

DHG PHARMA

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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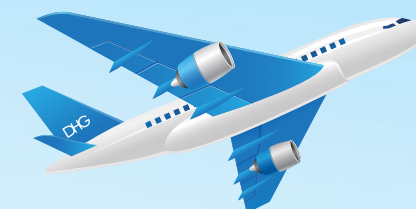
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DHG PHARMACEUTICAL JSC - SUSTAINABLE DEVELOPMENT REPORT 2016 - STOCK TICKER: DHG

DHG PHARMA

For a more beautiful and healthier life



Journey to **A BEAUTIFUL LIFE**



SUSTAINABLE DEVELOPMENT

2016
REPORT

CONTENTS

THE SUSTAINABLE DEVELOPMENT REPORT 2016

LIST OF ABBREVIATIONS

ABBREVIATED INTERPRETATION

AGM	: Annual General Meeting
ARA	: Annual Report Awards
AHU	: Air Handling Unit
BFO	: Business Force One
BOD	: Board of Directors
CSR	: Corporate Social Responsibility
DHG Pharma	: DHG Pharmaceutical Joint Stock Company/ Parent Company
E&Y	: Ernst & Young Limited Liability Partnership
ERM	: Enterprise Risk Management
GACP	: Good Agricultural and Collection Practices
GDP	: Good Distribution Practice
GHG	: Greenhouse Gas
GLP	: Good Laboratory Practice
GMP	: Good Manufacturing Practice
GPP	: Good Pharmacy Practice
GSP	: Good Storage Practices
GRI - G4	: Global Report Initiative - G4
Global GTA	: Global Trade Alliance
HR	: Human Resources
HVAC	: Heating, Ventilating and Air Conditioning System
IBT	: The Institute of Biotechnology

ABBREVIATED INTERPRETATION

IFC	: International Finance Corporation
IR	: Investor Relations
IZ	: Industrial Zone
JSC	: Joint Stock Company
KPH	: Undetected
KPI	: Key Performance Indicators
KRIs	: Key Risk Indicators
LLC	: Limited Liability Company
PIC/S - GMP	: Pharmaceutical Inspection Co-operation Scheme
P&L Statement	: Profit and Loss statement
QC	: Quality Control
QCVN	: Vietnamese Standards
QM	: Quality Management
R&D	: Research and Development
ROA	: Return on Assets
ROE	: Return on Equity
ROS	: Return on Sales
TPT	: Tan Phu Thanh
VCCI	: Vietnam Chamber of Commerce and Industry
VBCSD	: Vietnam Business Council for Sustainable Development
WHO	: World Health Organization

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REFERENCE TABLE ACCORDING TO GRI G4 STANDARDS

SUSTAINABLE DEVELOPMENT WILL CONTINUE TO BE THE MAIN OBJECTIVE AND PREREQUISITE IN EVERY INVESTMENT STRATEGY, AND BUSINESS ACTIVITY OF DHG PHARMA. IN THE FIVE-YEAR DEVELOPMENT STRATEGY (2016 - 2020), DHG PHARMA HAS SET FOR A HIGHER GOAL, GRADUALLY ESTABLISHING A POSITION OF A LEADING PHARMACEUTICAL COMPANY IN VIETNAM.

Dear Shareholders, Customers and all employees!

The pharmaceutical industry is now considered a dynamic sector that makes a positive contribution to the country's economy. In a hundred of Vietnam pharmaceutical companies, DHG Pharma has always promoted its strengths, vision, mission, and core values of a leading enterprise with stable and sustainable development. Over the years, DHG Pharma has chosen the path of human development as an effective investment method that the Company has consistently chosen to date. With the mission that is **"always provide high quality products and services to satisfy the aspiration for a more beautiful and healthier life"**, DHG Pharma commits to maintaining all sustainable business activities, along with the prosperous development of the society.

By the end of 2016, DHG Pharma has excellently fulfilled the plan approved by the Annual General Meeting (AGM) and continued to confirm the target to maintain the position as the largest pharmaceutical manufacturing enterprise in Vietnam, ensuring and maintaining the best interests for shareholders, partners and employees. Accordingly, the Company implements and renovates management methods; modernizes production technology and improves labor productivity; strengthens domestic distribution network, invests in modern sales channels; consolidates the major export markets while expanding international cooperation; towards the application of corporate governance principles in accordance with international standards and information transparency. Furthermore, the Company also increased the proportion of natural ingredients from Vietnam, in order to provide the best quality and safety products to its customers, thereby improving the stability of life for farmers at medicinal plant projects.

BECOMING THE **LEADING**
DOMESTIC PHARMACEUTICAL ENTERPRISE
IN VIETNAM PHARMACEUTICAL INDUSTRY

RANKING IN THE TOP **10**
LEADING PHARMACEUTICAL COMPANIES IN
SOUTHEAST ASIA
WITH SALES OF USD 300 MILLION BY 2020.

BRANDING THE COMPANY'S IMAGE
TO BECOME A SYMBOL OF
HUMANITY
IN CONTRIBUTING TO THE SOCIETY,
ENHANCING LIFE QUALITY.

With that in mind, DHG Pharma always strives to achieve its goals excellently, and remains steadfast to its vision **"For a more beautiful and healthier life"**. The Company constantly promotes research and development of new products to best meet the market demand, ensures stable growth, meanwhile maximizes profits for shareholders and increases interest of stakeholders. In addition, the Company is more closely associated with corporate governance in the value chain by committing to better compliance with environmental and social regulations.

With the determination and persistence on the sustainable development models that DHG Pharma has been developing, we believe that with the unanimity of all employees and the enthusiastic support of shareholders, partners and customers, DHG Pharma will continue the successful implementation of sustainable development strategies 2016 - 2020. Wishing you good health, happiness and success.

Sincerely,



PHAM THI VIET NGÀ
General Director



VISION



For a more
BEAUTIFUL AND HEALTHIER LIFE

MISSION



DHG Pharma always provides high quality products and services to satisfy the aspiration for a more beautiful and healthier life.



CORE VALUES



Our highest commitments are **quality, safety, and effectiveness.**



Our foundations for development are **knowledge and creativity.**



Our ways of doing business are with **responsibility, cooperation, and promotion.**



Our pride is DHG Pharma's **cultures and identity.**



Our long-term goal is **mutual prosperity with partners.**



Our competitive advantage is **the superior differentiation.**



Our activities all centered around the **benefits of the community.**

MORAL VALUES OF THE COMPANY

DHG PHARMA DETERMINES TO BECOME A REPUTABLE AND PROFESSIONAL COMPANY, NOT ONLY GUIDED BY APPROPRIATE POLICIES, BUT ALSO LED BY FUNDAMENTAL AND APPROPRIATE MORAL VALUES.



Compliance with laws, constitution of Vietnam as well as in all jurisdiction in which the Company operates and is responsible for non-compliance acts.



Compliance with rules and regulations issued by the Company, and these documents must be in line with laws.



Information confidentiality, managing, utilizing and protecting the assets of the Company.



Optimizing and increasing adding values for stakeholders, but do not trade profits with moral values.



Performing social responsibility is a mandatory requirement for all members of the Company.



Fair competition on the principle of honesty, equality, non-invasive with benefits of the State, community, and consumers.



Respecting the intellectual property of competitors, customers, partners, suppliers etc.



Customers and consumers are the most important and privileged stakeholders because they are indispensable to the success of the Company.



Employees are valuable assets, a vital resource which required training, caring, respecting and treating fairly.

From THE SOURCE OF ASPIRATION

MORE THAN 40 YEARS OF ESTABLISHMENT AND DEVELOPMENT, DHG PHARMA HAS LIVED AS THE SOURCE OF RAISING AND CULTIVATING HEARTS, WHICH ARE FULFILLED WITH AN ASPIRATION - "FOR A MORE BEAUTIFUL LIFE".



01! OVERVIEW OF DHG PHARMA



In 1974: DHG Pharma was formerly the 2/9 Pharmaceutical SOE Factory and was founded on 02 Sep 1974 at Kenh 5 Dat Set, Khanh Lam Commune, U Minh District, Ca Mau Province. Currently known as Van Khanh Commune, An Minh District, Kien Giang Province.

Post 30 Apr 1975: The Civilian Medical Board of the South-West was dissolved; the 2/9 Pharmaceutical SOE Factory was designated to be under management of Hau Giang branch of the Ministry of Health.

In 1982: Hau Giang Pharmaceutical Integrated Factory was founded based on consolidation of three units: 2/9 Pharmaceutical SOE Factory, Second Level Pharmaceutical Company, and the Medicinal Materials Station.

In 1988: People's Committee of Hau Giang province decided to merge Medical Material and Equipment Supply Company into Hau Giang Pharmaceutical Integrated Factory.

On 02 Sep 2004: Hau Giang Pharmaceutical Integrated Factory was equitized to become DHG Pharmaceutical Joint-Stock Company.

In 2006: DHG Pharma stock was listed on Ho Chi Minh Stock Exchange (HOSE) and officially started trading on 21 Dec 2006.

In 2007: Reconfirmed our vision, mission and 7 core values. Increased charter capital from VND 80 billion to VND 200 billion.

In 2008: Implemented modern and effective management tools: 10.5S, Balance Score Card.

In 2009: Successfully implemented the strategy according to the Pareto principle 80/20 products, customers and personnel.

In 2010: Successfully implemented the strategy "tripod": shareholders, customers and employees.

In 2011: Successfully implemented the "Project to improve plant productivity" and the "Project to improve performance of subsidiaries".

In 2012: The topic "Today's solution is tomorrow's issue" brought high efficiency in cost control, risk management and policies.

In 2013: Completed construction of the new Non-Betalactam factory and DHG Packaging and Printing 1 factory in Tan Phu Thanh Industrial Zone.

In 2014: Celebrated our 40th year of the founding of DHG Pharmaceutical Joint Stock Company and 10 years of equalization.

In 2015: Laying the groundwork for restructuring, and preparing internally for the new growth period.

In 2016: The first year of the five-year strategy 2016 - 2020, the beginning of sustainable and effective development.

GENERAL INFORMATION
OF THE COMPANY

Company's name	: DHG Pharmaceutical Joint Stock Company
Abbreviated name	: DHG Pharma
Stock ticker	: DHG
Head office	288 Bis Nguyen Van Cu Str., An Hoa Ward, Ninh Kieu Dist., Can Tho City, Vietnam
Charter capital	: VND 871,643,300,000

OWNER'S EQUITY AT 31 DEC 2016
VND 2,894,239,102,379

Tel	: (+84) (292) 3891 433
Fax	: (+84) (292) 3895 209
Email	: dhgpharma@dhgpharma.com.vn
Website	: www.dhgpharma.com.vn

Certificate of business registration and tax code: 1800156801



BUSINESS
OPERATING MODEL

GOVERNANCE MODEL

As of 31 Dec 2016, the operating model of DHG Pharmaceutical Joint-Stock Company includes:

- Manufacturing plants:** 02 manufacturing plants: DHG Plant under the parent company - DHG Pharmaceutical Joint Stock Company and Hau Giang Pharmaceutical plant under DHG Pharmaceutical One Member Limited Company (a subsidiary 100% owned by DHG Pharma).
- Distribution subsidiaries:** 11 distribution subsidiaries 100% owned by DHG Pharma in the Mekong Delta and 1 subsidiary 51% owned by DHG Pharma (SH Pharma).
- Other subsidiaries:** DHG Travel (100% owned by DHG Pharma), DHG PP1 (100% owned by DHG Pharma), Fuji Medic (51% owned by DHG Pharma).
- Joint-venture, associate company:** One associate is Vinh Hao Algae Processing Joint Stock Company (SPIVIHA), 31.36% owned by DHG Pharma.

CHANGING THE
COMPANY'S
OPERATING MODEL
IN 2016:

- On 27 Jul 2016, the Company was granted business registration certificate No. 1801472944 by the Planning and Investment Department of Can Tho City. Expected to be in operation in Q1/2017.
- On 20 Jan 2016, the Board of Directors of DHG Pharma approved the investment policy to establish a joint venture company Fuji Medic. Business line: polyclinic. Total project capital is \$ 2,000,000 (Two million US dollars). Join ventures include DHG Pharmaceutical Joint Stock Company holds 51% and the two foreign partners hold 49%.
- On 03 Oct 2016, the Board of Directors of DHG Pharmaceutical Joint Stock Company adopted the changes in operating model of 11 wholly-owned distribution subsidiaries - one member limited company to branches under DHG Pharma as below:
- ❖ Processing time: Deadline to finalize figures was on 31 Dec 2016. From 01 Jan 2017, will officially operate as branches under DHG Pharma.
 - ❖ Reason for transformation: Restructured the organizational operation of the distribution system of DHG Pharma in order to streamline and improve management efficiency.

MAIN BUSINESS LINES

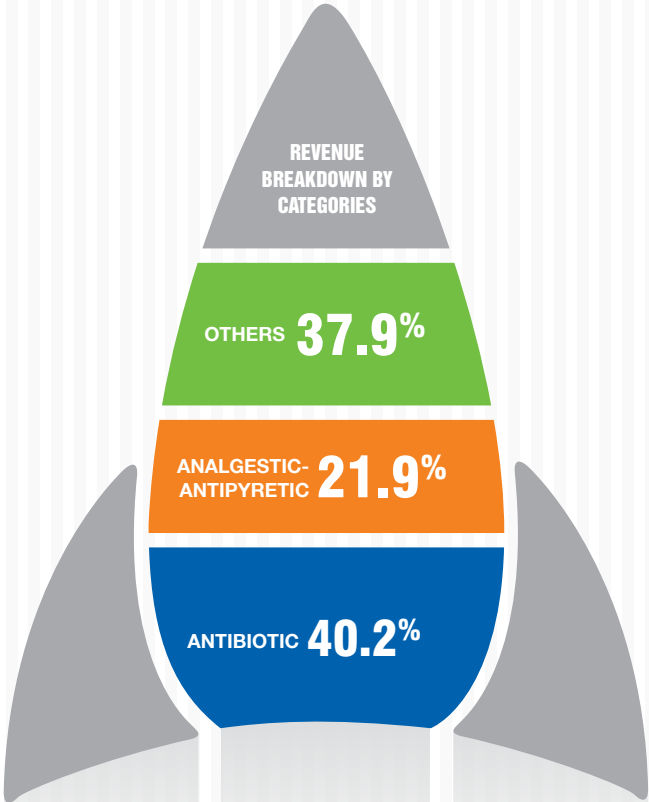
OF THE COMPANY
AND ITS SUBSIDIARIES



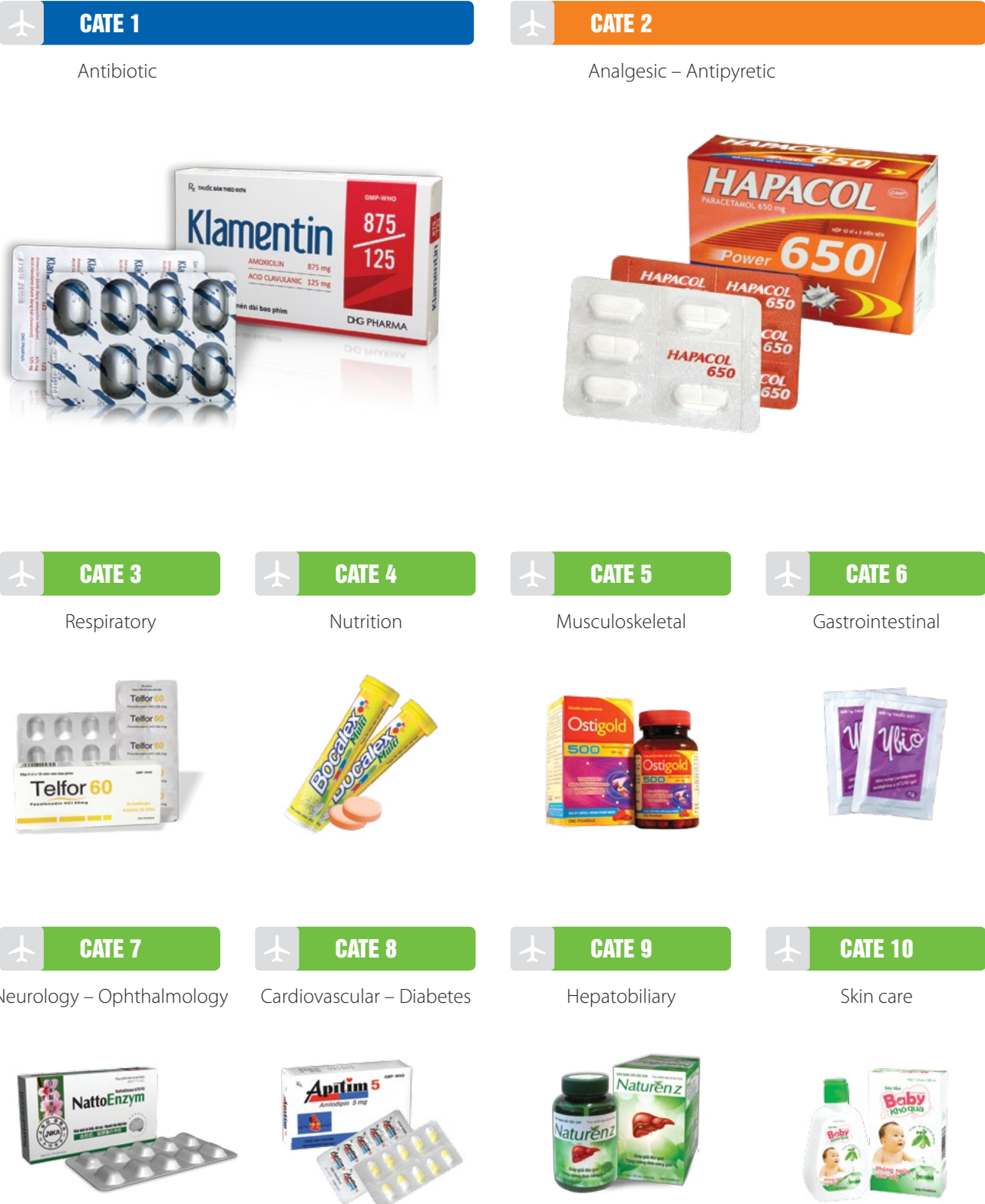
REVENUE BREAKDOWN BY
TREATMENT FUNCTION

DHG Pharma divided its product portfolio by treatment functions into 10 categories to manage and invest in branding for primary brands.

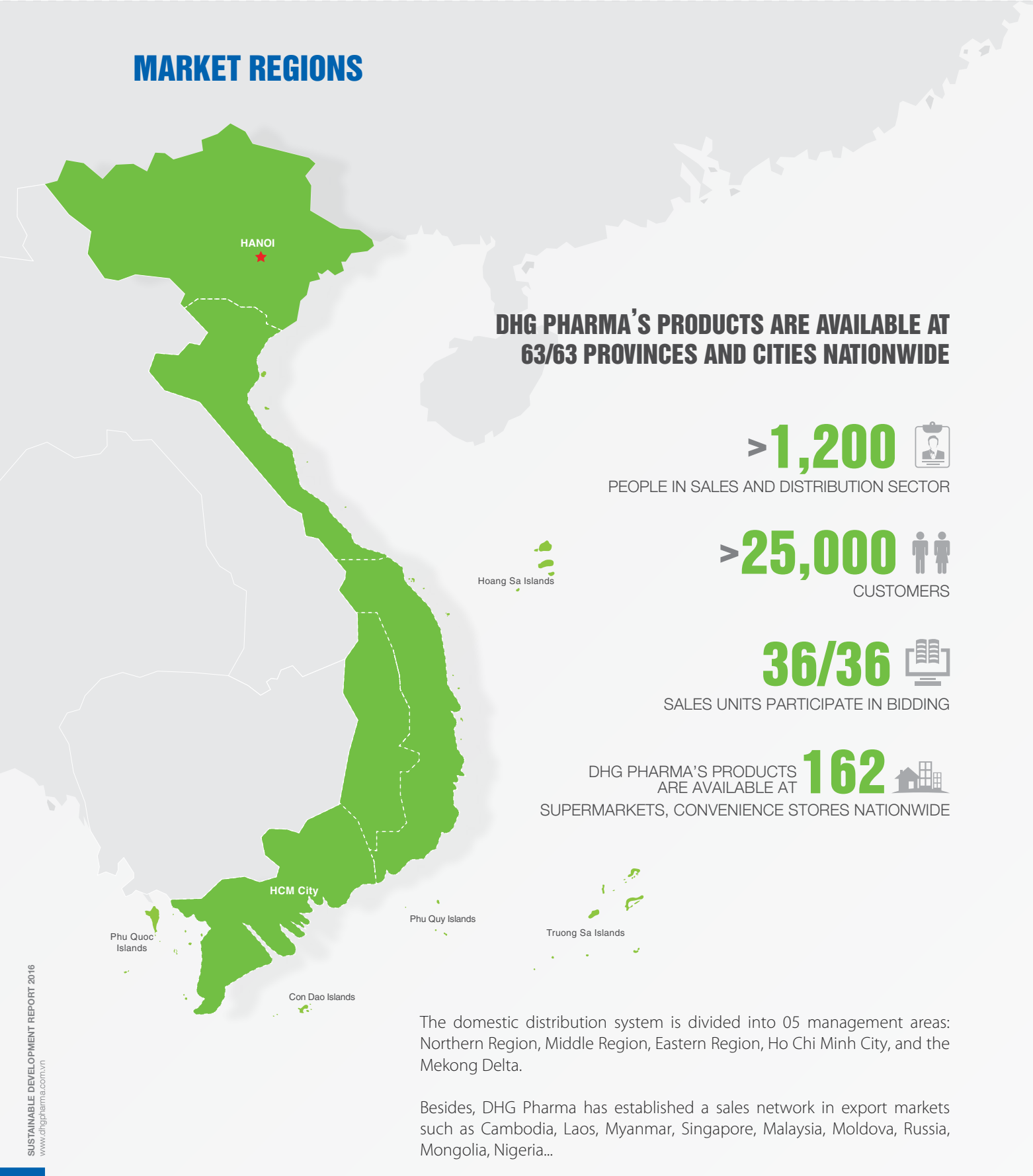
ANTIBIOTICS (40.2%) AND ANALGESIC - ANTIPIRETTIC (21.9%) WERE THE TWO MAJOR CATEGORIES CONTRIBUTED TO REVENUE BREAKDOWN IN 2016. THE REMAINING SECTORS ACCOUNTED FOR 37.9%.



LIST OF 10 CATEGORIES



MARKET REGIONS



DISTRIBUTION NETWORK DIAGRAM



1

EXCELLENTLY COMPLETED BUSINESS TARGETS AGAINST THE PLAN IN 2016



In 2016, DHG Pharma strived hard to cooperate, unify, and promote the fundamental values to successfully implement the action plans, overfulfilled the business targets set by the AGM with net revenue of VND 3,783 billion, achieved 101.3% of the plan, increased by 4.9% over the same period; And profit before tax of VND 757 billion, reached 100.9% of the plan, rose by 7.9% over the same period.

This was the start of the five-year development strategy for the period 2016-2020, thus, the outstanding completion of the business targets in 2016 also means the completion of the first step in the five-year plan, becoming a driving force to fulfill the profit target before tax the next 4 years respectively as follows: profit of VND 820 billion in 2017, profit of VND 890 billion in 2018, profit of VND 1,009 billion in 2019, and increase to VND 1,148 billion in 2020.

With the practical values for stakeholders, DHG Pharma continues to ensure its leading position in the pharmaceutical industry and aims to portray DHG Pharma's image by 2020: "DHG Pharma will become the leading domestic pharmaceutical enterprise in Vietnam pharmaceutical industry and in the Top 10 leading pharmaceutical companies in Southeast Asia with sales of USD 300 million by 2020. DHG Pharma will become a symbol of humanity in contributing to the society, improving quality of life."

2

SUCCESSFULLY DEVELOPED SCIENTIFIC COOPERATION WITH THE INSTITUTE OF BIOTECHNOLOGY AND OTHER RESEARCH CENTERS



On 12 Dec 2016, the Institute of Biotechnology (IBT) and DHG Pharmaceutical Joint Stock Company (DHG Pharma) officially signed a scientific cooperation agreement – in order to research and develop products from biotechnology, have scientifically proven clinical studies, achieve bioequivalence in order to bring efficiency in support, treatment and health care. This can be considered a new step forward for DHG Pharma in creating products serving the best for human health.

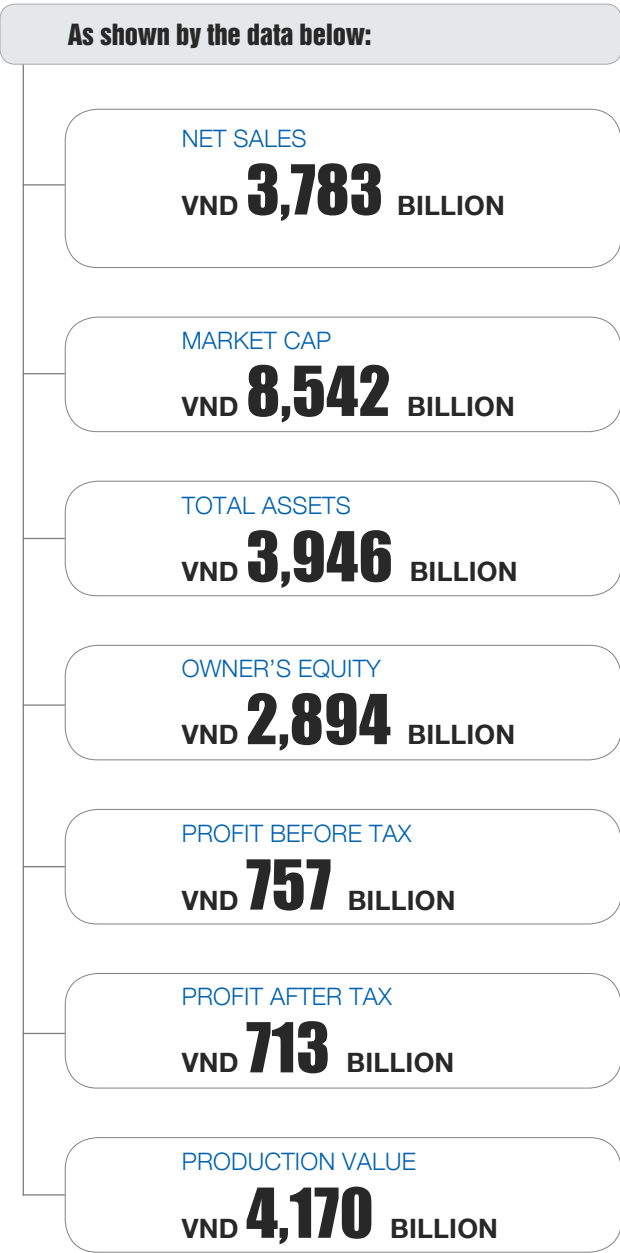
Accordingly, both sides will prioritize the development of biotechnology products from the source of herbal materials in Vietnam. IBT will prioritize the transfer of its scientific research topics to DHG Pharma, DHG Pharma will provide development orientations to develop products for the market; Cooperation in human resources training for DHG Pharma; and cooperation in resource exchange for mutual development. In particular, DHG Pharma will advise IBT to research topics according to DHG Pharma's demands. This cooperation not only realizes the aspiration to create a product line of science and biotechnology with exclusive formulas, but also realizes the aspirations to bring good products with high scientific technology content to people.

