisis felt in many domestic markets adds a sense of urgency and serves to provide extra impetus.

Business travel is an accepted and often necessary part of life within an organization and the relocation taking place of executives both within and to the region in greater numbers reaffirms the case for a comprehensive travel management risk policy.

Travel risk management covers a number of scenarios and commonsense precautions that protect the employee and company. From the survey, the results clearly show that more work needs to be done in the development and implementation of travel risk management policies.

Employers are expected to take reasonably practical steps to safeguard their employees against any foreseeable dangers in the workplace. Duty of care usually extends beyond the workplace (mobile workforces, home workers, travellers) and may also extend to contractors or subcontractors.

Of course, those with a basic or comprehensive duty of care policy need to regularly review and update to ensure information and procedures are up to date. The Icelandic volcano created havoc for many because this was a highly unusual situation to occur but one that affected millions of people but provides a perfect starting point in seeing how plans worked, challenges that were overcome and any lessons learned.

Methodology

To obtain this data, ACTE sent direct mailers to their entire database via email. Respondents represented varied industries and responded in July 2010. A total 161 participants were recorded and answers were provided using a web-based survey.

70 % of respondents came from large, Fortune 500 organisations with a regional office or a presence in the Asia Pacific region. The remainder represented companies with an established presence and / or Asian Tigers. The results gave an interesting executive cross-slice of perceptions and insights into travel management risks from an individual perception.

An incentive was offered that was designed to encourage participation and narrow the drop out rate to give purer results.

Notes

About ACTE

The Association of Corporate Travel Executives (ACTE) is a not-for-profit association established to provide executive-level global education and peer-to-peer networking opportunities. Membership spans all of business travel, from corporate buyers to agencies to suppliers, and accords all sectors equal membership. ACTE serves more than 6,000 executives in over 80 countries.

About International SOS

International SOS (<http://www.internationalsos.com>) is the world's leading international healthcare, medical assistance, and security services company. Operating in over 70 countries, International SOS provides integrated medical, clinical, and security solutions to organizations with international operations. Services include planning and preventative programs, in-country expertise, and emergency response. A global team of 6,000 employees led by 900 full-time physicians and 200 security specialists provides health and security support to enable its members to operate wherever they work or travel. Members include 66 % of the Fortune Global 500 companies.

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