It's also considered a handshake for the community and a co-operative partnership between four parties "State - Scientists - Producers - Farmers", creating more jobs and income for farmers, contributing to the society, and improving quality of life.

3

MAINTAINING THE LEADING POSITION

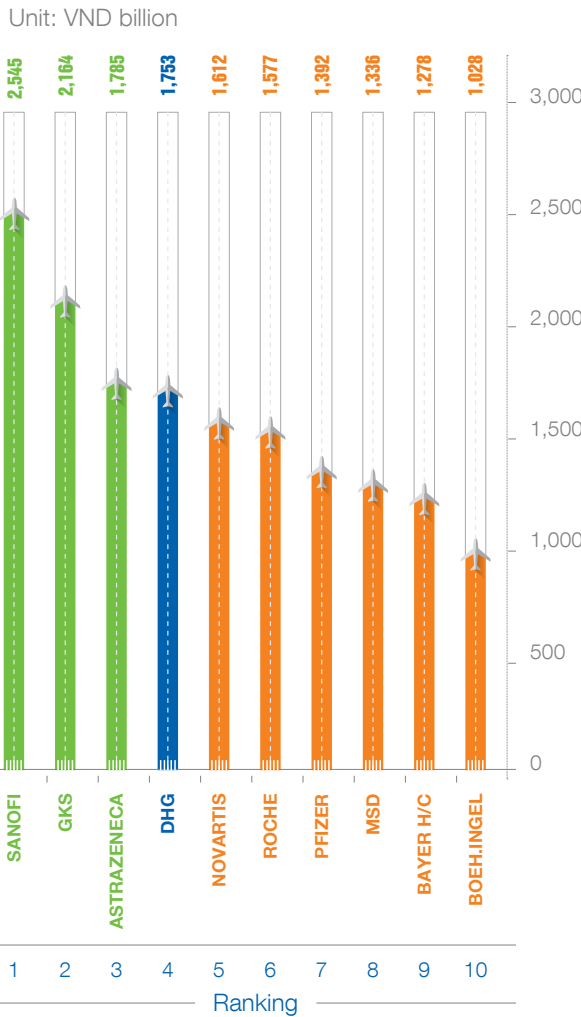
Business results in 2016 have helped DHG Pharma continue to maintain its leading position in Vietnam pharmaceutical industry for 20 consecutive years in terms of sales, profit, and production capacity.



4

MAINTAINING MARKET SHARE

CONTINUE TO MAINTAIN IN TOP 5 PHARMACEUTICAL COMPANIES WITH THE LARGEST MARKET SHARE IN VIETNAM PHARMACEUTICAL INDUSTRY (ACCORDING TO IMS IN Q4/2016).



imshealth

5

TAISHO HAS BECOME A STRATEGIC SHAREHOLDER OF DHG PHARMA



On 04 Jul 2016, Taisho Pharmaceutical Co. Ltd officially became the major shareholder of DHG Pharma with 24.5% ownership. Taisho has a vision and mission in line with the vision and mission of DHG Pharma. Taisho is a company with the largest market share of OTC drugs in Japan, with a long history of development (over 100 years) has a strong financial capacity (sales about \$ 2.8 billion per year), with experience in management, R&D, and possesses advanced production technology. DHG Pharma and Taisho signed an alliance agreement on 31 May 2016 with the desire to create more resonance in the cooperation between the two parties.

On 18 Apr 2017, at the AGM 2016 of DHG Pharma, in response to questions from shareholders, Taisho's representatives expressed their willingness to raise their ownership ratio without any intention to acquire and wish to cooperate with DHG Pharma, so that shareholders also receive additional value from this development.

6

DHG PHARMA SPONSORED THE PROGRAM “WHITE BLOUSE SPECIAL MISSION - DAC NHIEM BLOUSE TRANG” - THE FIRST GAME SHOW ABOUT THE MEDICAL SECTOR IN VIETNAM



“WHITE BLOUSE SPECIAL MISSION - DAC NHIEM BLOUSE TRANG” IS A SERIES OF PROGRAMS REFLECTING THE DIVERSIFIED, TALENTED, AND INTERESTING ASPECTS IN THE MINDS OF HEALTH WORKERS.

The silent dedication, sacrifices and unknown angles of health workers are clearly shown through writing contest, television game show, free medical treatment and free medicine programs... Through this program, DHG Pharma wishes to build a delicate physician image forever in the heart of people, so that ethics will always be the pride of the medical industry.

7

04 BRANDS ACHIEVING REVENUE ≥ VND 100 BILLION

HAPACOL
Giảm đau - Hạ sốt

Haginat
CEFUROXIM
GIẢI PHÁP HỮU HIỆU
ĐIỀU TRỊ NHIỄM KHUẨN HỒ HẤP

Klamentin
• AMOXICILIN • ACID CLAVULANIC
Sự kết hợp hiệu quả
trong điều trị nhiễm khuẩn

Apitrim
Amlodipin
Ổn định huyết áp mỗi ngày

DHG Pharma's targets by 2020: having at least 01 brand achieving revenue of VND 1,000 billion (expected to be Hapacol) and 5 brands achieving sales ≥ VND 100 billion. In 2016, DHG Pharma had 04 brands achieving revenue ≥ VND 100 billion.

8

EXPANSION OF A PROFESSIONAL, DEEP, WIDESPREAD AND DIVERSIFIED DISTRIBUTION NETWORK

In order to create initiative and leadership, in the period 2016 - 2020, DHG Pharma aims to achieve an average revenue growth ≥ 15% / year. In order to accomplish this goal, the distribution network plays a vital role. In 2016, the company developed a professional, deep, widespread and diversified distribution network with the following results:



Over 1,200 people in sales and distribution sector



Each salesperson is assigned KPI with four keys:
(1) Revenue in detail to each salesperson.
(2) Customer coverage.
(3) Coverage of strategic products.
(4) Output of strategic products.



Completed the construction of the new model sales system to be applied from 01 Jan 2017.



Export revenue grew by 63% over the same period in 2015.



Maintaining the proportion of ETC revenue over 10%.

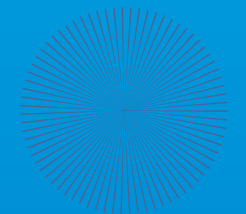


Establishing retail channels by bringing the products into Aeon Mall supermarket, Big C supermarket, Guardian convenience store chain and Pharmacy Pharmacy chain.



TOP
40

BRAND NAMES OF VIETNAM'S MOST VALUABLE COMPANY
voted by Forbes Vietnam



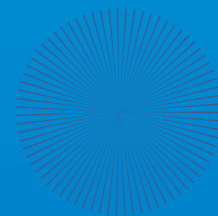
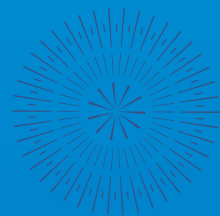
COMPANIES WITH SUSTAINABLE
GROWTH IN VIETNAM
voted by VCCI/VBCSD



CSI
100
COMPANIES WITH
SUSTAINABLE GROWTH
IN 2016

TOP
50

VIETNAM'S MOST EFFECTIVE COMPANIES
held by Vietnam Investment Review magazine for 5 consecutive years



21TH CONSECUTIVE YEAR
VIETNAMESE HIGH-QUALITY GOODS
voted by consumers

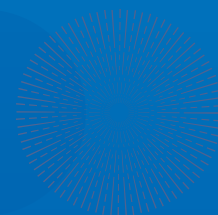


TOP
50

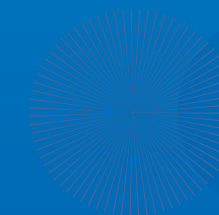
VIETNAM LISTED COMPANIES
voted by Forbes Vietnam

TOP
50

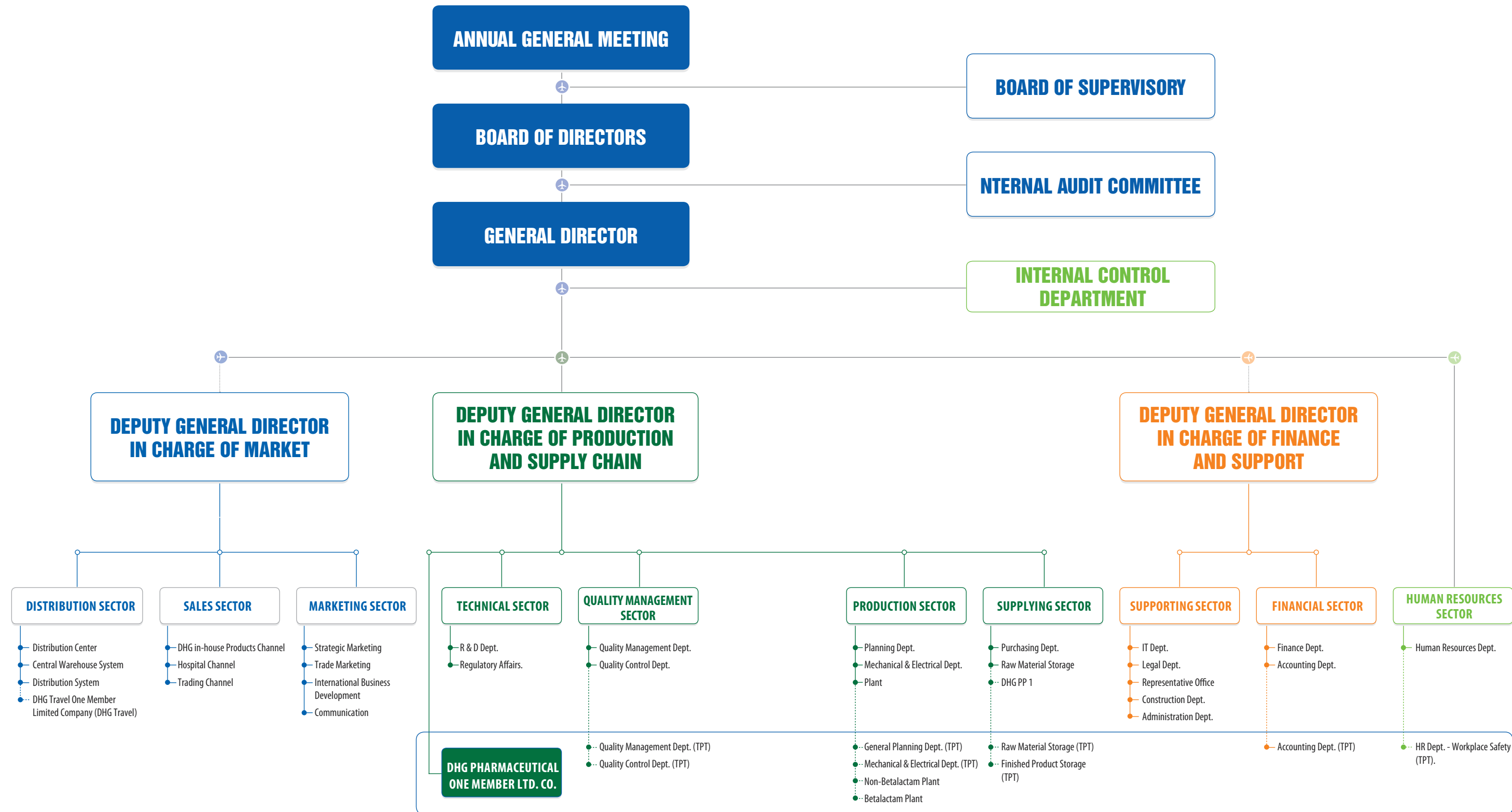
COMPANIES WITH SUSTAINABLE GROWTH FROM 2011 - 2015
voted by Vietnam Investment Review magazine



TOP
10



BEST ANNUAL REPORTS FOR 8TH CONSECUTIVE YEARS
voted by Hochiminh Stock Exchange and Securities Investment
Magazine. Second prize for sustainable development report in 2015



Relationship at the Parent Company's Office

Relationship between parent company and subsidiaries

IN ADDITION TO THE STRATEGIC GOALS OF EFFICIENT ECONOMIC DEVELOPMENT AND RISK MANAGEMENT, DHG PHARMA ALSO HAS SOCIAL AND ENVIRONMENTAL DEVELOPMENT OBJECTIVES. "FOLLOWING CORPORATE SOCIAL RESPONSIBILITY (CSR) AND OPTIMIZING THE BENEFITS OF ALL STAKEHOLDERS" ARE THE OBJECTIVES IN THE COMPANY'S DEVELOPMENT STRATEGY FOR THE PERIOD 2016-2020. DHG PHARMA IS NOT ONLY A REPUTABLE PHARMACEUTICAL COMPANY WITH HIGH MARKET SHARE, EFFICIENT OPERATION AND FINANCIAL TRANSPARENCY, BUT ALSO A SYMBOL OF HUMANITY IN CONTRIBUTING EXCELLENT PRODUCTS TO SOCIETY, PROVIDING CULTURAL BEAUTIES, VOLUNTEER ACTIVITIES TO THE COMMUNITY, AND CODE OF BEHAVIOR WITH STAKEHOLDERS, TOGETHER WITH SOLUTIONS, INITIATIVES TO SAVE ENERGY AND PROTECT THE ENVIRONMENT.

DHG PHARMA FOCUSES ON SOLUTIONS



Increasing the proportion of products with naturally sourced ingredients to develop the value chain, thereby improving the quality of life for farmers in medicinal plant areas.



Company activities are always associated with protecting the environment, saving raw materials, using machinery and equipment with clean technology.

Investments in medicinal plant areas according to GACP standards.

Ensuring safety in production: Compliance with labor safety rules; occupational safety training as planned; test, evaluate the effectiveness of training and worker's awareness.

Strictly following regulations on waste disposal.



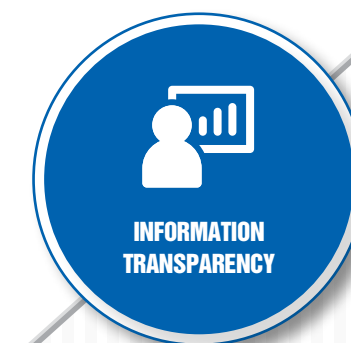
Maintaining and improving the quality of the health care, lifestyle activities and programs for employees.

Providing training to improve professional skills to meet the needs of development.

Ensuring the quality of life for employees and their families are above the average level to those at the same industry, location, and social status.

Training in cultural identity and increasing sense of community sharing.

Promoting innovations, efficiency savings and waste reduction.



Information disclosure on multiple media, sources, and communication channels: clear, transparent and honest.

Sharing strategies, plans and regularly update business results for shareholders, investors, sell-side analysts.

Building and strengthening the confidence of customers, investors and media in order, to build DHG Pharma's image as a reliable and prestigious Company.



Performing public relations to raise awareness of the pharmaceutical sector in the community, to change an ideology, helping the community to have a more positive view of the pharmaceutical sector.

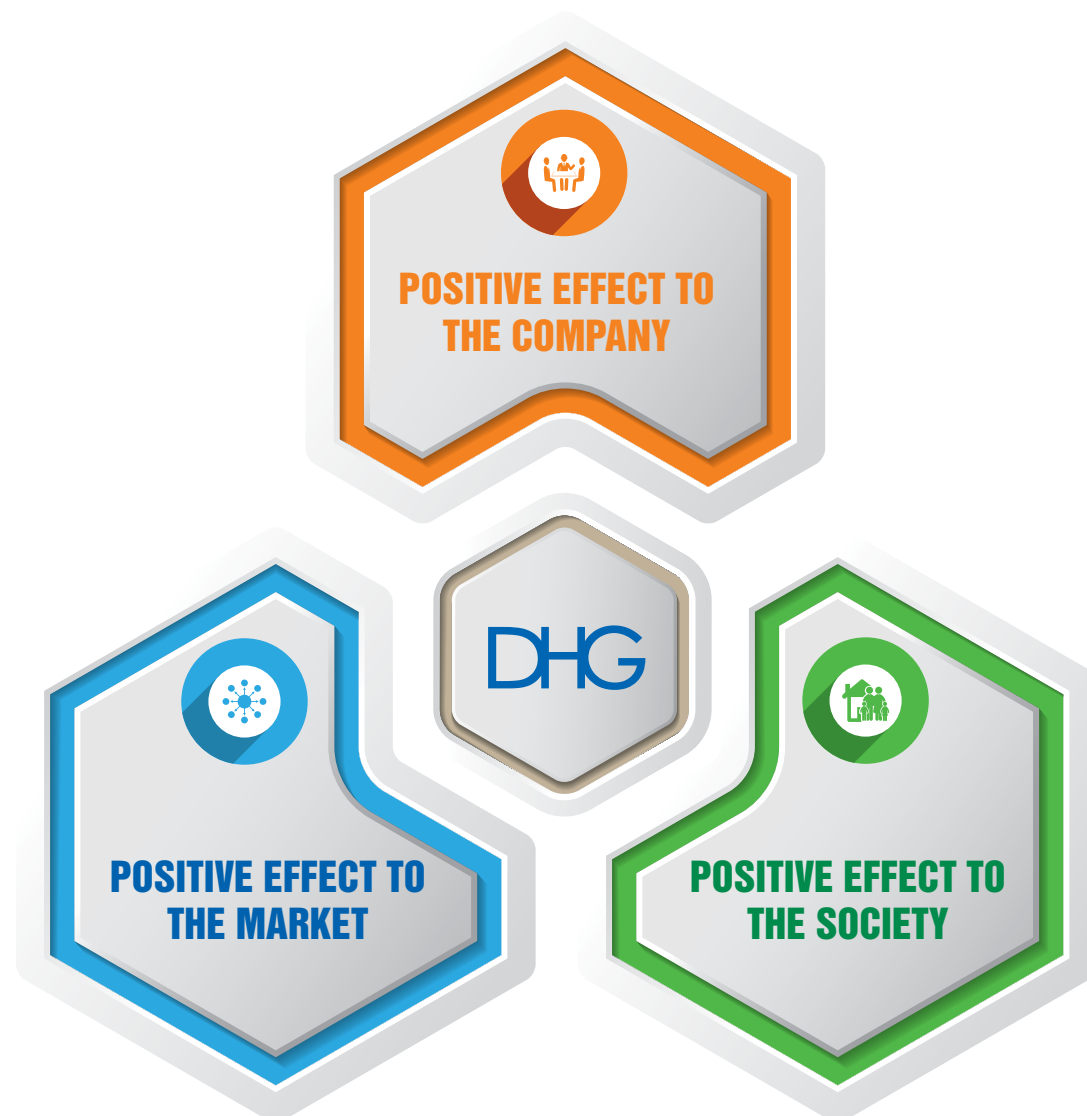
Establishing the Community health fund.

Providing disease prevention knowledge, how to use the product safely and effectively through the media (programs: Family Doctor, Medicine Seminar, Health Bridge...) and Call Center.



THE SUSTAINABLE DEVELOPMENT MODEL OF DHG PHARMA IS BASED ON THE TARGET TO CREATE POSITIVE EFFECTS FOR 3 GROUPS: THE COMPANY, MARKET AND SOCIETY.

Stable business growth; Offering promotion and benefits to employees; Investing in human resources development; Risk management and compliance monitoring; Information transparency



Optimizing the values for shareholders, customers and investors.

Contributing to the development of VN pharmaceutical market.

Strengthening the performance of capital mobilization and distribution channels in VN and overseas.

Promoting local economic development in particular and society in general.

Fulfilling tax obligations with the authorities.

Joining hands and contributing for the community.

Compliance with laws on environmental protection.

Under the direction of Board of Directors, DHG Pharma regularly reviews its operational procedures related to sustainable development through effective communication with stakeholders. An active dialogue process between DHG Pharma and stakeholders is to ensure

the implementation of effective solutions in according with the strategies and orientations for sustainable development. Similarly, the sustainable development program is applied in the Company's practice through the following governance model:

BOARD OF DIRECTORS

General guidance and issuance of strategies and orientations on issues related to the Company's sustainable development.
Approving objectives and action plans for the implementation of sustainable development strategy.

GENERAL DIRECTOR AND THE EXECUTIVE BOARD

Preparing and submitting to the BOD the objectives and sustainable development action plans of DHG Pharma.
Orientating and sharing strategies, goals and plans for sustainable development throughout the Company.
Ensuring the sustainable development plans meet the set objectives.
Urging and supervising the implementation of relevant departments.

SECTORS AND FUNCTIONAL GROUPS

Implementing and actualizing the sustainable development plans directed by the General Director and Executive Board.

EMPLOYEES

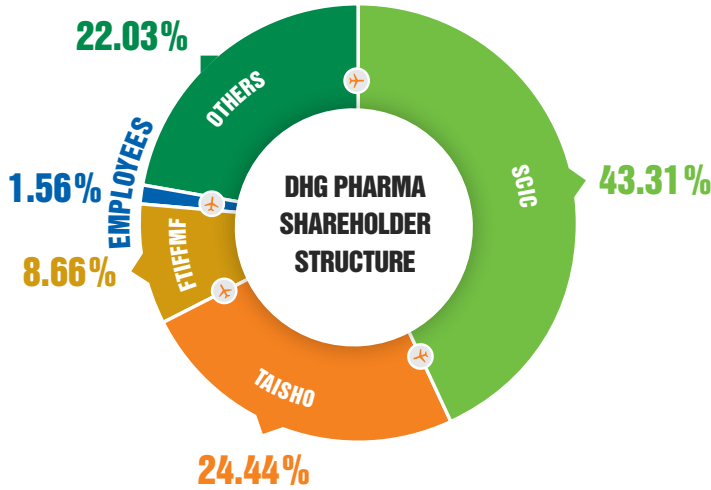
Carrying out specific daily tasks related to the company's sustainable development goals.



Active Cantho's youth enjoy the summer with Bocalex in 2016.

SHAREHOLDER STRUCTURE UNDER FINALIZED
LIST UNTIL 09 MAR 2017

SCIC	43.31%
Taisho	24.44%
Franklin Templeton Investment Funds-templeton Frontier Markets Fund (FTIFFMF)	8.66%
Employees	1.56%
Others	22.03%



Ownership structure by type of shareholders

No.	Objects	Number of shares	Ownership ratio (%)	Number of shareholders	Shareholder structure	
					Organization	Individual
1	States shareholders (SCIC)	37,750,825	43.31%	1	1	-
2	Founding shareholders/ FDI shareholders	-	-	-	-	-
	- Domestic	-	-	-	-	-
	- Foreign	-	-	-	-	-
3	Major shareholders	28,851,257	33.10%	2	2	-
	- Domestic	-	-	-	-	-
	- Foreign	28,851,257	33.10%	2	2	-
4	Company's Union	355,398	0.41%	1	1	-
5	Treasury shares	-	-	-	-	-
6	Shareholders owning preferred shares (if any)	-	-	-	-	-
7	Other shareholders	20,206,850	23.18%	3,247	138	3,109
	- Domestic	6,347,992	7.28%	2,826	69	2,757
	- Foreign	13,858,858	15.90%	421	69	352
	TOTAL	87,164,330	100.00%	3,251	142	3,109
	In which:					
	- Domestic	44,454,215	51.00%	2,828	71	2,757
	- Foreign	42,710,115	49.00%	423	71	352

Carrying out
A LOFTY MISSION

AS THE LEADING BIRD IN THE DOMESTIC PHARMACEUTICAL INDUSTRY, EVERYDAY DHG PHARMA ALWAYS PUTS ITS EFFORT TO LIVE LIFE TO THE FULLEST WITH THE MISSION FOR HUMANITY - THE MISSION FOR PUBLIC HEALTH CARE. THIS IS ALSO THE PREREQUISITE FOR ALL BUSINESS ACTIVITIES OF DHG PHARMA.



02! OVERVIEW OF
THE SUSTAINABLE DEVELOPMENT REPORT

OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT

IN 2016, DHG PHARMA CONTINUED TO PREPARE THE SUSTAINABLE DEVELOPMENT REPORT TOGETHER WITH THE ANNUAL REPORT TO FURTHER CLARIFY THE MAIN SUSTAINABLE CONTENTS AND TARGETS IN THE COMPANY, THE PROBLEM SOLVING METHODS HAVE BEEN APPLIED BY THE COMPANY AND EFFICIENCY ACHIEVED IN 2016. THE CONTENT OF THE SUSTAINABLE DEVELOPMENT REPORT IS BASED ON ACTIVITIES OF THE PARENT COMPANY AND ITS SUBSIDIARIES ON MOSTLY CONCERNED MATTERS, VITAL SECTORS IN ECONOMIC, ENVIRONMENT AND SOCIAL, AS WELL AS OTHER ASPECTS THAT FULLY REFLECT THE COMPANY'S BUSINESS ACTIVITIES.



CONTENTS OF THE REPORT

DHG Pharma's Sustainable Development Report is annualized to review and evaluate the implementation principles of sustainable development at the parent company and its subsidiaries. The content of the report demonstrates the approaches of DHG Pharma to the sustainable development issues: commitment to responsible products, consumer health and safety, environmental issues, occupational and hygiene safety, local development, and community activities in 2016.

2016 was considered a vibrant development of VN pharmaceutical market. The regulations of the industry were quite complete and focused on encouraging domestic drug production, promising an optimistic outlook for the pharmaceutical industry in Vietnam. In that context, DHG Pharma still maintains the leading position in VN pharmaceutical industry, continues to improve its management system to become more effective and responsive to the interests of all stakeholders, looking forward to sustainable development, and bringing practical values to the social community.

SCOPE, BOUNDARY AND CYCLE OF THE REPORT

This report was prepared within the scope of operation of DHG Pharma in Vietnam's territory in the field of pharmaceutical production and trading, including the parent company with its head office in Can Tho, 15 subsidiaries and 24 branches in provinces nationwide. The report does not include Vinh Hao Algae Processing Company and Fuji Medic subsidiary.

The information and data in the report is updated for fiscal year 2016 of DHG Pharma started on 01 Jan 2016 and ended on 31 Dec 2016. The report on the activities of labor safety, social and environment has been compiled from the main activities at the parent company and its subsidiaries. The report reflects the results of operations in 2016, also presents the directions and objectives in the coming years with regard to sustainable development of DHG Pharma.



METHODS OF DEFINING REPORTED CONTENTS

The report is based on the guidelines for Implementation of Sustainable Development Reports under the Enterprise guidance for Annual Report preparation 2016 of Vietnam Annual Report Awards (ARA), Guidelines for information disclosure about the environment & society of the State Securities Commission, IFC and Circular 155/2015/TT-BTC of the Ministry of Finance on the disclosure of information on the stock market. Moreover, we also refer to the GRI-G4 disclosure standard to identify key areas affecting stakeholders.

The issues related to sustainable development goals continue to be considered and reviewed by DHG Pharma in relation to current activities, identify the key issues from which to review, improve as well as present clearly in the contents of the sustainable development report 2017.

CONTACT

DHG Pharma is making effort to meet the expectations of stakeholders for information transparency, sustainable growth in the business, and demonstrating corporate responsibility to the community. Therefore, we look forward to receiving your sincere comments. Any comments, questions related to the issue of sustainable development, please send to:

- ❖ Website: **www.dhgpharma.com.vn** (the Contact section).
- ❖ Tel: **(+84) (292) 891 433 (Ext: 242)**, contact Financial Department.
- ❖ Mrs. **Le Thi Hong Nhung**
Email: hongnhung@dhgpharma.com.vn) - Designated information disclosure person, Head of FN Department.
- ❖ Ms. **Duong Kim Loan** (duongloan@dhgpharma.com.vn) - FN Department Analyst.

THE PRINCIPLES OF COOPERATION WITH STAKEHOLDERS



WITH CUSTOMERS



WITH CUSTOMERS - CONSUMERS

- A. All activities of all members of the Company must aim to build confidence, long-term emotional attachment between the Company and customers, for the presence and sustainable development of the Company.**
- ❖ "Our highest commitments are quality, safety, and effectiveness" is one of the Company's core values and commitment to customers, consumers about the products and services and also the mission that all employees of the Company shall work toward to.
 - ❖ The Company is also committed to provide customers with products and services promptly through an extensive distribution system.
 - ❖ Do not deceive customers, consumers about the quality and safety of products as well as the truthfulness of the advertisements, and promotions.
 - ❖ Implementing the policy of reasonable prices, healthy competition, compliance with legal regulations in the domestic and foreign market. Ensuring the principle of mutual benefit, the price justifies the value of products and services.
 - ❖ Ensuring fair competition in the market for customers. Do not provide, share business information of customers with their competitors.

B. Be responsible with products provided to customers, consumers:

- ❖ Detecting and promptly notifying to the competent authority and educate customers to identify counterfeit and pirated goods. Product information, usage, benefits and side effects must be clearly specified on the prescription label.
- ❖ Performing bioequivalence tests to prove DHG Pharma's products are equivalent to the original brand-name drugs.
- ❖ Dedication of products with high scientific technology content, linking the application of scientific research values into practice, the application of biotechnology in the preparation and development of products of natural origin.

- ❖ In addition to compliance with standards in the production, storage and distribution of products, the Company always strictly abides by the regulations of the Ministry of Health, Drug Administration of Vietnam, Department of Food Hygiene and Safety and local health departments.
- ❖ Handling inquiries and complaints about the product through the customer hotline and through the sales staff of the Company.
- ❖ Handling of low quality product: According to the test results, if the unqualified batch of drugs were shipped but not yet distributed, DHG Pharma will follow control procedures for unqualified products. If the batch has been delivered, then the product recall procedures will be carried out.



WITH CUSTOMERS - AGENTS, DISTRIBUTORS, HOSPITALS, MEDICAL CENTERS...

DHG Pharma constantly promotes and maintains relationships with agents and distributors by maintaining the commitment on discount, marketing and sales support to help agents and distributors expand their types of customers, especially preserving customer confidence.

Furthermore, DHG Pharma is committed to deliver products on time, with good quality and after-sales services. We also regularly hold customer conferences to commend and praise agents and distributors with excellent business achievements, in order to lift the spirit for the upcoming business activities and create long-term relationships along with the expansion of DHG Pharma.

Quarterly, we conduct nationwide customer surveys to measure the level of customer satisfaction with the Company's services, products, customer feedback is the most specific and comprehensive measure that help the Company continue to improve and further enhance the quality of service to meet the future needs of customers.



WITH SHAREHOLDERS, INVESTORS

DHG Pharma is committed to building relationships with shareholders and investors based on honesty, fairness and best interest for all.

- ❖ As a listed company, DHG Pharma's personnel will not provide, disclose, or use internal information to advise or sell securities for themselves or for others, not to create artificial demand and supply.
- ❖ Disclosing information transparently, accurately, truthfully, fully, clearly and in a timely manner is not only the Company's responsibility to the shareholders – investors, but also the Company's responsibility for our own sustainable development.
- ❖ The exchange, transparent disclosure of information must also be fair, to ensure equal investment opportunities for all investors.
- ❖ Maintaining effective communication channel for shareholders and investors, such as the Company website, annual report, IR news, direct meetings, email, phone, publications and other activities of the Investors Relations department.



Mr. Jun Kuroda who is a BOD member of DHG Pharma - a Taisho's representative is giving answers to shareholders and investors at the 2016 AGM of DHG Pharma.

- ❖ Do not disclose confidential information of investors, shareholders with anyone for any reason, except when required by laws or authorized by the owner of the information.



WITH EMPLOYEES

- ❖ For DHG Pharma, employees are valuable assets. Following the criterion **"Our ways of doing business are with responsibility, cooperation, and promotion"**, DHG Pharma attaches special importance to the development



The employee's conference in 2017.

of human factor. Besides the compensation and benefits scheme with an attractive salary, the Company always creates a working environment for unity, competition, emulation and education so that workers can bring out their creativity and dynamism, contributing to the Company's business results.

- ❖ DHG Pharma is where employees with potential can develop their career and receive appropriate compensation for their contribution, and DHG Pharma is also the place with work-life balance.
- ❖ The Company is committed to ensure full benefits and the legitimate rights of workers under the provisions of the labor law and other regulations of the State.
- ❖ The Company does not use child labor, illegal labor. Working and resting properly.
- ❖ Respecting the individual rights of workers, respect for religious preference but not superstitious.



WITH SUPPLIERS AND PARTNERS



DHG Pharma meets its partners in Japan.

DHG Pharma obeys the law regarding transaction with suppliers and follows the principles below:

- ❖ The Company ensures fair and transparent competition between suppliers, considering on the objective benefits that the supplier bring to the Company on the basis of mutual prosperity.
- ❖ Do not rely on economic scales to mistreat suppliers, do not have arrogance and attitude problem, making providers wait too long.
- ❖ Do not take advantages of personal position to ask for "commission", gift from suppliers for personal gain.
- ❖ Do not disclose confidential information of suppliers to their competitors.



WITH THE GOVERNMENT AND STATE AGENCIES

Do not perform illegal acts to censor information beneficial to the Company or individual.

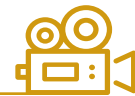
Do not commit acts of bribery to gain privileges and special benefits from the Government, State agencies.

Fulfilling tax obligations and contribute to the local budgets as required. It is allowed to utilize tax incentives policies of the State but absolutely cannot commit tax evasion.



Party congress of DHG Pharma term 2015 - 2020.

WITH THE MEDIA AND PRESS



Press conference presents the game show "White Blouse Special Mission - Dặc Nhiệm Blouse Trắng".

Nowadays, the media has a strong influence on many aspects and subjects. Establishing relationships with the media is essential in helping to enhance the image, improve DHG Pharma's brand, reach out closer and closer to consumers. This relationship must be built on the principles of equality, and accurate, complete, clear, legal information.

The Company has assigned a person in charge of information exchange and disclosure, other individuals cannot contact with representatives of the media to answer questions related to the Company.

WITH THE COMMUNITY



As a manufacturing pharmaceutical business, DHG Pharma always **"Take the community benefits to center upon at the start of all activities"**. DHG Pharma's volunteer activities show the responsibility to the community of a pharmaceutical brand that leads the Vietnam pharmaceutical industry. Community activities are more effective when being associated with dedication of high quality products, that aims to build foundation for the society which always has a healthy and beautiful life.

"Loving and sharing" is one of the three criteria that have been applied by DHG Pharma, because DHG Pharma is deeply aware of the importance of loving and sharing in disease prevention and treatment for the community. In recent years, in addition to constantly improving product quality to satisfy the increasing demand for health care of the community, DHG Pharma regularly participate in community activities such as contributing to the "Golden Hearts Fund", raising money for the piggy bank for the Poor Patients Fund, establishing blood donor clubs with over 500 members, participating in supporting activities, helping victims of natural disasters, donating for poor patients with money, items...



1. DHG Pharma sponsors the program "Family Doctor".
2. DHG Pharma provides free medicines and medical treatment for the poor.
3. DHG Pharma's staff walks to raise money for poor patients.



IN THE SPIRIT OF SOLIDARITY, EMPLOYEES OF DHG PHARMA DONATED TO THE "GOLDEN HEARTS FUND" IN THE AMOUNT OF VND 134,700,000, THE ACT OF RAISING MONEY FOR THE PIGGY BANK OF POOR PATIENTS FUND, TOTAL AMOUNT OF VND 1.9 BILLION.

DHG PHARMA APPROACHES ITS STAKEHOLDERS THROUGH MULTIPLE INTERACTIVE CHANNELS AND VARIOUS FORMS. WE ALWAYS REALIZE THE ASPIRATIONS AND INTERESTS OF OUR STAKEHOLDERS SO THAT THE COMPANY’S ACTIVITIES WILL BECOME MORE AND MORE EFFECTIVE, ESPECIALLY THE ISSUES BELOW:




**EFFECTIVE
ECONOMIC
GROWTH**




**DEVELOPMENT
OF HUMAN
RESOURCES**




**CORPORATE
GOVERNANCE**




**ENVIRONMENTAL
PROTECTION**

GENERAL MANAGEMENT METHODS

DHG Pharma determines that stakeholders are those either affect or be affected to a certain extent by the Company’s business. Association with stakeholders plays an important role in establishing development orientations and building confidence in a relationship based on trust, transparency and consistency in all activities of DHG Pharma.

DHG Pharma reaches out to stakeholders through multiple interactive channels and various forms. We always realize the aspirations and interests of our stakeholders so that the Company’s activities will become more and more effective, especially the issues of effective economic growth, corporate governance, development of human resources and environmental protection.

DHG PHARMA’S STAKEHOLDERS



IDENTIFY STAKEHOLDERS

The Company’s stakeholders include various organizations and individuals who have ‘relations’ (or “benefits”) to the Company’s operations. They may be those who are positively or negatively affected by the

Company’s activities in some way, or are likely to affect the Company’s operations. Stakeholders that are identified by DHG Pharma including:

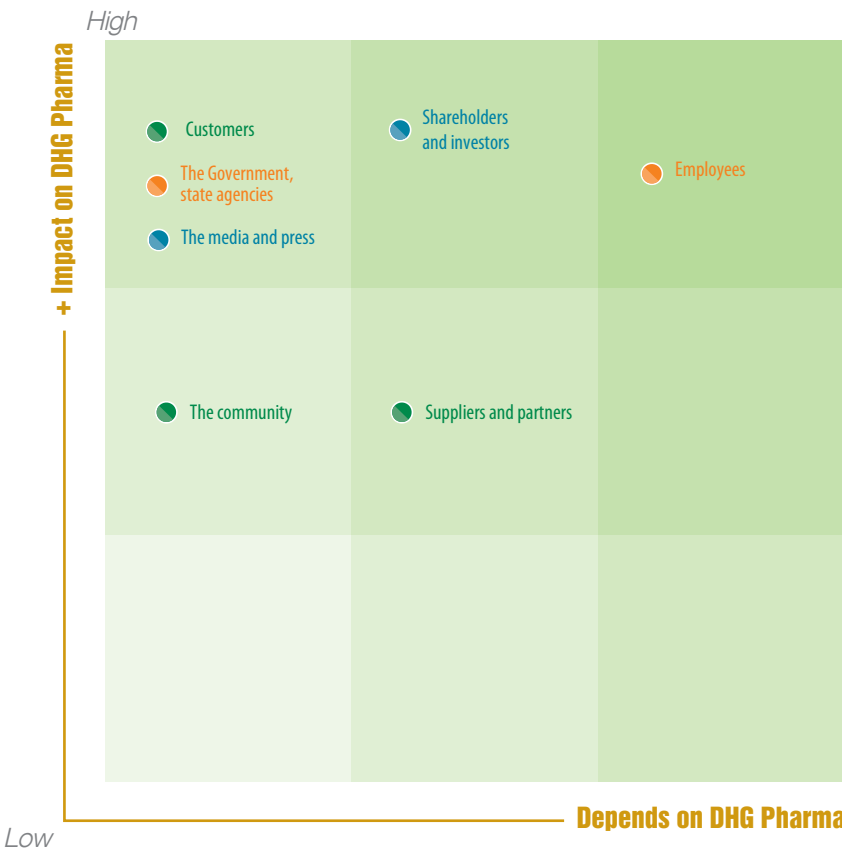
- ❖ Customers.
- ❖ Shareholders and investors.
- ❖ Employees.
- ❖ Suppliers and partners.
- ❖ The Government, States agencies.
- ❖ The media and press.
- ❖ The community.



PRIORITY ASSESSMENT OF STAKEHOLDERS

We classify, prioritize stakeholders based on their impacts and influences on the Company’s business activities. From that basis, we develop a cohesive plan for most of the stakeholders based on classification results, then establish mechanisms, procedures to access the feedback and concerns of different targeted groups.

The important stakeholders of DHG Pharma are identified as follows:











ASSOCIATION WITH STAKEHOLDERS

Information and feedback from related parties is one of the important factors affecting the thinking and way of action of DHG Pharma in the management and operation of all the Company's activities. We are always looking forward to listening and finding out the stakeholders' expectations through direct or indirect means of dialogue in an effort to bring the highest value and benefits to the stakeholders.

Ways to approach stakeholders that are currently applied by DHG Pharma

Stakeholders	Interactive channels	Main topics	Additional frequency of DHG Pharma
Customers - consumers 	Direct meeting, telephone, email with sales team, consultant, services.	» Product quality.	Frequently
	Organizing seminars, conferences, and health consultations.	» The level of safety and impact related to consumer health.	In case of an event
	Customer service department and hotline of related departments.	» Receiving and resolving inquiries, complaints ... of customers.	24/7
	DHG Pharma website, social Network: facebook, forum...	» Product information and policies.	Frequently
Customers - agents, distributors, hospitals, medical centers...; 	Direct meeting, telephone, email with sales team, consultant, services.	» The quality of products.	Frequently
	Organizing seminars, annual customer conferences to honor agencies, distributors with efficient business results.	» The level of safety. and impact related to consumer health.	In case of an event
	Customer service department and hotline of related departments.	» Product information and policies.	24/7
	DHG Pharma website, social Network: facebook, forum...	» Price policy, promotions, and after-sales services.	
SHAREHOLDERS AND INVESTORS 		» Receiving information from customers and support customers to answer inquiries about promotion, discount program, order.	Frequently
	Quarterly meeting or as requested.	» Business results.	Every quarter/As requested/In case of an event
	Contact by telephone and emails.	» The Company's operational status and regulations and policies are being applied.	Frequently
	Annual General Meeting.		Once a year
	IR news.	» Orientation and development strategy.	Every quarter
	DHG Pharma website.		Frequently



Stakeholders	Interactive channels	Main topics	Additional frequency of DHG Pharma
EMPLOYEES 	DHG Pharma website, telephone, email...	» Work efficiency in according with salary, bonus and welfare.	Frequently
	Direct meeting with the company's Trade Union.	» The Company's regimes and policies are being applied.	Every year/As requested/In case of an event
	Internal training programs.	» Occupational safety and health.	Frequently
	Company internal activities: sports, entertainment, end of the year activities, traditional day of the Company...	» Cooperative relationship with colleagues.	
SUPPLIERS AND PARTNERS 		» A relaxing working environment, that make people feel respected and offer trainings to develop professional skills.	Frequently
	Direct meeting, contact through telephone, email.	» Appropriate price policies.	Frequently
	Disclosure of transparent information in writing by bid price, price of materials.	» Product quality.	
	Organizing conferences, programs to connect and enhance relationships with suppliers.	» Ensure a stable source of goods.	Frequently
THE GOVERNMENT AND STATE AGENCIES 		» Evaluate suppliers to meet the requirements of production. environment, employee health and safety...	In case of an event
	Visit and inspection on the factories.	» Topics about laws, state management.	In case of an event
	Reporting and asking for opinions, implementation guide.	» The general trend of the market and industry trends.	In case of an event
	Attending health conferences and seminars organized by the Government and Ministries.	» Difficulties encountered in the implementation of policies and regulations.	In case of an event
THE MEDIA AND PRESS 	Joining relevant organizations and associations.		Frequently
	Information disclosure, press conference.	» Annually disclosing the results of production and business activities.	In case of an event
	Aswering the interview questions, press release.	» Disclosure of information in case of important events.	In case of an event
	DHG Pharma website.		Frequently
THE COMMUNITY 	Social Network: facebook...		Frequently
	DHG Pharma's Newsletters.		Frequently
	Direct meeting.	❖ Health care for people.	Frequently
	Organizing consultation seminars, medical examination.	❖ Supporting cases of misfortune.	In case of an event
	Coordinating with local authorities.	❖ Creating employment.	In case of an event
	Newspapers.		In case of an event

STEP 4

CONSIDERATION OF BENEFITS AND EXPECTATIONS

THE PRIMARY AND IMPORTANT GOAL OF DHG PHARMA IS TO CREATE LASTING VALUE FOR STAKEHOLDERS. IN ORDER TO ACHIEVE THIS GOAL, DHG PHARMA UNDERSTANDS THAT THE IMPORTANCE OF MAINTAINING EFFECTIVE INTERACTION AND DIALOGUE WITH THE STAKEHOLDERS ARE BASED ON TRUST, TRANSPARENCY AND CONSISTENCY IN ALL ACTIVITIES OF DHG PHARMA. DHG PHARMA ALSO PROMOTES ETHICAL STANDARDS, CORPORATE CULTURE THAT DHG PHARMA HAS MAINTAINED AND PROMOTED IN OVER 42 YEARS.

Involvement of stakeholders in the policy and operation of DHG Pharma

Stakeholders		Concerns		DHG's actions	Values
CUSTOMERS -Consumers		Quality, product efficiency, safety level for consumer health. A diversified product portfolio that meets the needs of different customer groups. Products are sold at reasonable prices, easy to access to all kinds of customers. Good customer service.		Continuously improving the technology, modern production lines to bring high quality products, strictly controlled by the closed process of product safety. Promoting research and development of products in order to create products of high efficiency and better meet the needs of consumers. Expanding distribution channels nationwide so that consumers can easily access products of DHG Pharma. Answering questions from customers and actively organize conferences, seminars...Consulting to improve knowledge about health protection and use of products in the most effective way.	The quality of products is guaranteed, 21 consecutive years as "Vietnamese high-quality goods" voted by consumers. Consumers easily access and purchase products through distribution network, wholesale and retail stores nationwide and e-commerce channels. Inquiries of consumers are answered through customer service department, the company hotline or related departments.
CUSTOMERS - Agents, distributors, hospitals, medical centers...		Brand prestige and product quality. Diversified, high quality products, bring high therapeutic effect. Sales policy on the principle of win - win. Dedicated, caring customer service.		Commitment to product quality is the first criterion for the sustainable development of enterprise. Enhance brand prestige through prestigious awards in VN and abroad. Promoting the research and development of new products with high quality and effective treatment. Implementing the sales policy on the principle of mutual development in a win-win spirit. Applying information technology in the distribution process, managing the quantity of products sold and the inventory in all distributors, agents and pharmacies nationwide.	Branding prestige become more well-know, ranking in Top 50 of Vietnam's most effective companies. Achieve top honors - Top Brand 2015 awarded by Global GTA (Hapacol, Naturenz, NattoEnzym). Providing quality products and high therapeutic effect. Voted Vietnamese High-Quality Goods by consumers for 21st consecutive year. Providing products to more than 25,000 customers (agents, distributors, hospitals, medical centers, supermarkets, shopping centers, Guardian convenience stores)... nationwide, with a strict and modern management system, bringing high value, and serve the customers demand faster.



VIP customer appreciation ceremony in 2016

Stakeholders		Concerns		DHG's actions	Values
SHAREHOLDERS AND INVESTORS		<p>Business performance achieved.</p> <p>Effective use of invested capital.</p> <p>Management capability of the company.</p> <p>Information transparency to secure interests for investors.</p> <p>The market value of stocks and the value of the business.</p> <p>Dividends payment to investors.</p>		<p>Effective use of invested capital.</p> <p>Completing management model, tight risk control, improve the efficiency of production and business.</p> <p>Disclosing information properly, sufficiently, promptly, openly and transparently.</p> <p>Effective trading to maintain the stock price at a high price.</p> <p>Ensuring high and fair dividends for shareholders and investors.</p>	<p>DHG Pharma successfully completed the business targets approved by the AGM with net revenue of VND 3,783 billion, achieved 101.3% of the plan, and profit before tax reached VND 757 billion, achieved 100.9% of the plan.</p> <p>Consecutively granted many prestigious awards</p> <p>Information is disclosed promptly, openly and transparently</p> <p>Market capitalization was VND 8,542 billion. (31 Dec 2016)</p> <p>The average annual dividend is up to 40% of profit after tax. Particularly in 2016: dividend payment of VND 3,500 /share.</p> <p>Issuing bonus shares with issued rate 2:1 for existing shareholders</p>
EMPLOYEES		<p>Comfortable working environment, no discrimination.</p> <p>Training policies and development opportunities.</p> <p>Bonus, welfare policies and labor conditions.</p> <p>Achievements and contributions are properly assessed and recorded.</p> <p>Several activities that care about the material and spiritual life of workers.</p>		<p>Building a comfortable, safe working environment, with work-life balance, based on the criterion "Our ways of doing business are with responsibility, cooperation, and promotion".</p> <p>Organizing internal and external training to improve the professional level of staff, create the best conditions for capacity development and promotional opportunities.</p> <p>Implementing the compensation policy in according with positions, roles, and responsibilities.</p> <p>Evaluating the dedication of employees and reward worthy of achievements.</p>	<p>Always maintaining a comfortable, equal and safe working environment.</p> <p>In 2016, DHG Pharma continued to promote education and training for staff. Total hours of training for deputy managers, key officials and employees were 66,110 hours (average 71.3 hours/person/year). The company's average: 70.2 hours/person.</p> <p>Assigned KPI for each salesperson to improve compliance, boost the achievement of quantity and sales target, meanwhile ensures fair, objective, transparent and proper rewarding performance.</p> <p>At the AGM 2016, the Company adopted the plan to buy shares for rewarding and preferentially selling to management staff, assistances to the BOD, key staffs, excellent employees... in order to attract and retain talented people, create motivation to work effectively to complete business targets and associate benefits with workers.</p>
SUPPLIERS AND PARTNERS		<p>Cooperation for mutual development.</p> <p>Using materials effectively, save the energy.</p> <p>Setting strict requirements about the quality of raw materials suppliers.</p> <p>Specific requirements for projects invested by the Company and the environmental, social issues, especially in the place where the factories are located.</p> <p>Criteria for suppliers about the environmental and social responsibility.</p>		<p>Implementing principles in the spirit of mutual development.</p> <p>Using materials efficiently, operating modern production systems and processes to ensure the best product quality.</p> <p>Ensuring a large and stable demand for raw material suppliers.</p> <p>Prioritizing the selection of suppliers that meet the requirements of management, progress, compliance with law, commitment to environmental and social responsibility.</p>	<p>Being a considerable and trustworthy partner of many suppliers and partners.</p> <p>Training and transferring technology, planting process for farmers to grow herbal materials, and form the value chain from input to output.</p> <p>Supplementing the environmental and social assessments when evaluating suppliers.</p>

Stakeholders		Concerns		DHG's actions	Values
THE GOVERNMENT AND STATE AGENCIES		Compliance with laws. Fulfilling tax obligations to the State budget. Carrying out business activities responsible for consumer health, environment and society.		Strictly complying with the regulations issued by laws. Full implementation of annual tax payments to the State. Providing high quality products and commit to the ethics, business principles. Resolving employment situation and support local economic improvement. Corporate governance towards sustainable development, minimize the impact on the environment and society.	Creating jobs and stable income for 2,944 employees, contributing to stabilize the lives of local people. Effectively enforcing the energy and materials saving policies. Leading in the adoption and implementation of sustainable development policies. For instance, won the second prize for the "Sustainable development report in 2015".
MEDIA AND PRESS		Disclosure of information in accordance with regulations, promptly and transparently. Exchanging information with the news agency clearly, accurately about the activities of the Company and the industry.		Proactive information disclosure through conferences, news conferences, articles, newsletters, press releases... Increasing the amount of information sent to the press through press releases, and sending in-depth analysis articles to the press.	Commitment to information published accurately, truly to the actual production and business activities of the Company. Actively publishing important information that directly or indirectly influences the decision of the investor, ensuring fair and transparent investment opportunities. Provide valuable, useful information for the community on public health care, alert about poor quality counterfeit goods to enter the market.
COMMUNITY		Creating jobs and raising income for local people. Consultancy activities to improve public health. Methods to minimize the impact on the environment.		Supporting local economy, contributing to improve the lives of local people. Contribution to the local community in various forms: support victims of natural disasters, free medical examination and medicines for the poor... During the year, organize many activities, consultation conferences on health care. Strictly following environmental regulations, especially in the place where factories are located. Making sustainable development become an operating target.	Providing knowledge of disease prevention, safe and effective use of products through the media. Visiting and giving Tet gifts for the elderly, orphans, disabled children in Can Tho City. Every month, the Executive Committee of the Trade Union of DHG Pharma organizes for trade union groups to visit and give presents to elderly people, weekly cook food for children at the orphanage/disabilities Center of Can Tho City...

PRINCIPLES AND PROCEDURES TO IDENTIFY KEY ASPECTS

Principles

Based on the context of the domestic and international pharmaceutical industry, feedback and concerns of related parties, DHG Pharma identifies key aspects in the relationship between the economy, society, environment and the Company's business.

Procedures to identify key aspects

STEP 01

IDENTIFYING KEY ISSUES THAT HAVE MAJOR IMPACTS ON THE ACTIVITIES OF THE COMPANY AND STAKEHOLDERS

STEP 02

ANALYZING AND IDENTIFYING KEY ISSUES THAT ARE CONCERNED MATTERS OF STAKEHOLDERS

STEP 03

ANALYSIS OF IMPORTANT ISSUES IN RELATIONSHIPS WITH STAKEHOLDERS

STEP 04

REVIEW AND EVALUATION ON APPROVAL

Surveying and collecting information timely, researching information from market reports, reporting the performance of domestic and international pharmaceutical industry.

Analysis on assessment reports, customer surveys of the Company.

Depending on the guidelines developing Sustainable Development Reports

Depending on feedback, contributing ideas of stakeholders, especially in the meetings with shareholders and investors.

Selecting key issues that are mostly concerned by stakeholders to include in the report.

Evaluation of the Board of Directors and relevant parties to ensure the accuracy and honesty of the raised issues.

Identifying key areas through balancing the appropriate interests of the stakeholders and the company's development strategies.

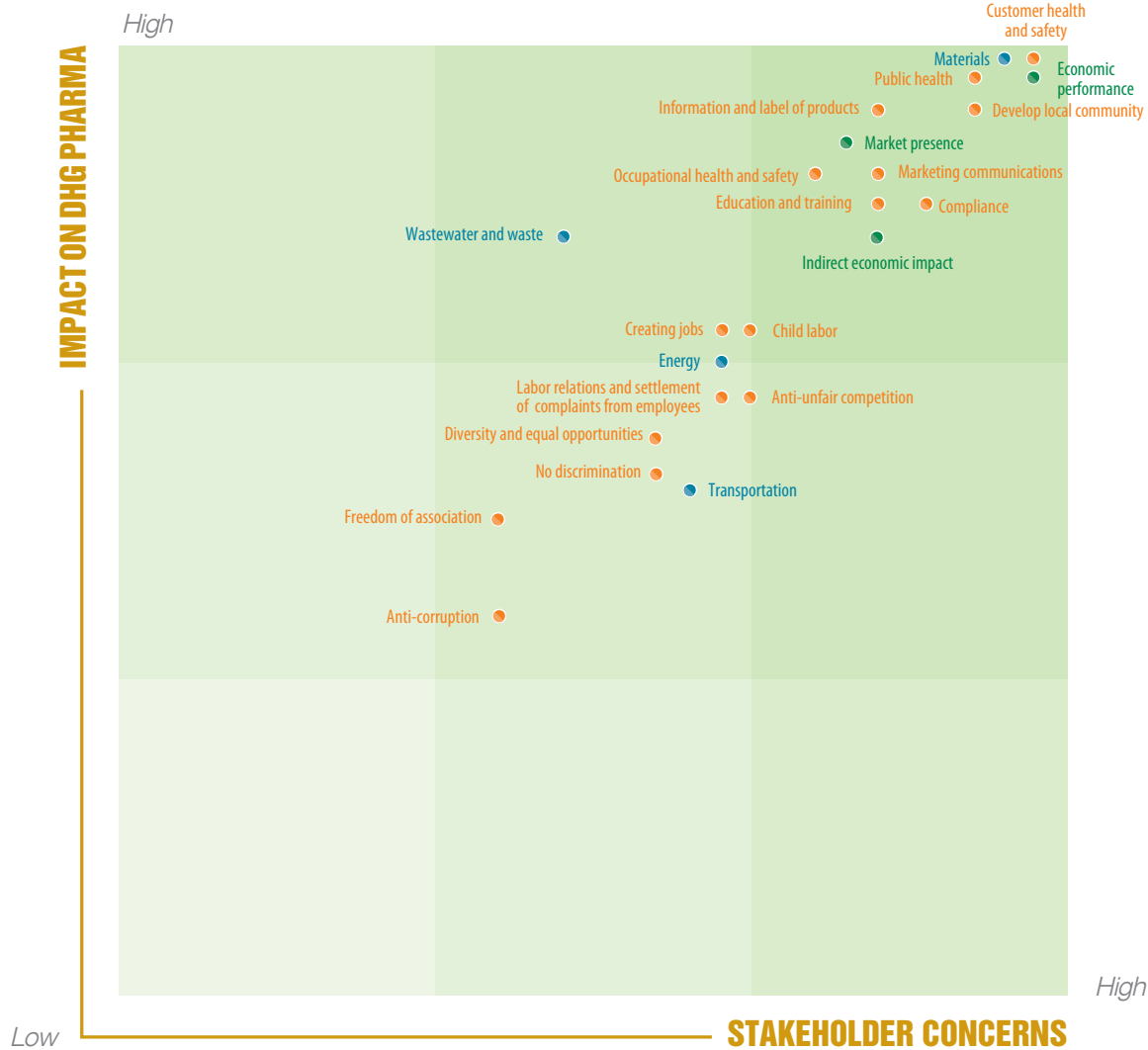
Developing a matrix of important issues "Stakeholder Concerns" and "Impacts on DHG Pharma".

Reviewing key aspects after releasing reports and gathering comments and feedback from stakeholders.

IDENTIFY RELATED AREAS

ECONOMIC SECTOR	SOCIAL SECTOR	ENVIRONMENTAL SECTOR
<ul style="list-style-type: none">Economic performanceMarket presenceIndirect economic impact	<div>RESPONSIBILITY FOR THE PRODUCTS<ul style="list-style-type: none">Customer health and safetyInformation and label of productsMarketing communicationsCompliance</div> <div>LABOR AND EMPLOYMENT<ul style="list-style-type: none">Creating jobsOccupational health and safetyEducation and trainingDiversity and equal opportunitiesLabor relations and settlement of complaints from employees</div>	<div>HUMAN RIGHTS<ul style="list-style-type: none">No discriminationFreedom of associationChild labor</div> <div>SOCIETY<ul style="list-style-type: none">Develop local communityAnti-corruptionAnti-unfair competitionPublic health</div> <div><ul style="list-style-type: none">MaterialsEnergyWastewater and wasteTransportation</div>

MATRIX OF CRITICAL ISSUES



DETERMINE
KEY ASPECTS (continued)

ASSOCIATION OF CRITICAL
ISSUES OF DHG PHARMA
UNDER 17 SUSTAINABLE
DEVELOPMENT GOALS OF
THE UNITED NATIONS.



ECONOMIC SECTOR

- 8. Economic performance
- 8. Market presence
- 8. Indirect economic impact

SOCIAL SECTOR

RESPONSIBILITY FOR THE PRODUCTS

- 3. Customer health and safety
- 12. Information and label of products
- 12. Marketing communications
- 12. Compliance

LABOR AND EMPLOYMENT

- 8. Creating jobs
- 3. Occupational health and safety
- 4. Education and training
- 5. Diversity and equal opportunities
- 10. Labor relations and settlement of complaints from employees

HUMAN RIGHTS

- 10. No discrimination
- 10. Freedom of association
- 16. Child labor

SOCIETY

- 8. Develop local community
- 16. Anti-corruption
- 16. Anti-unfair competition
- 3. Public health

ENVIRONMENTAL SECTOR

- 12. Materials
- 7. Energy
- 14. Wastewater and wastes
- 8. Transportation

REVIEW AND EVALUATION

Upon completion of the content and issuance of the report, DHG Pharma will review all reporting contents, in order to prepare for the next reporting period starting from 01 Jan 2017 to 31 Dec 2017.

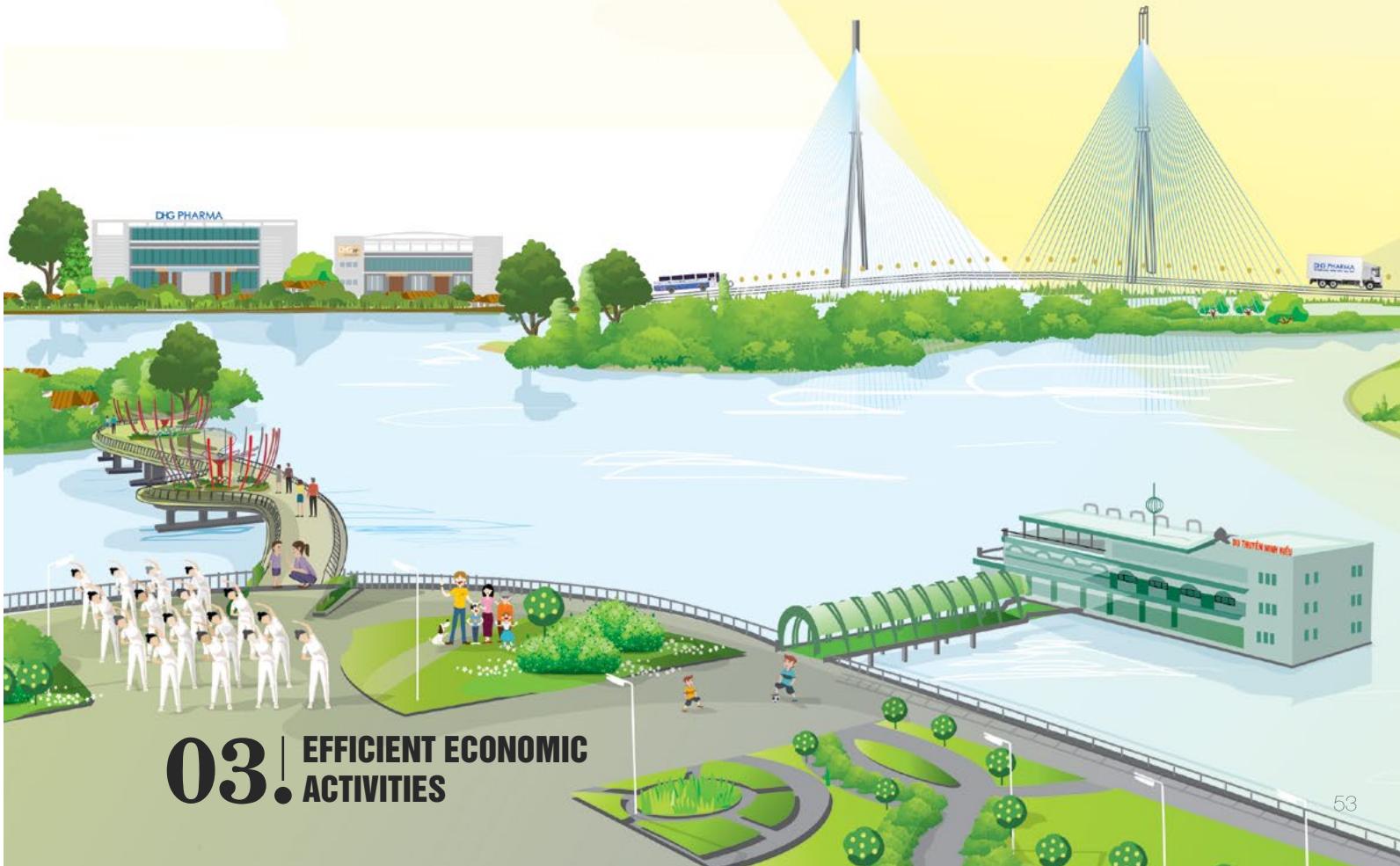
The revision and assessment process focuses on the critical areas of the Sustainable Development Report 2016, based on the context of sustainable development and feedbacks from internal stakeholders and external stakeholders on the overall, rational and complete

content of the report as well as the reporting process. Thereby, the report highlights the strengths that need to be promoted, and the weaknesses that need to be overcome. As a result, this revision and assessment process plays a vital role in providing information and it is a basis for DHG Pharma to select and identify critical areas for the next reporting period. Hence, creating a foundation to improve the targets and strategies towards sustainable development in economic, social and environmental in the future.

In addition to encouraging stakeholders to examine and evaluate the content and presentation of the report, DHG Pharma is looking forward to receiving comments from all of whom are interested. Any comments or questions related to the report please enter our website <http://www.dhgpharma.com.vn> and contact by telephone or email in the contact section or email to members who are in charge of the Sustainable Development Program as described in the "Contact" section of the report on page 33.

Overcoming
A MYRIAD OF CHALLENGES

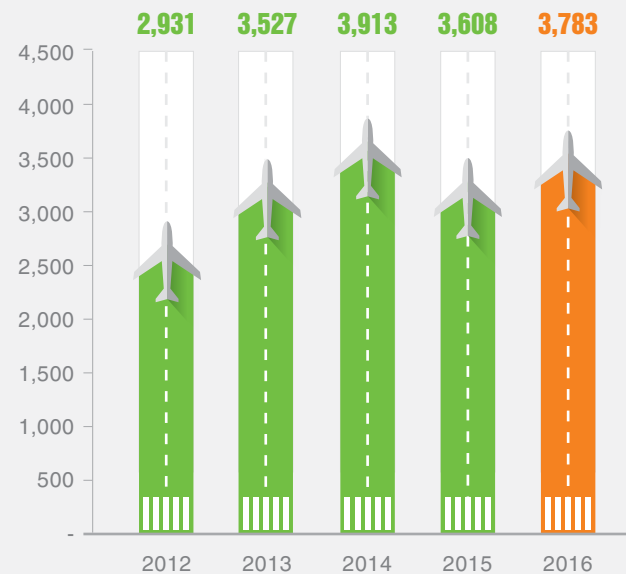
THE JOURNEY TO A BEAUTIFUL LIFE OF DHG PHARMA HAS GONE THROUGH MANY VICISSITUDES AND CHALLENGES. AS A RESULT, DHG PHARMA BECOMES STRONGER AND STRONGER, CREATING MORE VALUE TO BE ABLE TO MAKE POSITIVE CONTRIBUTIONS TO THE DEVELOPMENT OF THE INDUSTRY, THE COUNTRY AND THE SOCIETY.



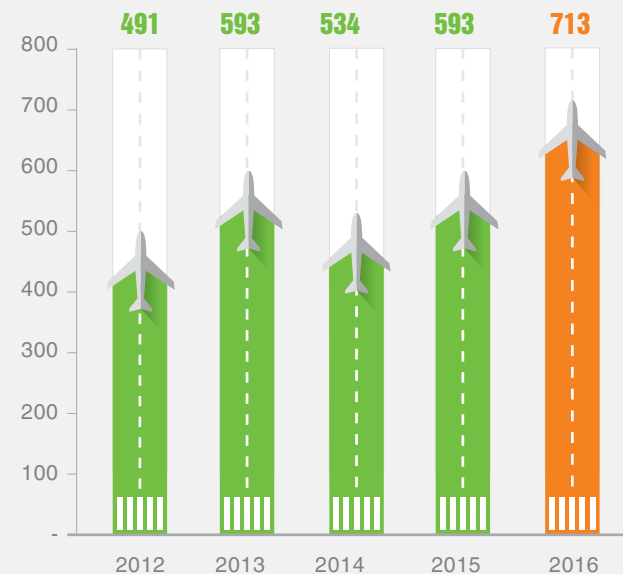
03! EFFICIENT ECONOMIC
ACTIVITIES

SCALE RATIOS OF DHG PHARMA FROM 2012 TO 2016

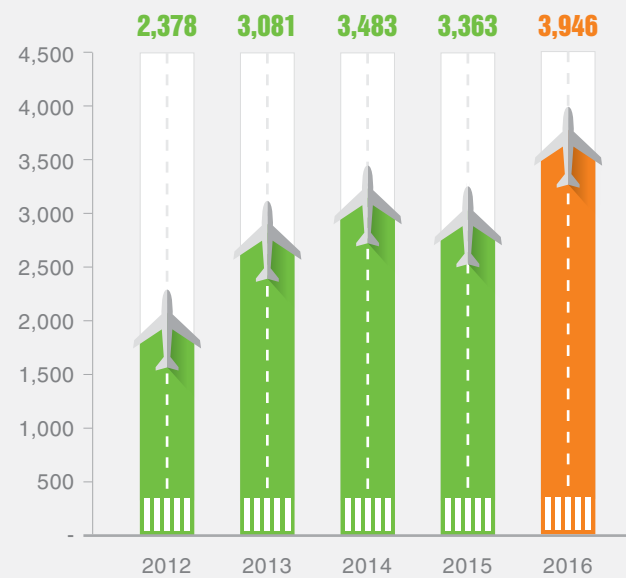
NET REVENUE
(VND BILLION)



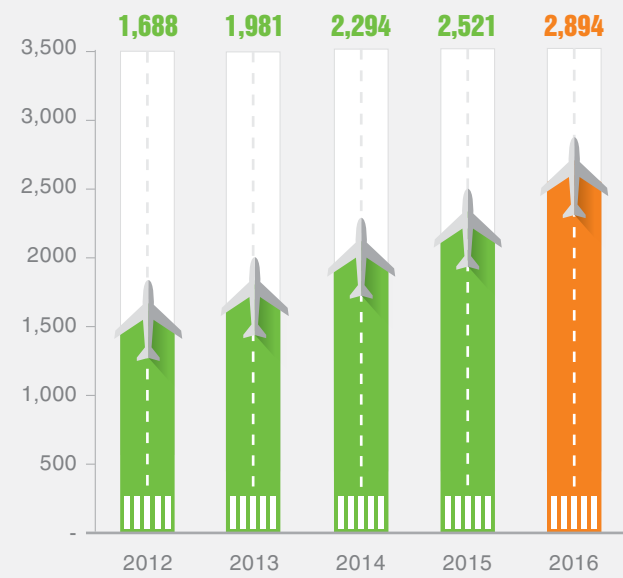
PROFIT AFTER TAX
(VND BILLION)



TOTAL ASSETS
(VND BILLION)



OWNER'S EQUITY
(VND BILLION)



Unit: VND billion

Indicators

P&L statement

	2012	2013	2014	2015	2016
Net sales	2,931	3,527	3,913	3,608	3,783
Gross profit	1,444	1,640	2,131	1,413	1,713
Profit before tax	585	782	722	701	757
Profit after tax	491	593	534	593	713
Profit of shareholders of the parent company	486	589	533	589	710

Balance sheet

Total assets	2,378	3,081	3,483	3,363	3,946
Current assets	1,818	2,233	2,386	2,221	2,747
Non-current assets	561	848	1,096	1,142	1,199
Liabilities	675	1,081	1,189	842	1,052
Owner's equity	1,688	1,981	2,294	2,521	2,894
Charter capital	654	654	872	872	872

Cash flow

Net cash from operating activities	470	484	301	475	644
Net cash from investing activities	(88)	(468)	(334)	(369)	(277)
Net cash from financing activities	(131)	(122)	(82)	(183)	(185)
Cash flows in the period	252	(106)	(115)	(78)	182
Cash and cash equivalents at the beginning of the period	467	719	613	498	421
Cash and cash equivalents at the end of the period	719	613	498	421	603

Basic financial ratios

Gross profit margin	49.3%	46.5%	54.5%	39.2%	45.3%
Earnings before tax	20.0%	22.2%	18.5%	19.4%	20.0%
ROS (Profit after tax/Net sales)	16.8%	16.8%	13.6%	16.4%	18.8%
ROA (Profit after tax/Average total assets)	22.5%	21.7%	16.3%	17.3%	19.5%
ROE (Profit after tax/ Average owner's equity)	32.0%	32.3%	25.0%	24.6%	26.3%

Shares

Number of shares	65,376,429	65,376,429	87,164,330	87,164,330	87,164,330
Treasury shares	10,130	10,130	10,130	222,380	-
Outstanding shares	65,366,299	65,366,299	87,154,200	86,941,950	87,164,330
Basic earnings per share (VND/share)	7,443	6,758	5,169	5,748	6,993
Dividend (VND)	3,000	3,000	3,000	3,500	3,500

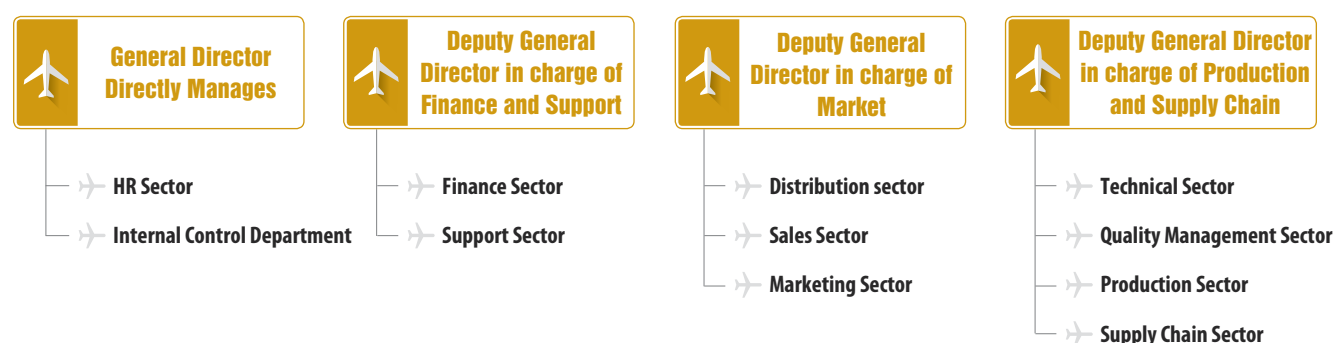
IMPROVEMENT OF CORPORATE GOVERNANCE

DHG PHARMA DEFINES CORPORATE GOVERNANCE AS A CORE FACTOR FOR SUSTAINABLE DEVELOPMENT AND BUILT A STRONG GOVERNANCE STRUCTURE BASED ON COMPLIANCE WITH VIETNAMESE LAWS AND AN APPROACH TO INTERNATIONAL STANDARDS.

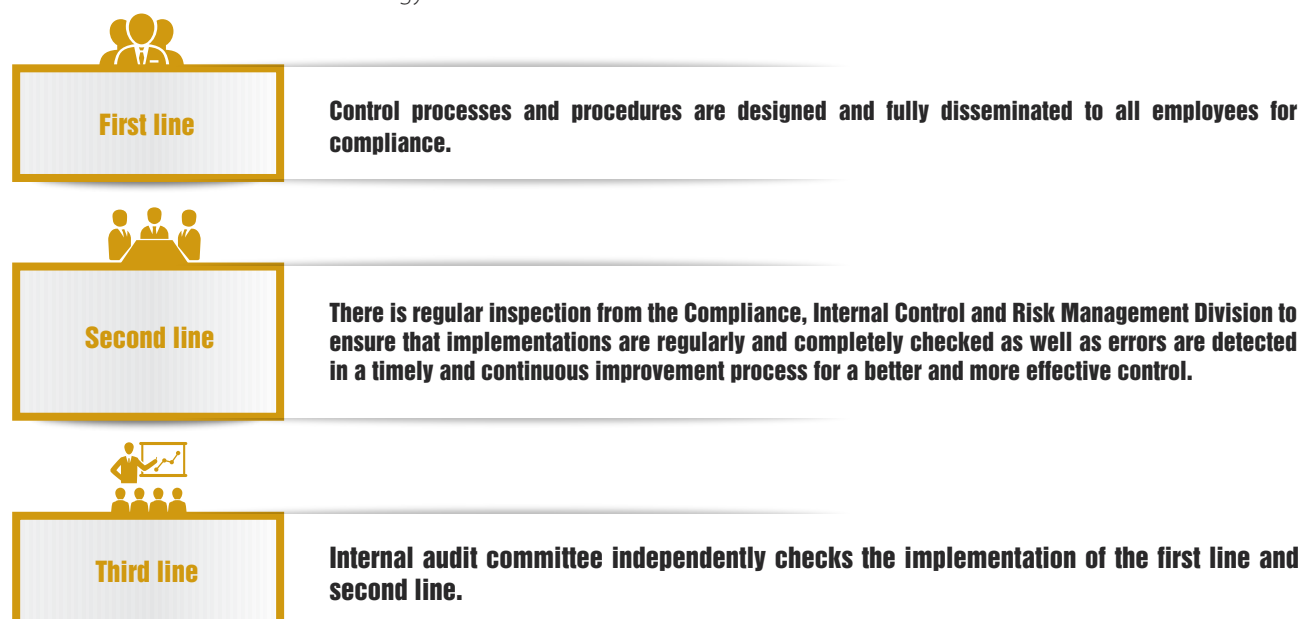
DHG Pharma continuously reviews and improves the organizational structure, managerial apparatus in accordance with actual business ,towards sustainable growth and productivity improvement.

In 2016, DHG Pharma changed the organizational structure as E&Y consultancy. The changed organizational structure has some new features compared to the old one.

Building 10 functional sectors under the Board of Management included:



Establishment of the internal audit committee under the Board of Directors: Setting up the internal audit committee under the “3 lines of defense” strategy as follows:



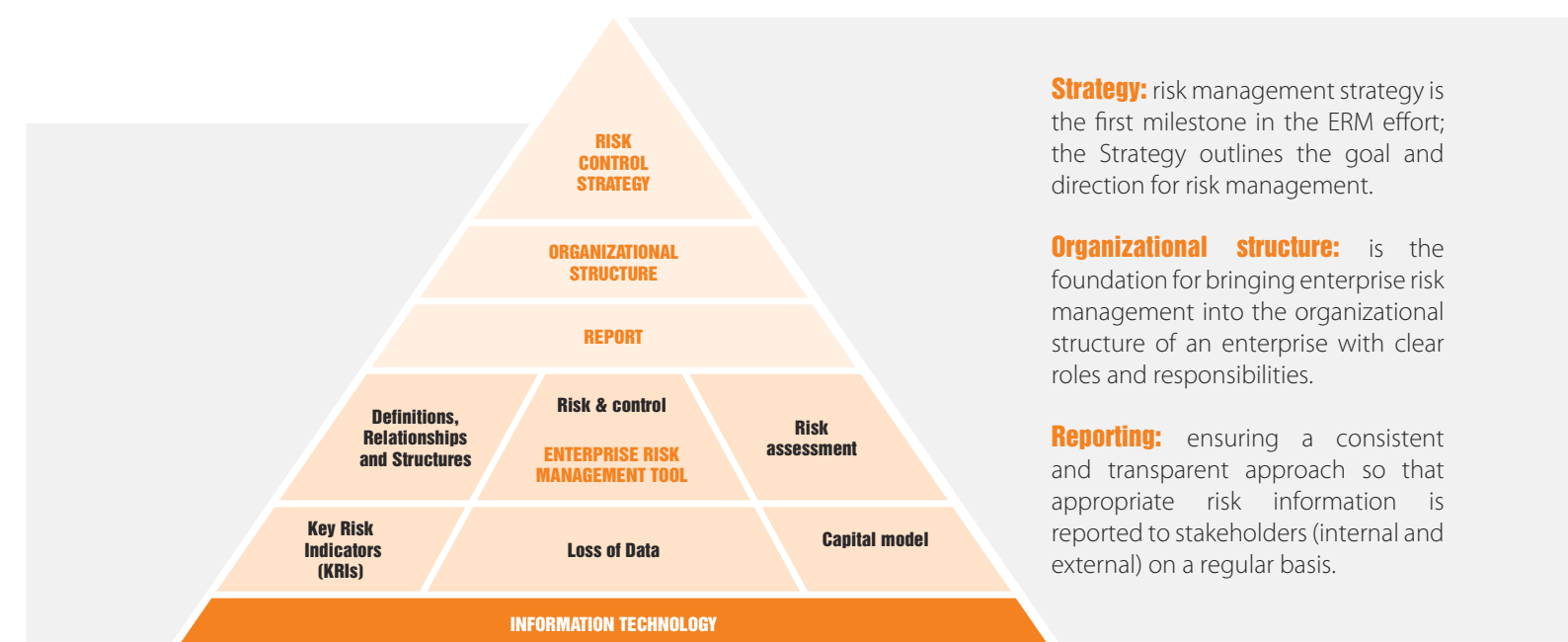
GOOD PERFORMANCE ON RISK MANAGEMENT

In order to assist the Board of Directors in identifying, detecting, preventing and mitigating possible risks in all areas of the Company's operation, DHG Pharma has established the audit and risk management subcommittee

with the motto “Focus primarily on prevention, concern damage repair as a minor step” towards building a more powerful DHG Pharma.

To carry out the functions and missions effectively, quarterly and monthly (or extraordinary), the Head of the subcommittee shall organize

meetings to review the performance. Subsequently, the Head shall submit reports to the Board of Directors on the result, performance evaluation, the compliance with regulations and procedures as well as recommends solving the current problems and amendments to fulfill the operating system of the subcommittee.



Strategy: risk management strategy is the first milestone in the ERM effort; the Strategy outlines the goal and direction for risk management.

Organizational structure: is the foundation for bringing enterprise risk management into the organizational structure of an enterprise with clear roles and responsibilities.

Reporting: ensuring a consistent and transparent approach so that appropriate risk information is reported to stakeholders (internal and external) on a regular basis.

ERM tools: the efficiency of ERM consists of a series of methods and tools for gathering, identifying, ranking, evaluating, monitoring, processing and modeling enterprise risk management.

Information technology: appropriate information technology is the main lever of ERM: the structure should cover the network, hardware, software and data.

ANTI-CORRUPTION

DHG Pharma determines to become a reputable and professional Company, guided by the right and appropriate policies, by ethical principles, in accordance and compliance with laws, to meet the expectations of our partners and customers.

Quarterly and monthly, the Board of Directors of the Company disseminates and updates regulations on anti-corruption laws to all staff,






advocates for good implementation of anti-corruption laws as well as codes of conduct for the prevention of corruption. Moreover, the Company's management is always implemented in a public and transparent manner through the codes of conduct of employees; Code of ethics; Regulations on giving and accepting presents; Transparency in assets of employees; Preparing the annual financial statements; Promoting consistency and transparency in relations with stakeholders; Regularly

reviewing, reporting and updating information to the State management agencies;...

Showing great enthusiasm and being active in building a non-corrupt business environment is also the foundations for DHG Pharma to grow stronger towards sustainable development.

As a result, in the previous year 2016, all employees of DHG Pharma were not involved in corruption cases.

RISKS THAT DHG PHARMA MIGHT ENCOUNTER

Risk identification	Risk analysis		Risk measures	Solutions to prevent and handle risks
 <p>Legal and compliance risks</p>	<p>Laws, sub-law documents, regulations of the industry and tax guidance are frequently changed and not synchronous,</p>		<ul style="list-style-type: none"> ❖ Can change business results and orientations of the Company. ❖ The risk of litigation, dispute, and compensation if the Company does not understand the laws and related regulations. 	<ul style="list-style-type: none"> ❖ Update and adjust the regulations of the Company in accordance with the laws and circumstances. ❖ Settle corporate income tax once a year before inviting an independent audit firm to make the financial statements. ❖ Review 100% of contracts and agreements before signing.
 <p>Environmental risks</p>	<p>Environmental risks such as natural disaster, flood, drought, tsunami...</p> <p>DHG Pharma's business activities affect the environment and society.</p>		<ul style="list-style-type: none"> ❖ Can have an impact at certain levels on the sustainable strategies of the Company. 	<ul style="list-style-type: none"> ❖ Assessing the objectives of sustainable development each year, and at the same time identifying the major impacts from business activities on the environment, society and strictly complying with regulations related to sustainable development.
 <p>Personnel risks</p>	<p>Experienced senior leaders are about to reach retirement age.</p>		<ul style="list-style-type: none"> ❖ Put great pressure on the young leaders and new management board to show their capacity and build trust for investors and customers. 	<ul style="list-style-type: none"> ❖ Establish capacity frameworks for the succession of all inherited levels up to 2022. ❖ Ensuring the salary, bonus, welfare and remuneration policies and a good working environment for employees. ❖ Recruitment, training, and development of human resources to ensure job requirements.
 <p>Market risks</p>	<p>Risks of decline in market share and high growth pressure.</p> <p>Influence by circular of Ministry of Health on drug bidding in hospitals.</p>		<ul style="list-style-type: none"> ❖ Leading to the risk of being caught up by competitors in the next 5-10 years and loss of control over the operation of the sales system. ❖ Reducing DHG Pharma's ETC revenue and affecting the OTC channel. 	<ul style="list-style-type: none"> ❖ Periodical monitor and supervision of the implementation of strategic objectives. ❖ Maintaining the proportion of hospital by 10% or over in the period 2016-2020. The solutions are to enhance the factory standards, to implement bioequivalence and equivalent treatment of products as well as to set up a division, which is responsible for developing biddings and reducing costs.
 <p>Fluctuation risks on interest rates, exchange rates, credit and liquidity</p>	<p>The imported raw materials account for over 80%,</p> <p>Risks on credit and interest rates of the Company are mainly affected by bank deposits and customer receivables.</p>		<ul style="list-style-type: none"> ❖ Is affected by input factors such as foreign exchange rates, material cost fluctuations, import tax policies... ❖ The risk forecast from deposits will decrease gradually in subsequent years and the liquidity risk at certain times when the Company needs a loan to finance its working capital. 	<ul style="list-style-type: none"> ❖ Forecasting and planning for appropriate purchase; Continuing to reserve raw materials to serve the relocation of the new plant and some key raw materials; Planning to choose prestigious suppliers and conducting stability testing of raw materials. ❖ Regularly updating and forecasting exchange rate fluctuations through relationships with banks. Performing L/C contracts to hedge the risk of foreign currency shortage.

DIVIDEND PAYMENT POLICY

SINCE LISTING AND A SUSTAINABLE GROWTH, DHG PHARMA ALWAYS MAINTAINS HIGH DIVIDEND PAYMENT FROM

25-35%
PAR VALUE (BY CASH)

AT THE SAME TIME, THE COMPANY WILL IMPLEMENT THE DIVIDEND POLICY WITH MINIMUM VND 3,000/SHARE IN ACCORDANCE WITH THE STRATEGIC ORIENTATION 2016 - 2020.



At the 2016 Annual General Meeting, the Meeting approved the plan to pay dividends by cash at 35%/par value and bonus shares to current shareholders at the rate of 50% of charter capital. The stability of dividend and other value-added activities of DHG Pharma built shareholders' confidence and indirectly contributed to Vietnam economy.

In addition, the Annual General Meeting approved a plan to buy shares to reward managers, members assisting the BOD, key staffs and excellent individuals, etc under the purpose "Attract and retain talent". It also creates motivation to work effectively, complete business targets and associate benefits with employees.

MECHANISM OF INFORMATION EXCHANGE WITH SHAREHOLDERS AND INVESTORS

AS A LISTED COMPANY, DHG PHARMA IS AWARE OF THE IMPORTANCE OF INVESTORS AND SHAREHOLDERS FOR THE DEVELOPMENT OF THE COMPANY. INVESTOR RELATIONS ACTIVITIES OF DHG PHARMA ALWAYS STRIVE TO ENSURE THE BENEFITS OF INVESTORS AND SHAREHOLDERS, TRANSPARENCY GUARANTEES OF INFORMATION DISCLOSURE AND COMPLIANCE WITH LEGAL REGULATIONS FOR A LISTED COMPANY.

Besides complying with the regulations of information disclosure of the State Securities Commission and Ho Chi Minh Stock Exchange, DHG Pharma always concerns on opinions as well as discloses timely and transparent information to all shareholders and investors when occurring important

information on strategies, business performance and new events that affect the price of shares.

Simultaneously, DHG Pharma sufficiently discloses information by various channels and guarantees a fast and timely approach to investors such as:

- ❖ Website: www.dhgpharma.com.vn
- ❖ Information disclosure on the State Securities Commission.
- ❖ Information disclosure on the Ho Chi Minh City Stock Exchange.
- ❖ Mass media.
- ❖ The Annual General Meeting.
- ❖ Annual report and sustainable development report.
- ❖ Quarterly meetings with shareholders and investors or as inquiry.
- ❖ IR newsletters and other publications.



The 2016 Annual General Meeting.



DHG Pharma was voted in the Top 10 best annual reports in 2016.



Investors came to visit DHG plant.



Meeting with foreign investors at Vietnam Access Day.



Meeting with investors at "Vietnam Business Day" in Singapore.



Shareholders and investors meeting in Q4/2016.



1 In the spirit of solidarity, employees of DHG Pharma donated to the "Golden Hearts Fund" in the amount of VND 134,700,000, the act of raising money for the piggy bank of Poor Patients Fund, total amount of VND 1.9 billion.

2 Established blood donor clubs with over 500 members willing to donate blood and stored at the hematology center of Can Tho City, there were 338 people that participated in blood donation, with a total of 431 units of blood.

3 Employees attended the program "Walking for the basic medical network", the annual activities of the company towards the celebration of "Vietnam Doctor's Day".

4 Visited and gave gifts to the elderly, orphans, handicapped people in Can Tho City, donated money for 04 cases of misfortune in Can Tho City (VND 5 million/case) and 07 cases of serious patients who are disadvantaged and already quit their jobs (VND 5 million /person).

5 Regularly organized supporting activities, to help victims of natural disasters, and support poor patients with money, items such as books, clothes, gifts, medicines and other social activities. Employees of the Company participated in equipping more than 3,000 bags of medicine to help flood victims in Quang Binh and Ha Tinh provinces with the desire to join hands and help compatriots in the Middle region to overcome difficulties and settle down. The total value of the donation was VND 400 million.

6 The company deducted half of a day salary to donate VND 200 million to "Fund for the poor" of Vietnam Fatherland Front Central Committee of Can Tho City.

7 In order to promote the spirit of solidarity, "The good leaves protect the worn - out leaves", care and help unlucky people, the Local trade union organized monthly visits and offered each elderly people a nutritious meal at the seniors Center, Binh Thuy district, and weekly cooked nutritious food for the children at the orphanage / disabilities Center of Can Tho City. Moreover, the Company also visited and donated gifts (including clothes, candy, essentials...) on the Lunar New Year to these 02 centers, with the amount of VND 61,666,000.

8 Regularly visited and donated gifts for orphans being raised at Buu Tri Pagoda, Can Tho City.

9 Gave 100 gifts worth VND 200,000 each to poor students in remote areas and donated gifts to the poor family's children on Mid-Autumn Festival occasion, in the amount of VND 20,000,000.

10 Free medical examination and medicines for the poor; Supported the Sponsoring Association for poor patients of Can Tho City and Hau Giang province; educated consumers through programs such as: **Health and Life, Healthy Living**, Health topics on mass media.

11 In collaboration with JBSL Japan (Japan Bio Science Laboratory Co., Ltd) held a series of programs "JBSL together with DHG Pharma to prevent a stroke" in Ho Chi Minh City, Can Tho and Hanoi.

These programs contribute to raise the awareness of disease prevention in the community through healthy lifestyle, sports activities and eating high-quality healthy foods.

12 Organized the first television game show in the medical profession "White Blouse Special Mission - Dac nhien Blouse Trang" broadcast on HTV9, HGTV, HN2,

TBTV, FBNC attracted great attention of viewers due to the humanity and amazing factors. This is a series of programs that reflect the diversified, talented, and interesting aspects in the minds of health workers.

CONTRIBUTION TO
THE OVERALL SOCIAL DEVELOPMENT

Operating efficiency for the stakeholders

Stakeholders	Content	Unit	2014	2015	2016
Shareholders	Dividend	VND Billion	228.8	261.5	305.1
The State	Contributing to the government budget	VND Billion	326.6	356.6	241.6
Employees	Employee income	VND Million/month/person	18.9	15.7	21.8
Suppliers	Total value of transactions	VND Billion	284.8	311.1	626.4
Customers	Net sales	VND Billion	3,913	3,608	3,783
Community	Community contributions	VND Billion	9	6	5.6

WITH A NETWORK OF 04
SUBSIDIARIES AND 35
BRANCHES, DHG PHARMA HAS
CREATED JOBS FOR MORE THAN
>3,000
EMPLOYEES

By the policies of recruitment, training and developing human resources, DHG Pharma contributes to add more jobs, increases income for local people and impulse the socioeconomic development.

Moreover, every year, DHG Pharma contributes billions of VND to the

government budget and organizes several local community activities. In 2016, DHG Pharma spent VND 5.6 billion on different community activities such as charitable activities, material contributions for the disadvantaged; taking care of Vietnamese heroic mothers; giving support to disaster areas and poor children...

VND **305.1** BIL.
DIVIDEND IN 2016

VND **241.6** BIL.
CONTRIBUTING TO THE
GOVERNMENT BUDGET
IN 2016



Thanks to
OUR INNER STRENGTH

UNTIL TODAY, THE ACHIEVEMENTS THAT DHG PHARMA HAS EARNED ARE A TESTAMENT TO THE INNER STRENGTH, ESPECIALLY THE SOUND STRATEGIC ORIENTATION OF THE BOARD OF MANAGEMENT AND THE BEST EFFORTS OF ALL EMPLOYEES.



04! HUMAN RESOURCES
DEVELOPMENT

COLLECTIVE LABOR AGREEMENT



End of the year Ceremony in 2016 - Labor Conference.

HUMAN RESOURCES ARE THE MOST VALUABLE ASSET WHICH IMPACT ON THE SUSTAINABLE DEVELOPMENT OF THE COMPANY. DHG PHARMA FOCUSES ON BUILDING

EXPERIENCED 
RESPONSIBLE 
EFFECTIVE 
ETHICAL 

PERSONNEL AND CONSIDERS IT AS ONE OF THE LONG-TERM STRATEGIES OF THE COMPANY.

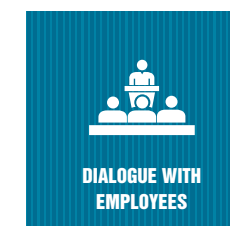
Hence, there should be a working environment that nurtures and promotes the solidarity of all employees, in which ethical behaviors, professional training, ethics and characteristics of culture will be the strong foundation.

DHG Pharma appreciates the values created by employees and contributions they make to the Company's overall success. A fair, dynamic and creative working environment, irrespective of position, age, gender, qualification, social status, national origin,... where every individual has the opportunity to work and train towards success and career development, is the biggest goal of DHG Pharma in the coming years.

In 2016, thanks to the effective operation of the Company's Union and the understanding and concern of the Board of Directors, in taking care of employees' lives, on the 5th of Feb 2016, the collective labor agreement was signed at the Company, to ensure the legitimate rights and interests of employees as well as employers. This agreement was negotiated by the representative of the employees and employers on the principle of voluntariness, equality and publicity.



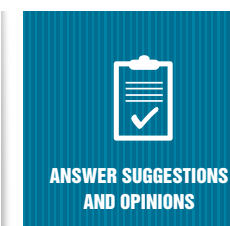
In addition to the collective labor agreement, DHG Pharma also attaches special importance to the establishment of a harmonious relationship between managers and workers through the following contents:



Organizing a periodic communication channel with employees to listen to their aspirations and demands, in order to carry out positive reforms every day towards sustainable development.



The Board of Directors explains the process, purposes, significance of evaluation, grading and rewarding for the Company's staff.



Suggestions and opinions of employees are recorded and answered in the meetings with relevant departments.



All employees are treated equally and enjoy adequate protection of the Company against all discrimination in employment or occupation.



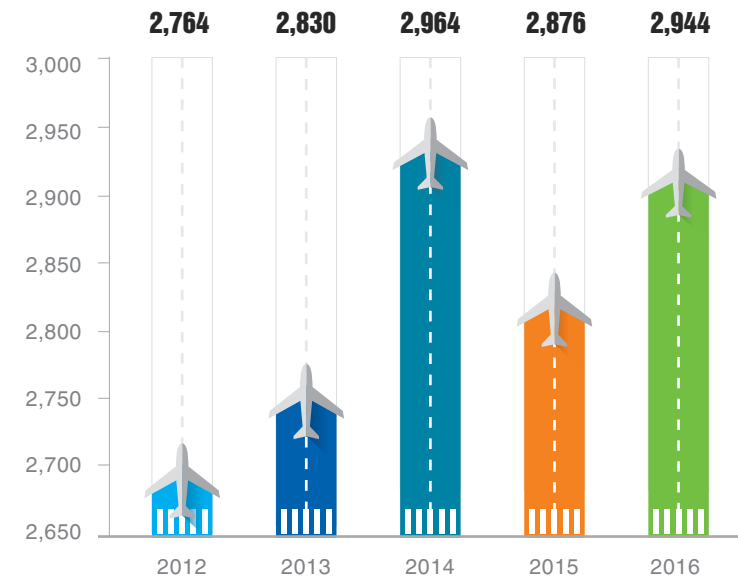
DHG Pharma requires all employees to sign labor contracts in accordance with the provisions of Vietnamese law, not to use child labor and forced labor in any form.

OVERVIEW OF THE WORKFORCE

In general, the labor force in 2016 tended to increase almost the same in 2014 after the decline in 2015. In particular, the personnel structure by gender remains stable over years. Female personnel still accounts for a large proportion (over 40%) and made great contributions to the prosperous development of the Company. Regarding personnel structure by functional groups, the sales group remains the largest proportion of our personnel structure and contributed to exceeding the business targets in 2016.

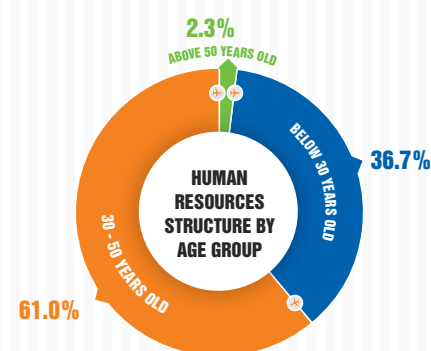
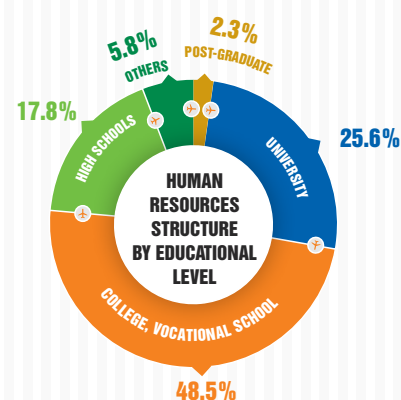
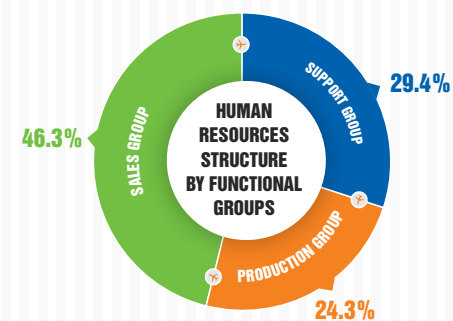
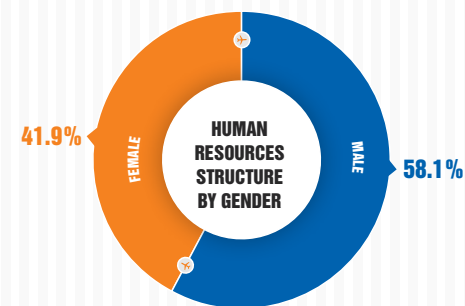
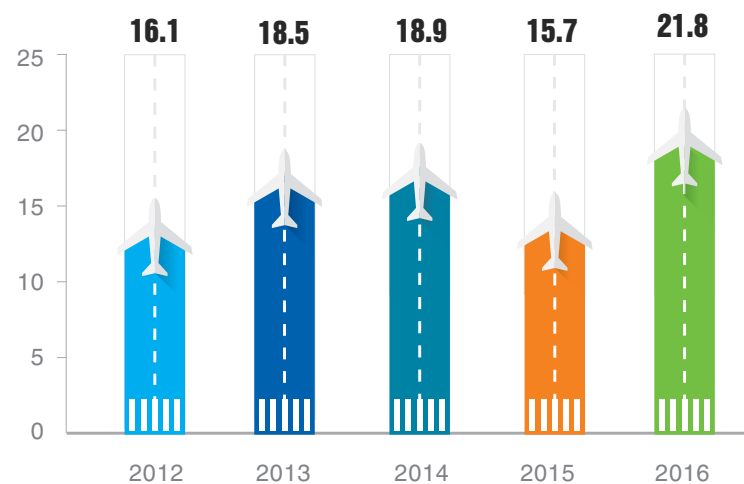
NUMBER OF PERSONNEL FOR THE PERIOD 2012 - 2016

Unit: employee



AVERAGE INCOME OF EMPLOYEES

Unit: VND million



The overview table on personnel structure (2014 - 2016)

Unit: employee

Employees	2014		2015		2016	
	Number	%	Number	%	Number	%
Total employees	2,964	100	2,876	100	2,944	100
Statistics by gender						
Male	1,673	56.4	1,641	57.1	1,709	58.1
Female	1,291	43.6	1,235	42.9	1,235	41.9
Statistics by type of labor contracts						
Indefinite term	2,340	78.9	2,386	83.0	2,400	81.5
Definite term of 1 to 3 years	576	19.4	429	14.9	469	15.9
Seasonal and short-term contracts	48	1.6	61	2.1	75	2.5
Statistics by functional groups						
Support group	763	25.7	760	26.4	867	29.4
Production group	754	25.5	735	25.6	714	24.3
Sales group	1,447	48.8	1,381	48.0	1,363	46.3
Statistics by educational level						
Post-graduate	59	2.0	60	2.1	67	2.3
University	703	23.7	694	24.1	753	25.6
College, Vocational school	1,400	47.2	1,365	47.5	1,430	48.5
Technical worker	30	1.0	29	1.0	29	1.0
Druggist	169	5.7	148	5.2	142	4.8
High school	603	20.4	580	20.2	523	17.8
Statistics by age group						
Below 30 years old	1,635	55.2	1,416	49.2	1,080	36.7
30 - 50 years old	1,281	43.2	1,403	48.8	1,797	61.0
Above 50 years old	48	1.6	57	2.0	67	2.3

Average income of employees by sector

Target		Unit	2014	2015	2016
Average income of employees			18.9	15.7	21.8
<i>In which:</i>					
Support sector	Average income	VND million	18.0	13.7	24.5
	Number of employees	people	763	760	867
Sales sector	Average income	VND million	28.4	21.8	25.2
	Number of employees	people	1,447	1,381	1,363
Production sector	Average income	VND million	11.9	8.9	18.4
	Number of employees	people	754	735	714

Statistics on human resources fluctuations

Unit: employee

Target		2014	2015	2016
New recruits		232	103	265
In which:				
Gender	Male	141	63	170
	Female	91	40	95
Age group	Below 30 years old	180	86	231
	30 - 50 years old	51	17	33
	Above 50 years old	1	0	1
Left during the year		297	275	253
Retired		44	31	2
Contract terminated (*)		253	244	251
Post-maternity leave		85	76	61
Come back to work after post-maternity leave		100%	100%	100%

(*) The Company followed appropriate regulation and law on notice period. Accordingly, contract with notice limitation is 30 days, contract without notice limitation is 45 days.

Statistic on management level

Target		2014		2015		2016	
		Number (employee)	(%)	Number (employee)	(%)	Number (employee)	(%)
Total of employees at management level		78	2.6	85	3.0	84	2.9
In which:							
Gender	Male	55	70.5	62	72.9	60	71.4
	Female	23	29.5	23	27.1	24	28.6
Age group	Below 30 years old	0	0.0	2	2.4	1	1.2
	30 - 50 years old	61	78.2	66	77.6	64	76.2
	Above 50 years old	17	21.8	17	20.0	19	22.6

IMPROVEMENTS ON ORGANIZATIONAL STRUCTURE OF
PERSONNEL, POLICIES, AND MANAGEMENT

IN 2015, DHG PHARMA IMPLEMENTED A SLOW-DOWN DEVELOPMENT STRATEGY TO RESTRUCTURE THE ENTIRE MANAGEMENT STRUCTURE, OPERATING MODEL, FOCUSED ON CONSOLIDATING INTERNAL STRENGTHS, BUILT A SOLID FOUNDATION TO PREPARE FOR A BREAKTHROUGH IN THE FUTURE. ONLY AFTER A SHORT PERIOD OF TIME, 2016 - WAS CONSIDERED AS A YEAR OF COMPREHENSIVE CHANGES OF DHG PHARMA AND WE RECORDED MANY POSITIVE CHANGES IN ALL OF THE COMPANY'S ACTIVITIES TOWARDS THE IMPROVEMENT OF THE GOVERNANCE MODEL IN CONFORMITY WITH INTERNATIONAL STANDARDS AS WELL AS STEADILY MOVED DOWN THE PATH TO SUSTAINABLE DEVELOPMENT.

Some remarkable changes of DHG Pharma in 2016

Change in organizational structure: in 2016, DHG Pharma rebuilt the organizational model, organizational structure diagram and was issued on the 29th of Dec 2016 according to Decision No. 042/2016/QĐ.HĐQT, effective from the 1st of Jan 2017. Meanwhile, building 10 functional groups under the Board of Management and setting up an Internal Audit Committee under the Board of Directors in accordance with Accounting Law on the 20th of Nov 2015. Establishing 02 independent divisions with the functions: internal control and internal audit.

Change in personnel: to match with the new operational model, DHG Pharma has also appointed and transferred personnel according

to capacity, roles and professional qualifications to ensure all Company's activities are carried out more efficiently and professionally.

Change in salary and bonus policy: in order to create motivation and the long-term commitment of employees with the Company, in 2016, DHG Pharma changed the salary scale to be applied from the 1st of Jan 2017 under the advisement of E&Y. The Company applied the salary policy for employees according to new positions and functionality: production sector, support sector and sales sector on some criteria such as equality, transparency, proper assessment of the responsibilities, roles and level of dedication of employees to have appropriate and worthy payment.



ACTIVITIES TO ENSURE WORKER'S RIGHTS

DHG PHARMA PERFORMS WELL THE DEMOCRATIC INSTITUTIONS WITH THE TARGET OF ESTABLISH- ING A HARMONIOUS AND STABLE RELATIONSHIP BETWEEN THE MANAGERS AND WORKERS.

- ❖ All employees in the Company are signed under labor contract. There is an indefinite or definite labor contract depending on the job description and the subject.
- ❖ All employees signed official labor contracts of the Company are entitled to join the collective labor agreement and the Company's union.
- ❖ At DHG Pharma, the democratic regulations and the collective labor agreement are sufficiently implemented in accordance with regulations and are signed annually at workers' conferences.
- ❖ Organize dialogues at the workplace at the end of 2016 with the following contents:
 - » Communication and discussion on the new salary conversion in 2017.
 - » General Director reported on the business performance and operating result in 2016 and the plan in 2017.
 - » Implementation of the collective labor agreement on the income policy in 2017.
 - » Answering the recommendations of workers at the meeting.

- ❖ In order to ensure the benefits of employees, there is a union in each department representing the protection of workers' rights. Any comments, complaints and aspirations of employees are encouraged to share in various forms: email, letters, direct discussion with managers or unions, workers' conferences...
- ❖ All rights of women are guaranteed equally, democratically and fairly. The Company applies the following

regulations to women as follows: fully implement post-maternity leave according to the labor law; Ensure the pregnancies' health as well as guarantee to have enough labors since the pregnancies are unable to work in 3 shifts, report to the managers to assign suitable jobs and get monthly pregnancy examination; Women with a child less than 36 months do not work in shift 3. In addition to annual health check, women are counseled on disease related to women for effective prevention.



The General Director reported on the operating results in 2016 and the plan for 2017.



Meeting to celebrate International Women's Day 2016 at DHG Pharma.



DHG Pharma celebrated the 35th years of founding of Ho Chi Minh Communist Youth Union 2016 at the sports hall.

CONSTRUCTIONS AND WELFARE ACTIVITIES FOR EMPLOYEES

IN ORDER TO SHARE THE CONTRIBUTIONS WITH THE EMPLOYEES, THE COMPANY HAS BUILT CONSTRUCTIONS AND ORGANIZED WELFARE ACTIVITIES FOR EMPLOYEES FROM BONUS AND WELFARE FUND

- ❖ Building a swimming pool and soccer field to create a playground and to train physical health for the labors.
- ❖ Constructing collective houses for employees who are still living in houses for rent and have no stable property.
- ❖ Establishing nursery schools to take care of children so that parents can concentrate on work, especially shift labors.

- ❖ Building a sports hall with green space. This place is for relaxation, training staffs, meetings and organizing events.
- ❖ Supporting to build houses with preferential interest rate which is lower than interest rate of bank, allowing deferred payment in which laborers make great contribution or both husband and wife work in DHG Pharm but not owning a house.
- ❖ The Company organizes collective kitchen to provide breakfasts, lunches and mid-shift meals to all employees at head office, subsidiaries and all branches. The meals are always nutritious and ensuring food hygiene and safety. Daily menu is changed regularly to guarantee the proper nutrition and appetite for the staffs.
- ❖ Arranging transportations to pick up employees to work daily at Hau Giang Pharmaceutical plant (Tan Phu Thanh IZ, Hau Giang province).
- ❖ Carrying out annual health check for employees. At the same time, the cost of annual medical examination for relatives of employees is supported by the Company (regarding employees who have worked for more than one year).
- ❖ Every year, the Company organizes many humanistic programs and activities such as Parent's day, Family ceremony... creating emotion, joy as well as the proud of life value.



The "Healthy Youth" event is regularly held at DHG Pharma.



DHG Pharma builds a soccer field to train physical health for employees.



DHG Pharma establishes nursery schools to take care of children so their parents can concentrate on work.



DHG Pharma builds a swimming pool for staff to relax and exercise.

CARING ACTIVITIES FOR EMPLOYEES IN 2016

1 DHG Pharma fulfills all social insurance, health insurance and unemployment insurance for employees. Moreover, the Company also buys accident, sickness and hospitalization insurance for staffs, and Bao Viet's advanced medical insurance for senior management, and excellent employees.

2 Staff annual salary is raised according to salary policies and regulations. The average income is VND 21.8 million/person/month, depending on the position.

3 Organized the fair market with the theme **"Vietnamese Tet holiday"** at the end of the year so that each small family gather together for the snug days; Facilitated staffs to buy some specialties of the region with prestigious brand name and the most reasonable price; By purchasing the goods among the members of DHG Pharma, the Company donated VND 20 million to help 04 cases of misfortune inside and outside Can Tho city.

4 Organized the program **"Summer Experience", "Moonlight Festival"** for children of the Company. The children attended in many interesting and useful activities such as the way to protect yourself when being lost in the crowd, **"Little Voyage"**, **"The DHG Family Amazing Race"**, **"DHG Family 1st prize"**, **"Love Night"**, **"Color you, color your life"**... By these programs, the Board of Directors of the Company wants to develop the young generation, as well as connect staffs closer to DHG Pharma.

5 Supported the staffs to borrow when repairing, building houses, buying household items with the total amount of VND 4.1 billion; granting for staff and family having difficult life with the amount of VND 263 million; visiting 663 times of sickness with the amount of VND 576,350,000; Sending wedding gifts for 35 cases with the amount of VND 21 million. In addition, the Poor Patients' Fund supports staff and families when hospitalized with surgery and suffering from long-term treatment with the total amount of VND 804 million.

6 With the desire to remind the self-sacrifice of parents and to show the caring and gratitude for employees' parents on the occasion of Vu Lan, the Company organized a program for more than 1,000 parents with a total cost of more than VND 1.14 billion.

7 Visited and sent gifts for 49 retired employees at the end of the year in order to remind the contribution of previous generations. There has been a Board to keep contact with retired employees, to show care and support promptly when needed.

8 In 2016, DHG Pharma supported the expenses of hospitalization from the Poor Patients' Fund for 97 people who are employees and their relatives with the total amount of VND 804 million. Organized the meeting and gave gifts to 13 children passed the 2016 entrance exam with the amount of VND 32,500,000.

9 In 2016, The Company Union in collaboration with the Youth Union, Human Resources department launched the emulation to celebrate the 42nd year of the Company's founding (on the 2nd of Sep) with the contest **"Understanding the cultural identities of DHG Pharma"**. Through this program, employees have improved and maintained a sense of self-awareness of good observance of the rules, regulations and cultural identities of DHG, aiming to increase work efficiency in individuals and groups.

10 Every year, the Company organizes meaningful activities on the occasion of International Women's Day (08 Mar), Liberation Day (30 Apr), Vietnamese Family Day (28 Jun), Labor Union day (28 Jul), the Vietnamese Women's Union founding day (20 Oct).

11 Organized Vietnamese Family Day (28 June) with the topic **"Cozy meal - Warm love"** for employees and families. Furthermore, the Company also rewarded 30 children who had excellent achievements and passed the entrance examination with VND 37.4 million in the school year 2015 - 2016; supporting the school fee for 56 disadvantaged children with the amount of VND 33,600,000.

SOME PICTURES ABOUT CARING ACTIVITIES FOR EMPLOYEES



Fair market, with the theme
"Vietnamese Tet holiday".



Color festival "Color you, color your life".



Children of DHG Pharma's staffs have fun
at Funny Land.



Team building in Dalat 2016.



Visit and give gifts to DHG Pharma's
retired employees.



The Holiday "Vu Lan"



Celebrate Vietnamese Family Day
(28 Jun).



The "Ring the Golden Bell" competition.



Celebrating International
Women's Day (08 Mar).

TRAINING AND EDUCATION

IN 2016, DHG PHARMA CONTINUES TO PROMOTE EDUCATION AND TRAINING FOR STAFFS. TOTAL HOURS OF TRAINING ARE:

66,110 HOURS
THE COMPANY'S AVERAGE: 70.2 HOURS/PERSON

TRAINED SALES STAFF WITH A TOTAL OF 83,580 TRAINING HOURS (AVERAGE 69.3 HOURS/PERSON/YEAR). TRAINING NEW EMPLOYEES FOR A TOTAL OF 28,728 TRAINING HOURS (AVERAGE 216 HOURS/PERSON).

Every year, staff has been regularly updated on regulations, organizational structure, cultural identity, knowledge of products, standards of quality management and labor safety. In addition, employees have been given more professional qualifications, especially trained in machinery operation, knowledge of management, and soft skills... At the same time, the Company also encourages employees to update their knowledge on the industry and their expertise, through inbound and outbound seminars such as seminars about drug registration, quality standards, and information disclosure...

100% of employees attend the seminars provided, to gain knowledge of the laws for employees: Labor Law, Union Law, Social Insurance Law, the knowledge addition prevention related to gambling, synthetic drugs... in order to improve legal knowledge

for workers; meanwhile educate employees to be aware of their life, healthy living, improve the material and spiritual lifestyle; to absorb the beauty of different cultures.

Attracted the workers to participate in a contest "Studying and following Ho Chi Minh's moral example".

Organized a workshop "The secret to always live happily for women" to help them understand their privileges, love to care for themselves and teach some essential skills so that women can look after their families better.

Simultaneously, in 2016, the Company accepted internships for 989 students from universities (Can Tho University of Medicine and Pharmacy, Vo Truong Toan University), colleges (Can Tho Medical College, Pham Ngoc Thach College, Hong Ha College) to work at the factory.

1. The contest "Understanding the cultural identities of DHG Pharma" in 2016
2. DHG Pharma's youth participate in community activities
3. Organized a workshop "The secret to always live happily for women"
4. The program "Celebrating the 126th birthday of President Ho Chi Minh".



PROMOTE INNOVATIONS IN THE WORKPLACE FOR EMPLOYEES TO PARTICIPATE. IN 2016, THERE ARE:

335 
IMPROVEMENT IDEAS

INCLUDING 227 FEASIBLE IDEAS, INNOVATIVE STUDIES OF 52 NEW PRODUCTS, IN 2016 WE PUT INTO PRODUCTION: 07 NEW PRODUCTS. IMPROVEMENTS ON PACKAGING AND PRINTING HAVE BEEN APPLIED: 21 INITIATIVES.



DHG Pharma's product packaging has been improved.

DHG PHARMA CORPORATE CULTURE



42-YEAR HISTORY AND DEVELOPMENT HAVE FORMED THE UNIQUE FEATURE FOR DHG PHARMA, EXPRESSING THROUGH THE SYSTEM OF MATERIAL AND SPIRITUAL VALUES, ALSO KNOWN AS DHG PHARMA CULTURAL IDENTITY. THIS IS CONSIDERED AS THE MANNER, THE SPIRIT, THE BRAVERY OF DHG PHARMA IN ALL ASPECTS OF INTERNAL AND EXTERNAL RELATIONS, HELPING DHG PHARMA TO OVERCOME ALL CHALLENGES AND MAINTAINING THE PRESTIGE AND POSITION OF A LEADING COMPANY IN THE PHARMACEUTICAL INDUSTRY.

In the international integration, the globalization have strongly influenced the thought and lifestyle of human being and enterprises; hence, the universal values of DHG Pharma continue to be developed in order to instruct each member to behave properly for specific situations in business and daily communication.

In business, there is a system of behavior rules of DHG Pharma, especially as:






1. CORE VALUES

-  Our highest commitments are **quality, safety, and effectiveness.**
-  Our foundations for development are **knowledge and creativity.**
-  Our ways of doing business are with **responsibility, cooperation, and promotion.**
-  Our pride is **DHG PHARMA's cultures and identity.**
-  Our long-term goal is **mutual prosperity with partners.**
-  Our competitive advantage is the **superior differentiation.**
-  Our activities all centered around the **benefits of the community.**

2. CORPORATE GOVERNANCE AND WORKING ENVIRONMENT IN THE NEW ERA

-  **Discipline**
-  **Speed**
-  **Achieving work result**
-  **Daring to tell the truth**
-  **Effective interdepartmental cooperation**

3. FIVE PRINCIPLES OF DHG PHARMA CORPORATE CULTURE IN THE NEW ERA

-  **Do not blame others for your situation.**
-  **Mature people do not need to be followed by anyone.**
-  **Make daily progress in your business.**
-  **Becoming an expert in your field.**
-  **Nothing is impossible.**

In daily communication, DHG Pharma's culture converges all the criteria "reverence", "gratitude", "wisdom", "credibility", living in harmony with colleagues and the community expressed by every action, behavior, sharing on interest in the important occasions such as weddings, funerals, birthdays... with sympathy and love. Everyone is a member of the DHG Pharma's family who is living and working as siblings in the family, respecting and trusting each other, taking the strength of solidarity as a living and working motto. Specifically, leaders know, share and encourage employees, especially understand the principle "Compliment in front of the crowd and criticize privately." On the contrary, it is necessary that employees behave properly with their superiors, distinguish between work and private relation, strive for excellently accomplishing assigned

tasks, do not be complacent and try their best to achieve higher results. In addition, the Company's traditional activities such as "Quarterly meeting" on the first Monday morning of every quarter, "A visit to Martyr's cemetery" on the 30th of April, "Walking for poor patients", "Piggy bank for poor patients" on the annual company's birthday, Lunar New Year, "On the source" on the 2nd of September every year, are not only a chance for colleagues to understand each other better, to be closer and proud of tradition but also a good occasion to look back to respect and strive for the future.

Every day, each member of DHG Pharma always tries to train themselves to create DHG Pharma personal style, thus enhancing the position, image, traditions and cultural identity of DHG Pharma according to ethical values throughout long history:

- 1 Responsibility**
- 2 Discipline**
- 3 Integrity**
- 4 Creativity**
- 5 Faithfulness**
- 6 Modesty**
- 7 Dedication and passion**
- 8 Subordinate of individual interest to general interest**
- 9 Solidarity - friendliness- sharing**
- 10 Showing respect and gratitude to the employees who contributed to the development of the Company**



CARING FOR CUSTOMERS BY PRODUCT QUALITY AND CUSTOMER CARE;



BUILDING A TRANSPARENT AND HARMONIOUS RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS;



RESPECTING AND COMPETING FAIRLY AGAINST THE RIVALS;



PROSPEROUS COOPERATION WITH SUPPLIERS;



AWARENESS OF STRICT COMPLIANCE WITH THE LAWS;



PROVIDING TRANSPARENT, CLEAR INFORMATION FOR THE MEDIA;



RAISING AWARENESS OF PROTECTING NATURAL ENVIRONMENT, RESPONSIBILITY FOR THE COMMUNITY AND SOCIETY.



CORE VALUES - BEHAVIOR RULES

OVER THE PAST 42 YEARS OF DEVELOPMENT ON THE UNIFIED ORIENTATION AND CONSISTENT VISION, MISSION, CORE VALUES AND CORPORATE CULTURE, THE BOARD OF DIRECTORS DETERMINES TO DEVELOP DHG PHARMA STABLY AND SUSTAINABLY TO ALWAYS BE WORTHY AS THE LEADING BIRD IN THE PHARMACEUTICAL INDUSTRY.

In order to do that, DHG Pharma needs to strengthen and promote the behavior rules within the Company to ensure that all DHG Pharma's employees strictly abide by the Company's regulations, perform the role "Each member is a representative of DHG Pharma", always create the best impression when contacting partners, customers as well as evoke in their interest and goodwill cooperation with DHG Pharma.

This corporate culture has contributed to build DHG Pharma in the minds of customers, partners, shareholders, investors and other stakeholders.

After 42 years since its founding, the cultural values of DHG Pharma are still valuable and a guideline for all employees in maintaining, preserving, promoting and enriching by new cultural values,

ensuring that DHG Pharma's corporate culture truly becomes the spiritual foundation of the Company and becoming a vital internal strength for the development and sustainability of DHG Pharma.

1

OUR HIGHEST COMMITMENTS ARE QUALITY, SAFETY, AND EFFECTIVENESS

With 5 major concerns of DHG Pharma as below:

- ❖ Quality of products and services as top priority.
- ❖ Maximum business efficiency.
- ❖ A safe and healthy working environment.
- ❖ Employee's professionalism.
- ❖ Job stability and long term dedication for every employee.

2

OUR FOUNDATION FOR DEVELOPMENT ARE KNOWLEDGE AND CREATIVITY

Human factor is a valuable resource; hence, DHG Pharma always cares about:

- ❖ Employees are properly trained, and are willing to take on new challenges and always thrive to achieve challenging goals.
- ❖ Ideas must be created and shared everywhere at all level of the Company.
- ❖ Encouraging creativity, self-improvement, innovation, and self-perfection in every employee.
- ❖ All employees always understand the constant change and must see change as an opportunity or at least as a possible challenge - if they can all work hard, wisely and coordinate/collaborate well.

3 OUR WAYS OF DOING BUSINESS ARE WITH RESPONSIBILITY, COOPERATION, AND PROMOTION

- ❖ DHG Pharma wants to seek and keep the most suitable people from all professional fields. We want our employees to be satisfied with the assigned work; therefore DHG Pharma constantly strives to create a good working environment.
- ❖ DHG Pharma wants every employee to understand that no matter what position they hold, they are all an indispensable part of the Company.
- ❖ Defining and describing clearly roles and responsibilities of each individual.
- ❖ Issuing orders and directions to execute all Company's policies, working regulation, codes of ethics and other recommendations in a clear, realistic, plausible way with close supervision and reminders; training inherited personnel.
- ❖ Promoting, compensating, and rewarding based on fair assessment of qualifications and work results of each employees, team's achievement and market value.

4 OUR PRIDE IS DHG PHARMA'S CULTURES AND IDENTITY

- ❖ To DHG Pharma, ethics is considered the potential intrinsic value, the instructions in daily actions, important factors affecting the Company's reputation, the foundation for the success and sustainability of the Company, portraying all characteristics of DHG Pharma's staff team.
- ❖ More importantly, DHG Pharma's image primarily depends on the action of each individual in DHG Pharma - as regarding the business activities of the Company, the biggest threat is not the financial crisis, but the crisis of the Company image.
- ❖ DHG Pharma considers the construction, preservation and development of ethical standards, the value and ideal of how to organize and control tasks, and how to manage and make decisions, communication and public relations as the elements that make up the corporate culture.
- ❖ Enhancing the values: "Quality - Efficiency - Innovation - Loyalty - Discipline - Professionalism" in all activities of each individual and collective.
- ❖ All the staffs are proud of the corporate culture on the basis of a system of ethical standards and spirit based on the specific characteristics of the Company, aimed to the best value that everyone recognizes and the society agrees, creating unique distinctions and durable strength of the Company on the market.
- ❖ Making a good impression, a personal touch to convince society and all people; thereby cultivating reputation to strengthen the Company's growth.
- ❖ Building a committed and loving community, from members who are good at their jobs yet thriving to improve personalities.
- ❖ Taking the "DHG Pharma's identity" as the inner strength, as one of the management solutions coordinate between tradition and modernity, between history and development; as a priceless asset passed from generation to generation.
- ❖ Caring and implementing social responsibility with staffs; balancing among health, work and family so that employees can be responsible for both family and work to contribute for long-term development.

5 OUR LONG-TERM GOAL IS MUTUAL PROSPERITY WITH PARTNERS

- ❖ On the principle of cooperation and mutual benefit, DHG Pharma maintains and develops relationships with partners on the basis of equality, healthiness, law-abiding and mutual development.
- ❖ Considering customers as the ones who bring benefits to the Company. Therefore, long-term and utmost objectives are to satisfy every customers' demands, strengthening DHG Pharma product differentiation in customers' minds.
- ❖ Complying with all laws and regulations in order to ensure the faith from consumers, customers, investors, stakeholders and the society in general.
- ❖ Innovating and improving customer care policies featuring DHG Pharma's culture: friendly, attentive and devoted.
- ❖ Implementing the internal control system closely to prevent the violation of laws and ethics in business.
- ❖ Maintaining relationships with suppliers in all fairness and transparency; bringing reasonable dividends for shareholders through profitable growth based on ethical and law-biding operations

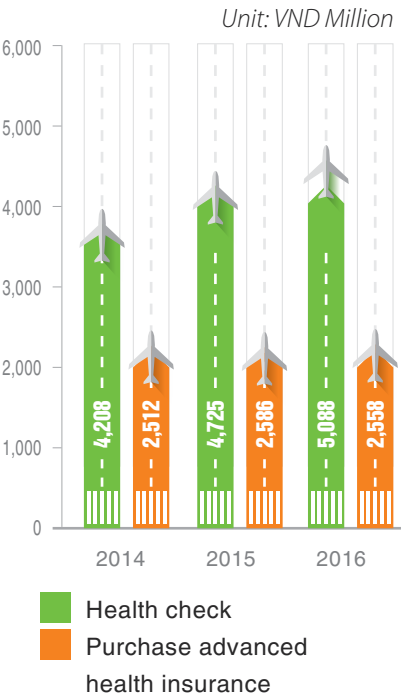
6 OUR COMPETITIVE ADVANTAGE IS THE SUPERIOR DIFFERENTIATION

- ❖ All the Company's activities always aim to lead in the high technology processes (production, marketing, management).
- ❖ Creating products and services with distinguished, unsurpassed attributes, bringing new value added to the consumers; contributing to shape the market orientation.
- ❖ Developing and providing high quality products, attention to health and safety of customers and consumers.
- ❖ Applying the latest technology and the most advanced possible onto all the entire product cycle, including research and development, production, storage and distribution.
- ❖ Expanding the resource recruitment, training and development of young generations properly, attracting and developing talents.

7 OUR ACTIVITIES ALL CENTERED AROUND THE BENEFITS OF THE COMMUNITY

- ❖ DHG Pharma is a member of the community, working with the community to develop. DHG Pharma's community activities are more effective when attached to the commitment of the high quality products and services to its building the foundation for society.
- ❖ Promulgating and adhering to the positive measures related to environment, safety and health, and promoting responsibility to increase effectiveness of these measures.
- ❖ Organizing activities to enhance the development of future generations for further contribution to the prosperity of society.
- ❖ Gaining goodwill and confidence through contributions to the local community as responsible members of society; increasing Company's awareness in the community.
- ❖ One of DHG Pharma's features is the rich history, so the gratifying actions and manners toward those who have contributed to the establishment and development of the Company are always in everyone's thoughts. Also all employees support positively to charity campaigns when occurring disasters, floods....
- ❖ Taking care and educating the employees' children, giving them with pride about the Company. Nurturing future generations.

IN ORDER TO ENSURE THE LONG-TERM HEALTH OF EMPLOYEES AND TO CREATE A SAFE WORKING ENVIRONMENT FOR EMPLOYEES, DHG PHARMA ALWAYS STRICTLY ADHERES TO THE LAW ON OCCUPATIONAL SAFETY AND HEALTH. THE OCCUPATIONAL HEALTH IS REGULARLY DISSEMINATED TO WORKERS INVOLVED IN THE PRODUCTION PROCESS AT THE FACTORY.



At DHG Pharma, employees are equipped with quality protection equipment, are purchased Social Insurance, Health Insurance, Accident Insurance and are supported with policies, fostering regime, periodic health check to minimize the risks as well as timely detection and treatment of occupational diseases. In addition, factories, goods warehouses, offices of the company are equipped

with fire alarm system, CO₂ fire extinguishers, faucets... in order to respond promptly to emergency situations.

Every year, the Company also carries out safety training courses for all employees in general and factory workers in particular in the field of occupational safety, chemical safety, radiation safety and fire protection...



The launch of Fuji Medic Company aims to provide health care for DHG Pharma's employees and the community.

No.	Content	Counts
1	Occupational health examination	104 people/ 104 people
2	Health check for employees working under hard and harmful environment	330 people/ 330 people
3	Periodic health examination	957 people/ 964 people
4	Specialized female health examination	423 people/ 531 people

Statistical results in 2016

No.	Target	Unit	2016
1 Occupational Accidents			
	Total number of occupational accidents	Case	None
	Total number of people suffering from occupational accidents	Person	None
2 Occupational Disease			
	Total number of people suffering from occupational diseases in 2016	Person	None
	Total number of occupational diseases cumulative at time of reporting	Person	None
3 Results of classification of workers' health			
	Type I	%	8.4%
	Type II	%	39.5%
	Type III	%	38.2%
	Type IV	%	12.1%
	Type V (*)	%	1.8%

(*) Results of classification – type V are mainly because employees lost their teeth or near-sightedness.

MEASURES TO PREVENT OCCUPATIONAL ACCIDENTS AND OCCUPATIONAL DISEASES

During the meetings and early reports on occupational safety and health, the Company developed the annual labor protection plan, conducted statistical work, and

analyzed the results of 2015. Concurrently considered the causes and proposed effective solutions to be implemented in 2016. As a result, no occupational accidents and no

occupational diseases occurred during the year. The implementation plan implemented by the Company includes the following typical measures:

TECHNICAL MEASURES

In design, eliminate these potential causes leading to occupational accidents and occupational diseases for the following production process through the following measures:

- ❖ Making covers, giving warning for dangerous area.
- ❖ Providing ventilation, air conditioning for work areas in high temperature environment.

- ❖ Dust, toxic chemicals and poison gas must be processed through the appropriate system, vacuum systems...
- ❖ Construction of soundproofing room for the areas that generate lot of noise. Installation of pedestals to reduce noise, vibration of machinery.
- ❖ Providing enough lighting in the work area, preferably using natural light.

- ❖ Creating a comfortable working posture, large enough working area to do the job.
- ❖ Regularly and strictly checking machinery and equipment according to the plan.
- ❖ Measuring microclimate is timely implemented to ensure the safety and health of workers.

HEALTH MEASURES



- ❖ Employees, especially factory workers must have full health records by the time of recruitment.
- ❖ Performing periodic health examination for early detection and treatment of occupational diseases.
- ❖ Properly implementing the regime of toxic fostering and on-the-spot antidote for laborers working in environmental conditions in

direct contact with chemicals, raw materials and products.

- ❖ Arranging separate medical rooms at the factories, working 24/24 to best care for the health of employees.
- ❖ Hiring functional units to conduct quarterly and annual inspection of the working environment, depending on the toxic nature of the working environment.

PROVIDING PERSONAL PROTECTIVE EQUIPMENT



Personal protective equipment is a necessary measure to help workers minimize the damage caused by their working conditions and environment such as heat, noise, dust, toxic gases, dangerous hazards... DHG Pharma always ensures the provision of labor protection equipment for employees, keeping records and organizing monthly cross-checks among units, and specifically reporting to relevant levels to raise safety awareness throughout the Company.

- ❖ Depending on job location and requirements, employees are provided with appropriate personal protective equipment.
- ❖ Personal protective equipment meets all requirements for quality, purpose, aesthetics and convenience.
- ❖ Workers who are equipped with personal protective equipment must make proper use in line with regulations when working.

PROPAGANDA AND TRAINING MEASURES



- ❖ Inviting functional units come to train, exchange, and share topics on occupational safety - health.
- ❖ Organizing internal training courses on safety for staffs, especially factory workers.
- ❖ Basic first aid training for the first-aid team of the Company.

- ❖ Organizing rehearsals in response to chemical leaks, asphyxiation incidents...
- ❖ Printing and hanging panels, banners, propaganda about safety - labor health.
- ❖ Regularly reminding and urging the inspection of compliance with the Company's regulations on occupational safety and health.

Organizing training courses on occupational safety and hygiene.

WORK SAFETY



- ❖ Distribution of work must be appropriate to health, gender and age of employees.
- ❖ Arranging, locating equipment, and production lines to minimize employee exposure to harmful chemicals.
- ❖ Making reasonable working time and break time.
- ❖ Determining working time and regulations on personnel exchange.

FIRE PREVENTION AND FIGHTING MEASURES

- ❖ On a weekly basis, the fire prevention and fighting team corporates with the security team to test and operate fire pumps. Monthly checks on fire extinguishers, ensuring that fire extinguishers are recharged frequently and are ready in case of emergency.
- ❖ The fire alarm system is maintained periodically in accordance with regulations and is carried out by specialized units.
- ❖ Equipping fire pumps for fire brigade, renovation of fire hydrants, fire extinguishers for warehouses.
- ❖ Annually, the grounding resistance of the lightning protection system and the electrical system shall be measured.

- ❖ Training on the use of fire extinguishers of all kinds and locations of appropriate fire-extinguishing means.
- ❖ Making signage for explosion-prone areas: chemical storage area, drying area...
- ❖ Building evacuation diagrams, and emergency exit in case of incidents.



Firefighting training is performed regularly at DHG Pharma.



MEASUREMENT AND TESTING OF THE WORKING ENVIRONMENT

Measuring method: Measuring climate data, dust, light, toxic gas, radioactive at technical location under the technical routine methods of the Institute of Occupational and Environmental Hygiene 2002 - the Ministry of Health.

Measuring devices:

- ❖ **Microclimate measuring machine:** Air Velocity, TSI 9545 - USA.
- ❖ **Light measuring machine:** Lux meter, Minolta - 106589, Japan.
- ❖ **Noise measuring machine:** Sound Level Meter, Rion NL - 21, Japan
- ❖ **Breathing dust measuring machine:** HD - 1100, the Environment Devices Corporation, USA.

❖ **Radiation Measurement Machine:** Measuring radiation dose rate Inspector, USA.

❖ **Toxic gas measuring device:** Measurement of toxic gas rapid detection (Precision Gas Detector Tubes) Kitagawa, Japan.

Mitigation measures:

To improve working conditions, labor safety, health and occupational disease prevention for employees, the Company has implemented the following measures:

- ❖ Regular maintenance of the lighting system, install more light bulb at appropriate location to ensure sufficient light for employees to work.
- ❖ Area with high temperature will be implemented heat treatment methods, shielding the heat

source, using thermal hoods, installing artificial rain system to cool off.

- ❖ Regular maintenance of machinery, using new generation making less noise, shielding noise sources, using sound insulation materials,... to reduce noise. Workers use earplugs or noise cancelling plugs when working in areas where noise exceeds permitted standards to prevent occupational diseases.
- ❖ The storage areas which storage and use chemicals are particularly of concerned to the Company as to comply with the statutory provisions on chemicals, construction plans for preventive measures in case of incidents.
- ❖ Organizing hearing examination and respiratory function for workers who exposed to loud noise and chemicals.

Building A MORE SUSTAINABLE FUTURE

WITH A PROFOUND AWARENESS THAT TODAY'S ACTION WILL AFFECT FUTURE GENERATIONS, DHG PHARMA ALWAYS ENCOURAGES AND HONORS INITIATIVES THAT PROTECT OR ENHANCE ENVIRONMENTAL QUALITY FOR A BETTER AND MORE SUSTAINABLE FUTURE.



05! ENVIRONMENTAL PROTECTION ENERGY SAVING



PRODUCT QUALITY IS ALWAYS THE TOP PRIORITY OF THE COMPANY FOR CUSTOMERS AND CONSUMERS. CONSEQUENTLY, THE SOURCE OF RAW MATERIALS HAS ALWAYS BEEN CAREFULLY CONSIDERED BY THE COMPANY FROM REPUTABLE SUPPLIERS IN THE WORLD AND IN VIETNAM.

Demands on raw materials DHG Pharma used in 2016: 5,314 tons of raw materials + adjuvant, 725 million empty capsules, 1,432 tons of PVC + aluminum + film, 103 million boxes/ cartons, pads, 160 million kinds of labels, label bins, paper manual and bags of all kinds, 6,146 kg polyolefin and 8.5 million tubes. In which, the effective value from reducing product loss is VND 1.3 billion, aluminum and PVC is VND 1.2 billion.

No.	Raw Material	Imported Countries
1	Raw materials + adjuvant	Europe: Spain, Netherlands, Germany, Italia... Asia: India, China, Thailand, Indonesia...
2	Empty Capsules	USA, France, Indonesia, India...
3	PVC + Aluminum + Film	Vietnam
4	Labels, lable bins, paper manual and bags of all kinds	Vietnam

RAW MATERIAL SOURCES FROM NATURE

VALUE SHARING WITH FARMERS
- DEVELOPING STABLE PHARMACEUTICAL AREA OF PLECTRANTHUS AMBOINICUS OIL EXTRACT IN AN GIANG PROVINCE

Implementing the strategic target up to 2020: “The proportion of using natural resources in Vietnam is at least 10% to take initiative in raw material sources and exchange rates.” In 2016, DHG Pharma has set up a branch in An Giang to carry out the project

“Value sharing with farmers - developing stable pharmaceutical area of Plectranthus Amboinicus oil extract in An Giang province”. Establishment of value chain from input to output; supporting farmers to increase their income; bringing sustainable development value to the Company. The Company has coordinated with Department of Agriculture and Rural Development in Tri Ton - An Giang to organize contracts and trainings of planting and harvesting procedures for farmers (15 - 20 households).

Plectranthus Amboinicus was firstly piloted in this raw material area with the support of BioTrade. It is established under the GACP-WHO standard. Orientation after the success with Plectranthus Amboinicus project will be developed for all other pharmaceutical plants that DHG Pharma is in need of large raw materials.



Pharmaceutical area of plectranthus amboinicus oil extract – An Giang Province



ENVIRONMENTAL PROTECTION IS THE RESULT OF ENERGY SAVING ACTION. IT IS THE SOURCE OF THE ACT OF SHOWING RESPONSIBILITY TO THE COMMUNITY, AND THE BEAUTY OF CULTURE AS WELL AS THE MOST PRACTICAL AND EFFECTIVE WAY TO PRESERVE THE ENVIRONMENT “GREEN - CLEAN - BEAUTIFUL”.

Besides, energy costs affect the cost of business operation, thus saving energy is the primary principle of manufacturing, leading to higher profits. The Company always reminds its staffs to comply with the regulations on energy usage, such as using electricity at the right time, at the right place, turning off when not in use, applying technology and science to adjust energy consumption in refrigerated buildings and transportation...



Electricity for production and living:

Contents	Unit	2014	2015	2016
Production	Million Units	4,813	4,156	4,414
Power consumption	Kwh	21,970,000	19,746,658	23,147,168
Intensity of use	Kwh/ Million Units	4,565	4,751	5,244
Total spending on electricity consumption	VND billion	32.37	32.02	36.80

(Electricity consumption is calculated based on monthly electricity bill)

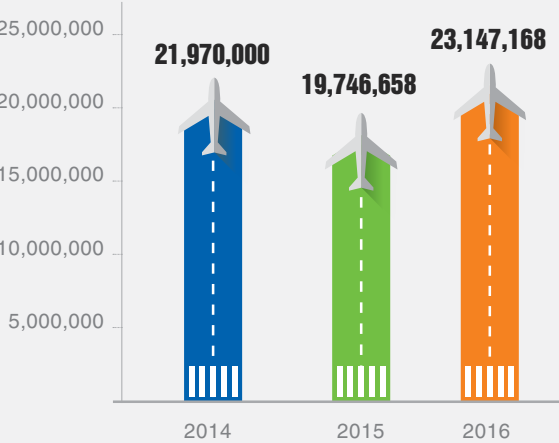
Total electricity consumption in 2016 was 23,147,167 Kwh, higher than 2015. It was mainly due to the increased production and operation of the Betalactam plant since October 2016. Total electricity spending in 2016 was VND 36.8 billion, 12.5% higher than in 2015. The intensity of electricity use per unit was also increased, specifically by 10% compared to 2015.

Fuel Gas for Burning Boilers

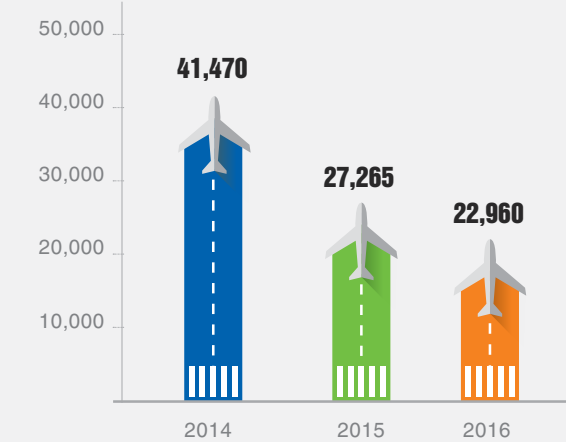
Target	Unit	2014	2015	2016
Fuel Gas Consumption	Kg	41,470	27,265	22,960
Total spending on Fuel Gas	VND Million	916	387	296



ELECTRICITY USED (Kwh)



THE AMOUNT OF GAS CONSUMED (KG)



Energy Saving Initiative in Production in 2016

No.	Topic	Target	Content	Result
1	Central vaccum system	<p>Reducing noise caused by local vacuum cleaners (affecting workers).</p> <p>Saving the amount of cold air to rooms, where local vacuum cleaners are installed (local vacuum cleaners spead heat when generating).</p> <p>Power saving.</p>	<p>The central vaccum system includes the following components:</p> <ul style="list-style-type: none"> ❖ Capacity of the central vaccum system is 10,000m³/h. ❖ Motor exhaust blowers for each cluster. ❖ Stainless steel pipe, valve, soft tube connected from rooms to the central system. ❖ Supplying and exhausting pipes for vacuum system. ❖ Hanging bowl, tube base, motor base. ❖ Control cabinet and motor connection wire. 	<ul style="list-style-type: none"> ❖ Power consumption before implementation: 10 machines x 2.5 Kwh/machine = 25 Kwh. ❖ Power consumption after implementation: 7.5 Kwh. ❖ Power saving: 17.5 Kwh.
2	Operating Air Handling Unit (AHU) efficiently and logically according to the production schedule of the factory to save electricity	<p>Power saving</p> <p>Streamlining the operation of the Heating – Ventilation & Air Conditioning (HVAC) system.</p>	<p>Operating AHU efficiently and logically according to the production schedule of the factory to save electricity.</p> <p>Calculating specific energy consumption of each production room, building software and coordinating with the factories to make reasonable production plans, and efficiently exploiting the system.</p>	<p>Money saving: 90,954.81 Kwh * VND 1,620/Kwh = VND 147,346,792</p>
3	Utilizing emissions the Non-beta plant supplies for finished warehouses and secondary packaging warehouse	<p>Utilization of cold emissions .</p> <p>Power saving.</p>	<p>Utilizing emissions the Non-beta plant supplies for finished warehouses and secondary packaging warehouse in order to save electricity and avoid equipment attrition.</p>	<p>Money saving within 1 year: VND 1,231,718,400</p>
4	Changing the operating mode for the central chilled water pumps	<p>Streamlining the operation and installation of the central chilled water systems.</p> <p>Power saving.</p>	<p>Phase 1: Changing the operating mode of the pumps to suit the practical conditions, and to save electricity.</p> <p>Phase 2: Renovating the chilled water piping system and rearranging the installation location of the chilled water pump. This improvement can save about 30% of the energy consumption of the chilled water pump.</p>	<p>Money saving within 1 year: VND 2,028,369,600</p>
5	Installing vacuum extraction motor for sachet packaging machine 4 volpak	<p>Loading reduction for the central air compressor.</p> <p>Energy savings when using vacuum extraction motor compared to pneumatic vacuum.</p>	<p>Use 2.2 kWh oil vacuum extraction instead of pneumatic vacuum system.</p>	<p>Expected production: 10 months/year</p> <p>Effective: VND 90,979,200</p>

In 2016, in order to develop energy saving in production, the Company implemented the following topics:

IN ORDER TO USE WATER EFFICIENTLY, DHG PHARMA HAS STANDARDIZED THE PIPELINE AND INSTALLATION OF NEW WATER METERS THAT ARE CERTIFIED BY THE CITY WATER FOR ALL DIVISIONS USING WATER. MONTHLY STATISTICS ARE MONITORED; TURNING ON/OFF HOUR AND USE FOR THE RIGHT PURPOSE ARE REMINDED, AND SENSE OF SAVINGS IS EDUCATED.



SUPPLIER

The water source at DHG Pharma are the clean water source supplied by Water Supply and Sewerage Company in Cantho City and Hau Giang Province. It is used for the purpose of production (use RO water, distilled water for eye drops, cleaning water for machines and factories) and daily living (cooking, cleaning, and watering plants).

Volume and Intensity of Water Consumption

Content	Unit	2014	2015	2016
Output	Million units/year	4,813	4,156	4,414
Water usage	m3/year	303,792	268,023	211,046
Intensity	m3/Million units	63	64	48
Total spending on water	VND billion/year	2.2	2.1	1.7
% wastewater recycle/total wastewater	%	NI	10%	6%

Method of assessment: The water volume is calculated according to the total monthly water bill and calculated on the specific production output in the month.

In 2016, the amount of water used in the two plants of DHG Pharma and the water consumption rate per unit tends to decrease over the years because DHG Pharma continues to deploy water saving projects.

WATER IS RECYCLED AND RESUED

In the face of saline intrusion and droughts across the country, lack of domestic water, water for production is a hot topic of social concern; therefore, water resources in the current period are extremely valuable. As soon as this was realized, DHG Pharma had prepared for the recovery and reuse of wastewater after being treated to meet the prescribed standards. As a result, during the construction

of wastewater treatment system, the company has constructed the reservoir after treatment for reuse and use of river water for irrigation instead of tap water. Reusable water usage in 2016 was 6%. This rate fluctuated compared to the data in 2015 due to changes in approaching data collection and statistics.



MEASURES TO SAVE WATER IN 2016

The Company is monitoring to set norms of water used on each equipment line and each factory.

In the coming years, the Company will continue to arrange scientific production plan, increase production batch size, continuous production to reduce the number of

machine sanitation, reduce the energy consumption of water, and increase labor productivity leads to reduce of water consumption per unit of product. At the same time, the Company will also effectively use water through the design of a complete water supply system, ensure no leak of water, easily control and repair in case of breakdown.

COMPLIANCE OF ENVIRONMENTAL PROTECTION LAW

AS A LEADING COMPANY, BESIDES CONCENTRATING ON EFFECTIVE BUSINESS SOLUTIONS, RAISING THE PRODUCTION CAPACITY AND BUSINESS PRESTIGE IN THE MARKET, DHG PHARMA ALWAYS PAYS ATTENTION TO ENVIRONMENTAL PROTECTION, LOOKING FORWARDS TO BE AN ENVIRONMENTALLY FRIENDLY ENTERPRISE AND ENSURING HEALTH AND SAFETY OF WORKERS.



DHG Pharma has a specialized environmental department with high professional qualifications graduated from prestigious universities across the country. All staffs of the Company, especially factory workers, are regularly disseminated about the classification of waste, garbage, regulations on economical use of electricity and water... in production and office activities as well as regulations on environmental sanitation, and labor safety.

All factories at DHG Pharma carry out environmental impact assessment, and commitments to protect the environment

before going into operation. During operation, the factories strictly comply with environmental laws, implement environmental measurement and monitoring every quarter and report to relevant authorities.

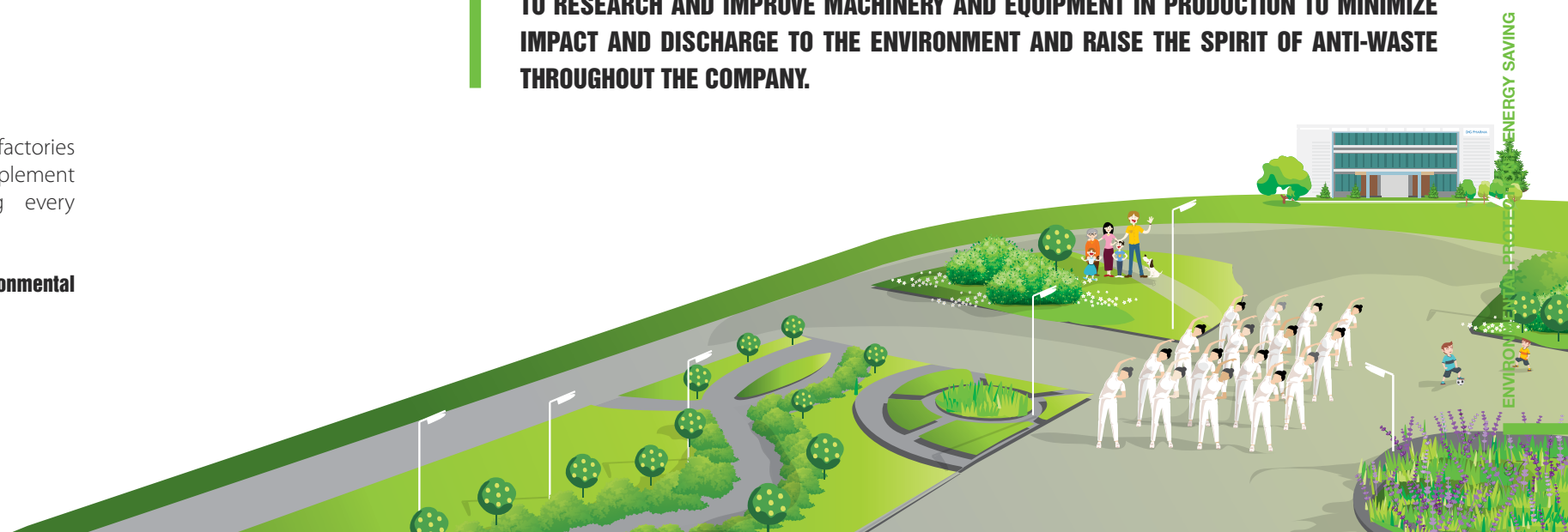
In 2016, the Company did not record any case of environmental law violations:

- » Number of penalty: 0 time
- » The amount of money to be fined: VND 0

To further standardize sustainable values in the company's activities in 2016, DHG Pharma made the following specific steps:

FACTORIES	IMPLEMENTATION
<ul style="list-style-type: none"> Promoting the propaganda on environmental protection, minimizing the amount of waste and exhaust fumes into the environment, sorting waste before treatment. Strengthening of factory cleaning, regular maintenance of equipment and machinery. Propagating awareness of energy saving and electricity. 	<ul style="list-style-type: none"> Through internal communications and factory briefings. The factory management board set out procedures for strict control of environmental protection. Electricity and water saving, using rainwater to water plants...
OFFICE	IMPLEMENTATION
<ul style="list-style-type: none"> Raising awareness of conventional waste minimization at the office, using emails to forward information for non-printing needs. Propaganda of electricity and water saving consciousness. 	<ul style="list-style-type: none"> Prioritizing using emails to forward information, limit using printing paper and discharging into the environment. Informing entire office to save electricity, and water. Turning off electricity and air conditioning when not in use and out of the office.

IN 2017, DHG PHARMA WILL CONTINUE TO ACTIVELY JOIN AND ENCOURAGE EMPLOYEES TO PARTICIPATE IN ENVIRONMENTAL MOVEMENTS SUCH AS PLANTING TREES AT THE FACTORIES, WALKING FOR THE ENVIRONMENT... BESIDES, THE COMPANY WILL CONTINUE TO RESEARCH AND IMPROVE MACHINERY AND EQUIPMENT IN PRODUCTION TO MINIMIZE IMPACT AND DISCHARGE TO THE ENVIRONMENT AND RAISE THE SPIRIT OF ANTI-WASTE THROUGHOUT THE COMPANY.



ENVIRONMENTAL PROTECTION AND CONTROL OF EMISSION, EXHAUST FUMES AND WASTE

POLLUTION PREVENTION POLICIES

The Company complies with the regulations on pollution prevention in accordance with ISO 9001: 2008 and GMP, GLP, GSP-WHO standards. Furthermore, the Company has implemented measures to prevent environmental pollution through the guidance

of local environmental agencies such as environmental impact assessment and commitment in line with policies. Annually conducting environmental monitoring 4 times. Environmental monitoring results are evaluated in accordance with current Vietnamese standards (QCVN).

REGULAR EXHAUST FUMES MONITORING

DHG Pharma regularly performs monitoring of environmental production at least twice a year and the monitoring results are within the allowable

limits, ensuring production activities of DHG Pharma have very little impact on the environment.

Limits on Air Quality:

No.	Target	Unit	Decision 3733/2002/QĐ-BYT (maximum each)	QCVN 26: 2010/BTNMT (from 6:00am to 21:00pm) QCVN 05: 2013/BTNMT (Average 1 hour)
1	Noise	dBA	85	70
2	Dust (TSP)	µg/m ³	8,000	300
3	SO ₂	µg/m ³	10,000	350
4	NO ₂	µg/m ³	10,000	200
5	CO	µg/m ³	40,000	30,000
6	Temperature	°C	85	70
7	Vibration	dB	8,000	300

Implementation period for environmental monitoring in 2016 and 2017

No.	Monitoring area	Co-ordinate	Monitoring period in 2016	Limitation in line with:
I. DHG PHARMA FACTORY (CANTHO)				
1	KK1: production zone	UTM: X = 0583940, Y = 1110654	Periodic monitoring 4 times/year ❖ March 2016 ❖ June 2016 ❖ September 2016 ❖ December 2016	Decision 3733/2002/QĐ-BYT
2	KK2: testing zone	UTM: X = 0583872, Y = 1110610	Periodic monitoring 4 times/year ❖ March 2016 ❖ June 2016 ❖ September 2016 ❖ December 2016	Decision 3733/2002/QĐ-BYT
3	KK3: office area and security gate	UTM: X = 0583983, Y = 1110589	Periodic monitoring 2 times/year ❖ June 2016 ❖ December 2016	QCVN 26: 2010/BTNMT and QCVN 05: 2013/BTNMT
4	KK4: the area under the most common wind direction	UTM: X = 0583925, Y = 1110501	Periodic monitoring 2 times/year ❖ June 2016 ❖ December 2016	QCVN 26: 2010/BTNMT and QCVN 05: 2013/BTNMT
II. DHG PHARMACEUTICAL ONE MEMBER LIMITED COMPANY (TAN PHU THANH INDUSTRIAL ZONE – HAU GIANG)				
1	KK1: the factory gate	UTM: X = 1100849, Y = 0579700	Periodic monitoring 2 times/year ❖ 1 st time: 09 Mar 2016 ❖ 2 nd time: 16 Aug 2016	QCVN 05:2013/BTNMT
2	KK2: location 50m under the wind direction	UTM: X = 1100849, Y = 0579700	Periodic monitoring 2 times/year ❖ 1 st time: 09 Mar 2016 ❖ 2 nd time: 16 Aug 2016	QCVN 05:2013/BTNMT

Parameters and monitoring results of air quality:

MONITORING RESULTS OF QUALITY AT DHG PHARMA FACTORY (CANTHO)

No.	Target	Measurement methods	Unit	2014				2015				2016			
				KK1	KK2	KK3	KK4	KK1	KK2	KK3	KK4	KK1	KK2	KK3	KK4
1	Noise	TCVN 7878-2:2010	dBA	72.7	65.1	65.3	68.7	69.9	67.1	66.2	64.8	69.7	64.9	65.7	66.8
2	Dust (TSP)	TCVN 5067:1995	µg/m³	40	50	204.1	231.3	293.7	218.7	218.2	252.8	191.1	184.3	273.6	259.9
3	SO ₂	TCVN 5971-1995	µg/m³	2,033	2,146	17.1	31.4	15.4	15.2	13.9	15.9	15	KPH (LOD=8)	9.8	9.1
4	NO ₂	TCVN 6137-2009	µg/m³	86.37	82.49	10.3	30.6	15.7	13.4	11.7	15.1	16.1	KPH (LOD=3)	12.7	13.3
5	CO	HD 5.4 Hlb 28.1	µg/m³	137.25	156.86	KPH	KPH	847	5,985	1,355	2,146	1,355	1,073	1,371	1,544
6	Temperature	QCVN 46:2012/BTNMT	°C	29.4	29.8			30.5	30.6			30.6	30.8		
7	Vibration	Measured by RIOVIBRO Vm-63a	dB	58.2	52.1			26.7	26.7			53.3	53.3		

(Note: Sampling time 15 Dec 2014, 03 Dec 2015 and 08 Dec 2016 measured by the Environment Monitoring Center of Cantho Department of Natural Resources and Environment; "KPH": undetected)

MONITORING RESULTS OF QUALITY AT DHG PHARMA LTD. PLANT (TAN PHU THANH INDUSTRIAL ZONE – HAU GIANG)

No.	Target	Measurement methods	Unit	2014		2015		2016	
				KK1	KK2	KK1	KK2	KK1	KK2
1	Noise	EXTECH/TCVN 7878-2:2010	dBA	65	63	63	65	56	55
2	Dust (TSP)	TCVN 5067 - 1995	µg/m³	104	97.3	167.1	193.4	155	188
3	SO ₂	TCVN 5971 - 1995	µg/m³	123.4	129.8	115	126	124.0	107.1
4	NO ₂	TCVN 6137 - 1996	µg/m³	147.5	172.2	50.9	57.2	74.1	91.8
5	CO	52TCN352-89/HDPT - 10	µg/m³	460	280	680	420	6,704	7,066

(Note: Sampling time 10 Sept 2014, 16 Sept 2015 and 16 Aug 2016 measured by the Environment Monitoring Center of Cantho Department of Natural Resources and Environment. Noise and CO have been measured by a new method TCVN 7878-2:2010 and HDPT - 10).

The monitoring results have shown that all the parameters at key areas of the two factories in 2014, 2015 and 2016 are very good and are within the limits of Decision 3733/2002/QĐ-BYT, Standards QCVN 26:2010/BTNMT and QCVN 05:2013/BTNMT.

EXHAUST FUMES

SOURCES: exhaust fumes from production process are mainly dust.

MITIGATION MEASURE

The Company's exhaust fumes are mainly from production, QC department, generators, waste water treatment system, dust, and exhaust fumes from means of transport and delivery.



Exhaust fumes from QC department

Are processed through the fume hood system that do not cause any environmental impact.



Exhaust fumes from generators

Since DHG Pharma is a manufacturing company, it has preferential treatment on power supply. Typically, the Company only uses generators under extraordinary circumstances in case of electrical problems or power outages. Since the days of power outages are often announced in advance, the Company re-schedule its production plan in order to

pause production and avoid using generators, that are costly and cause environmental impacts. Besides, the Company also installed high chimneys to avoid accumulation of exhaust fumes, enhance diffusion of fumes and avoid local pollution. Thus, the amount of fumes generated by the actual generators is negligible.



Exhaust fumes from air conditioners

In order to reduce this type of emissions, the Company regulates saving practices such as turning on/off hours of air conditioners for office sector. Particularly, the central

refrigeration system for production and preservation of goods is divided into many areas for easy regulation, using both energy saving and minimizing emission.



Exhaust fumes from means of transport

Complying with technical requirements such as car maintenance, use the right fuel,... Trucks that transport raw materials, chemicals and sludge

in/out the waste water treatment zone must be fully covered by canvas and regularly checked the safety and environmental sanitation.



Exhaust fumes from circulation areas of means

Layout of green trees, sweeping of roads, spraying water during the dry season to reduce dust and heat.



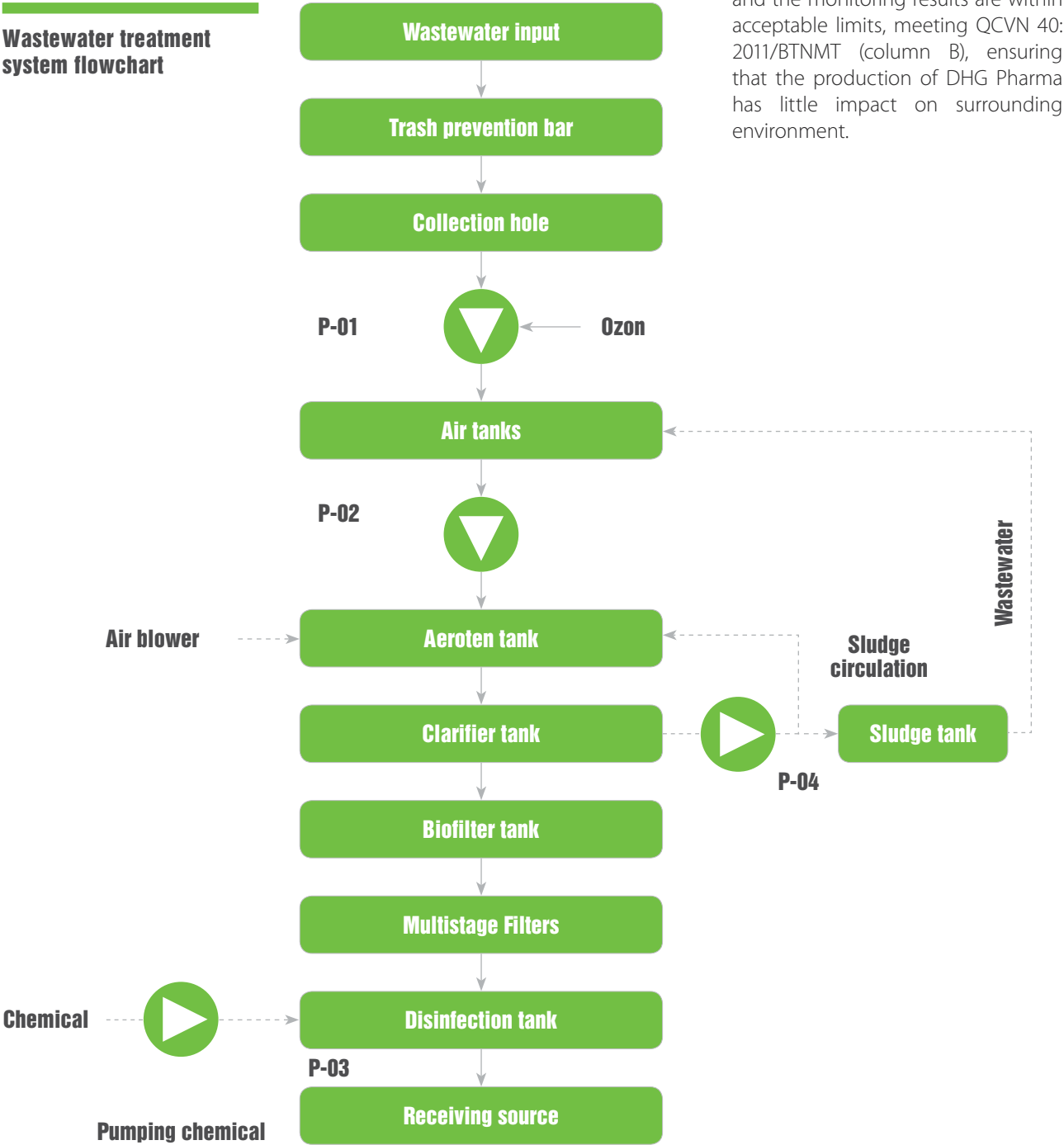
Dust and exhaust fumes from pharmaceutical production

Material dust: Dust generating stages including pharmaceutical grinding and filtering; compression; film coating will be kept in the separate vacuum system of each type of equipment so they do not spread to the working environment. Dust is then transferred to the hazardous waste storage facility for transfer to the treatment unit.

Wastewater treatment system: The plant was installed an activated carbon adsorption system in combination with spraying NaOH solution and planting trees to limit odor emission to surrounding area in accordance with the approved Environmental Impact Assessment.

WASTEWATER

DHG PHARMA
FACTORY (CANTHO)



MONITORING RESULTS OF WATER QUALITY AFTER TREATMENT AT WASTEWATER TREATMENT SYSTEM 1

No.	Parameter	Measuring method	Unit	QCVN 40:2011/ BTNMT (column B)	2014	2015	2016
1.	pH	TCVN 6492:2011		5.5 – 9	6.93	6.72	7.79
2.	BOD ₅ 20°C	TCVN 6001-1:2008	mg/l	50	7	26	20
3.	COD	SMEWW 5220 COD-C:2012	mg/l	150	18	40.4	45.4
4.	SS	TCVN 6625:2000	mg/l	100	22.5	54.5	25
5.	Total Nitrogen	TCVN 6638:2000	mg/l	40	1.12	9.2	5.3
6.	Total Phosphoric	SMEWW 4500- P B&E:2012	mg/l	6	0.42	2.5	3.7
7.	Chloride (Cl ⁻)	TCVN 6194:1996	mg/l	1,000	-	99.4	161.9
8.	Color	SMEWW 2120 C:2012	Pt-Co	150	7.5	25	<15
9.	Phenol	Internal method (EHC-TP1-039)	µg/l	0.5 x 10 ⁻³	0.00067	KPH (LOD=0.47)	KPH (LOD=0.00002)
10.	Xyanua	ISO 6703-1:1984 (TCVN 6181:1996)	mg/l	0.1	KPH	KPH (LOD=0.002)	KPH (LOD=0.02)
11.	Ammonium (calculated according to N)	SMEWW 4500-NH ₃ .B&F:2012	mg/l	10			5.83
12.	Chromium VI	SMEWW 3500 Cr B:2012	mg/l	0.1			KPH (LOD=0.02)
13.	Mn	SMEWW 3111B:2012	mg/l	1			KPH (LOD=0.05)
14.	Fe	TCVN 6177:1996	mg/l	5			0.92
15.	Excess Chlorine (Cl ₂)	SMEWW 4500 G:2012	mg/l	2			KPH (LOD=0.05)
16.	Sunfide (S ²⁻)	EPA 376.2	mg/l	0.5			KPH (LOD=0.02)
17.	Coliform	TCVN 6187-2-1996	VK/100 ml	5,000			4.6x10 ³
18.	Mineral oil	TCVN 5070:1995	mg/l	10			KPH (LOD=0.1)

Note: Sampling time 15 Dec 2014, 03 Dec 2015 and 08 Dec 2016, measured by the Environment Monitoring Center of Cantho Department of Natural Resources and Environment.

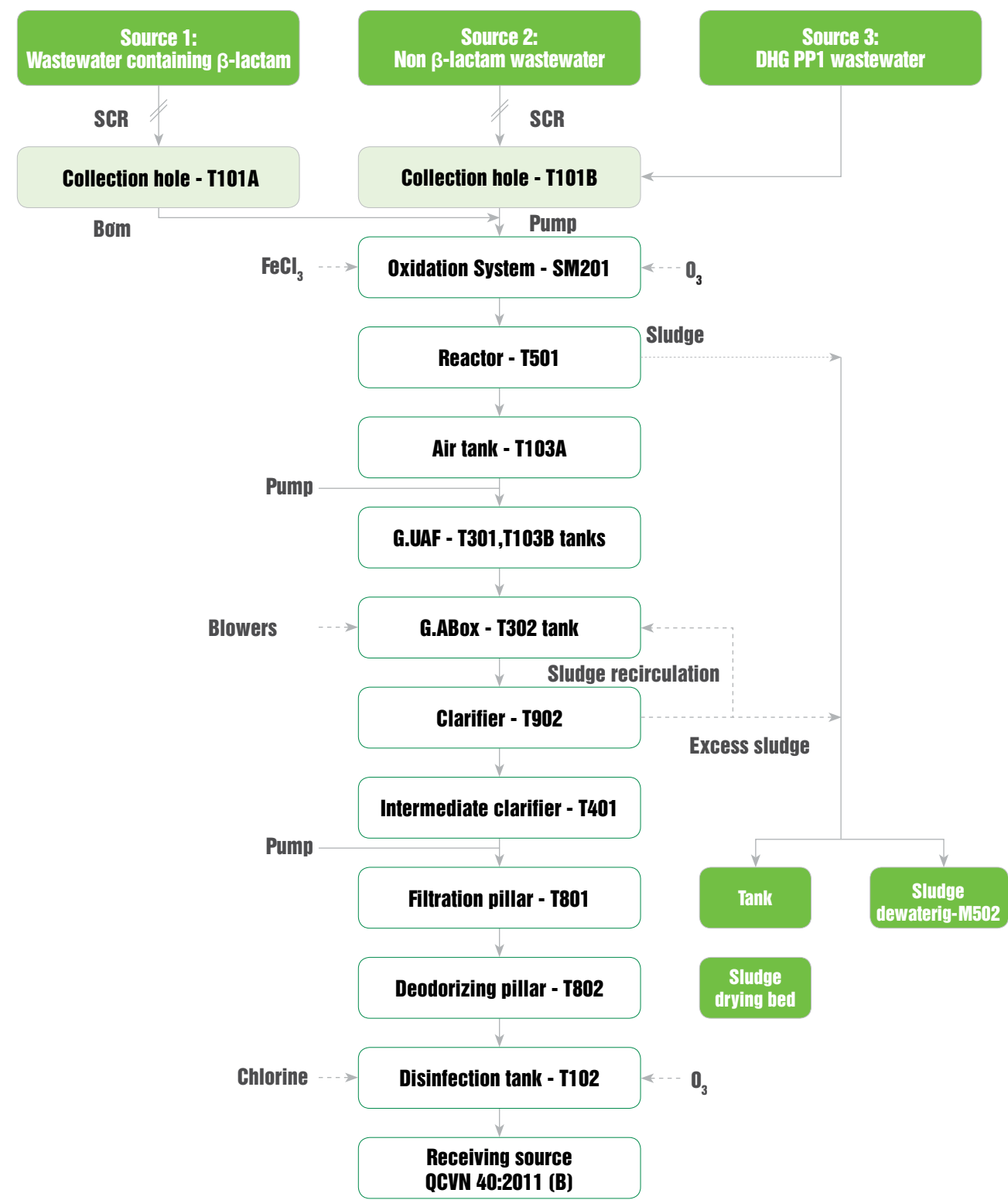
MONITORING RESULTS OF WATER QUALITY AFTER TREATMENT AT WASTEWATER TREATMENT SYSTEM 2

No.	Parameter	Measuring Method	Unit	QCVN 40:2011/ BTNMT (column B)	2014	2015	2016
1.	pH	TCVN 6492:2011		5.5 – 9	6.9	7.03	7.48
2.	BOD ₅ 20°C	TCVN 6001-1:2008	mg/l	50	8	22	24
3.	COD	SMEWW 5220 COD-C:2012	mg/l	150	19	34.4	40.9
4.	SS	TCVN 6625:2000	mg/l	100	22.5	47.5	27.5
5.	Total Nitrogen	TCVN 6638:2000	mg/l	40	4.48	5	5.6
6.	Total Phosphoric	SMEWW 4500-P B&E:2012	mg/l	6	1.2	2.5	3.8
7.	Chloride (Cl ⁻)	TCVN 6194:1996	mg/l	1,000	-	98	159.8
8.	Color	SMEWW 2120 C:2012	Pt-Co	150	7.5	27.5	15.2
9.	Phenol	TCVN 7874:2008	µg/l	0.5 x 10 ⁻³	0.00066	KPH (LOD=0.47)	KPH (LOD=0.00002)
10.	Xyanua	ISO 6703-1:1984 (TCVN 6181:1996)	mg/l	0.1	KPH	KPH (LOD=0.002)	KPH (LOD=0.005)
11.	Ammonium (calculated according to N)	SMEWW 4500- NH ₃ .B&F:2012	mg/l	10			5.21
12.	Chromium VI	SMEWW 3500 Cr B:2012	mg/l	0.1			KPH (LOD=0.02)
13.	Mn	SMEWW 3111B:2012	mg/l	1			KPH (LOD=0.05)
14.	Fe	TCVN 6177:1996	mg/l	5			0.79
15.	Excess Chlorine (Cl ₂)	SMEWW 4500 G:2012	mg/l	2			KPH (LOD=0.05)
16.	Sunfide (S ²⁻)	EPA 376.2	mg/l	0.5			KPH (LOD=0.02)
17.	Coliform	TCVN 6187-2-1996	VK/100 ml	5,000			2.4x10 ³
18.	Mineral oil	TCVN 5070:1995	mg/l	10			KPH (LOD=0.1)

(Note: Sampling time 15 Dec 2014, 03 Dec 2015 and 08 Dec 2016, measured by the Environment Monitoring Center of Cantho Department of Natural Resources and Environment).

MITIGATION MEASURES OF EXHAUST FUMES,
WASTE WATER, WASTE, NOISE AND VIBRATION (continued)

DHG PHARMACEUTICAL ONE MEMBER LIMITED COMPANY (TAN PHU THANH INDUSTRIAL ZONE, HAU GIANG)



- ❖ Production wastewater is mainly generated in the phases of pharmaceutical production, cleaning machine and production equipment... approximately 2,116 m³/month.
- ❖ Wastewater from daily activities of workers and securities is about 1,090 m³/month
- ❖ Wastewater disposal: Catchpit No. T6-14, Street No. 6, Tan Phu Thanh Industrial Zone - Phase 1.
- ❖ Total spending on wastewater treatment: approximately VND 800 million in 2016.
- ❖ Treatment method: chemical physics + microbiology
- ❖ Periodic water quality monitoring at DHG Pharma Ltd plants is conducted 04 times a year (09 Mar 2016, 13 May 2016, 16 Aug 2016, and 26 Oct 2016) and the monitoring results are within acceptable limits, meeting QCVN 40: 2011/BTNMT (column B), ensuring that the production of DHG Pharma has little impact on surrounding environment.

MONITORING RESULTS OF WASTEWATER QUALITY

No.	Parameters	Measuring method	Unit	QCVN 40:2011/ BTNMT (*)	2014	2015	2016
1.	Temperature	SMEWW 2550B:2012	°C	40	31	28.5	29.2
2.	pH	TCVN 6492:2011	-	6 - 9	7.47	6.92	7.1
3.	Saturation	SMEWW 2120B:2012	Pt - Co	50	39	47	36
4.	SS	TCVN 6625:2000	mg/l	55	5	26	14
5.	BOD ₅ 20°C	TCVN 6001-1:2008	mg/l	33	11	14	13
6.	COD	SMEWW 5220C:2012	mg/l	82.5	17	21	17
7.	Total Nitrogen	TCVN 6638:2000	mg/l	22	15	7.4	1.68
8.	Total Phosphoric	TCVN 6202:2008	mg/l	4.4	0.75	0.28	0.34
9.	Total Coliform	TCVN 6187-2:1996	MPN/ 100ml	3,000	<3	<3	4x10 ¹
10.	Mineral oil	SMEWW 5520 B&F:2012	mg/l	5.5	1.1	0.6	1.2
11.	Fe	TCVN 6177:1996	mg/l	1.1	0.08	0.12	0.11
12.	Excess chlorine	SMEWW 4500-CI B:2012	mg/l	1.1	0.32	0.07	KPH (LOD=0.04)
13.	As	EPA 200.7	mg/l	0.055	KPH (LOD=0.005)	KPH (LOD=0.005)	KPH (LOD=0.0005)
14.	Zn	EPA Method 200.7	mg/l	3.3	KPH (LOD=0.006)	KPH (LOD=0.006)	KPH (LOD=0.01)
15.	Pb	EPA Method 200.7	mg/l	0.11	KPH (LOD=0.07)	KPH (LOD=0.07)	KPH (LOD=0.01)
16.	Cd	Epa Method 200.7	mg/l	0.055	KPH (LOD=0.01)	KPH (LOD=0.01)	KPH (LOD=0.01)
17.	Hg	SMEWW 3112B:2012	mg/l	0.0055	KPH (LOD=0.005)	KPH (LOD=0.005)	KPH (LOD=0.0005)
18.	Cu	US.EPA Method 200.7	mg/l	2.2	KPH (LOD=0.01)	KPH (LOD=0.01)	KPH (LOD=0.01)
19.	Cr ³⁺	US.EPA Method 200.7	mg/l	0.22	KPH (LOD=0.02)	KPH (LOD=0.02)	KPH (LOD=0.02)
20.	Xyanua	TCVN 6638:2000	mg/l	0.077	KPH (LOD=0.002)	KPH (LOD=0.002)	KPH (LOD=0.04)
21.	Phenol	TCVN 7874:2008	mg/l	0.11	0.00051 (LOD=0.001)	KPH (LOD=0.001)	KPH (LOD=0.00047)

(Note: Sampling time 26 Sept 2014, 29 Oct 2015 and 26 Oct 2016, measured by the Environment Monitoring Center – Hau Giang Department of Natural Resources and Environment, Institute of Environmental Technology HCM City – School of Environmental Science and Technology, Quality Assurance and Testing Center – Cantho Department of Science and Technology in 2016).

MITIGATION MEASURES OF EXHAUST FUMES,
WASTE WATER, WASTE, NOISE AND VIBRATION (continued)



WASTE

NON-HAZARDOUS SOLID WASTE

The source of non-hazardous solid waste, including domestic waste (at DHG Pharma: approximately 71 m³/month, at DHG Pharma Ltd.: approximately 73 m³/month), and recycle waste (scrap) including scrap, and carton packaging; The amount of waste (at DHG Pharma: approximately 19,000 kg/month, at DHG Pharma Ltd.: 3,000 kg/month).

Mitigation measures

Domestic solid waste including waste from the office sector, canteen, factory cleaning, bonsai cleaning... These wastes are brought to the concentrated area of domestic solid waste in line with regulations.

Every day, Trading and Service MT 69 Company gathers about 2 - 3 m³/day at DHG Pharma, Hau Giang Water Supply and Sewerage – Project Urban Joint Stock Company collects 2 - 3m³/day at DHG Pharma Ltd. Afterwards, the cleaning staffs clean, rinse, and spray 0.4% sterilized Javelle solution.

Waste from pharmaceutical residue: the Company builds a pharmaceutical area, recycles in place, the pharmaceutical residue is composted and manured on site.

Recycle waste (scrap): are brought to the concentrated area of scrap in line with regulations. Purchasing firm comes to collect under contract, cleaning staff then comes to clean after the scrap is collected;

HAZARDOUS WASTE

The source of hazardous waste includes oily rags, fluorescent lamps, waste oil, waste electronic components, ...; the amount of hazardous waste (at DHG Pharma: 15.2 tons/month, at DHG Pharma Ltd.: approximately 3.2 tons/month).

Mitigation measures

Strictly complying with regulations on environmental management guidelines at the Company and current laws (Circular 36/2015/TT-BTNMT dated 30 Jun 2015 of the Ministry of Natural Resources and Environment).

Hazardous wastes are packaged, labeled and brought to hazardous waste storehouse. The factory contracted with Green Earth Environmental Technologies Joint Stock Company to handle hazardous wastes in line with regulations.

Cost

In 2016, the total cost of hazardous waste treatment is about VND 1.2 billion, of which VND 945 million is from DHG Pharma and VND 201 million from DHG Pharma Ltd.

 **VND 1.2 BIL.**
TOTAL COST OF HAZARDOUS WASTE TREATMENT

No.	Name of Waste	Code of hazardous waste	2014 (Kg/year)	2015 (Kg/year)	2016 (Kg/year)
1.	Waste ink containing hazardous constituents	08 02 01	77	85	131
2.	Waste ink cartridges contain hazardous constituents	08 02 04	173	47	134
3.	Waste engine oils	17 02 04	110	27	60
4.	Wipes contaminated with hazardous constituents	18 02 01	1,576	831	1,052
5.	Chemical waste in Laboratories	19 05 02	2,328	2,455	4,896
6.	Waste soft packages	18 01 01	10,095	3,500	7,976
7.	Used active coal	02 11 02	560	536	1,471
8.	Waste sludge from wastewater treatment	03 05 08	33,301	22,725	32,717
9.	Waste fluorescent bulbs	16 01 06	316	218	297
10.	Waste batteries and accumulators	16 01 02	9	66	83
11.	Waste electrical equipment and components	16 01 13	65	9	55
12.	Saturated or used ion-exchanging plastic	12 06 01	520	-	300
13.	Solid waste substances containing hazardous constituents	03 05 09	144,146	121,897	171,190

NOISE AND VIBRATION

Sources

Arising mainly from the operation of the machinery in the production area and the area of wastewater treatment system.

Mitigation measures

Supplying noise-cancelling earplugs for employees who work in noisy environment, ensuring safety standards and periodic replacement to minimize the impact of noise. Periodical inspection and maintenance of machinery and equipment, measurement of working environment.





SOLUTIONS FOR CONTINUOUS IMPROVEMENT OF ENVIRONMENTAL INITIATIVES

- 1 Operation and regular inspection of wastewater treatment systems to ensure that wastewater output meets QCVN 40:2011/BTNMT standards.
- 2 Enhancing the implementation of industrial sanitation in the manufacturing sector and means of transport. Sanitary areas of finished products, internal roads and regular sprinkling of water in dusty areas.
- 3 Providing labor protection equipment and supervising the environmental protection of employees.
- 4 Good handling of solid waste by proper collection and treatment.
- 5 Regular implementation of environmental monitoring programs periodically.
- 6 Planting trees around the premise for landscape and fresh air.
- 7 Using environmentally friendly paper bags instead of plastic bags.

For A MORE BEAUTIFUL LIFE

DHG PHARMA ALWAYS PUTS ITSELF IN THE CUSTOMER'S PLACE AND SELF-EVALUATES ITS PRODUCTS OBJECTIVELY. DHG PHARMA IS KNOWN AS THE PRESTIGE BRAND IN BRINGING THE BEST PRODUCTS TO THE SOCIETY, IMPROVING HEALTH AND LIFE QUALITY FOR EVERYONE.



06! PRODUCT RESPONSIBILITY





THE APPLICATION OF ADVANCED TECHNOLOGY IN PRODUCTION, STANDARDIZATION OF THE OPERATING PROCESS BRINGS A SENSE OF CARING AND RAISES CONSUMER'S AWARENESS THAT THE ROLE OF ENCOURAGEMENT, SUPPORT AND LOVE IS MORE IMPORTANT THAN MEDICINE AND IT HAS ALWAYS BEEN OUR STRATEGIC PRIORITY.

Mrs. **Pham Thi Viet Nga** - General Director of DHG Pharma.

**COMMITMENT TO PRODUCT QUALITY -
THE FIRST CRITERION FOR SUSTAINABLE DEVELOPMENT**

Product quality is the most strategic indicator that affects the survival and sustainable development of DHG Pharma, and also contributes to enhance the Company's competitiveness and prestige in the internal and external pharmaceutical industry. Recognizing the importance, DHG Pharma always complies and commits to bring the best products to customers and contributes to improve the life quality of the citizen. On the 12th of Dec 2016, DHG Pharma officially signed a scientific cooperation with the Institute of Biotechnology to connect research, disseminate technology and receive technology transfer to develop, produce and launch new products into the market with great scientific value. At the same time, DHG Pharma implements "UPGRADING THE EFFERVESCENT LINE IN ACCORDANCE WITH GMP PIC/S STANDARD" to increase the product quality and meet the importing standard to export products and meet the cooperative conditions with foreign partners in the future.

DESCRIPTION ON QUALITY CONTROL PROCEDURES

THE QUALITY OF DHG PHARMA PRODUCTS IS STRICTLY ADHERED TO ISO/IEC 17025, GMP-WHO, GLP, GSP, GDP, GPP STANDARDS DURING THE PRODUCTION, STORING AND DISTRIBUTION OF PRODUCTS BY THE MINISTRY OF HEALTH, VIETNAM DRUG ADMINISTRATION, MINISTRY OF FOOD SAFETY AND SANITATION, AND LOCAL HEALTH CARE DEPARTMENTS.

The quality control procedures are performed with the entire production process from the raw materials input to the output of product. At first, all raw materials purchased must be tested before entering the raw ingredients warehouse, storing in a safe environment and then starting to use for production.

During the manufacturing process, the plant inspectors exercise control throughout the process according to the specific instructions. Subsequently, the lab inspectors check the products from the tablet pressing, capsule packaging, sachet packaging, and so

on. At the end of each stage, samples will be collected and taken to the QC department conducting the sample. For the form, volume, the disintegration and the tightness, the inspectors will perform laboratory testing in controlled test room in the factory. After completing the processing, batch records are approved to switch to bottled stages/blister packaging/sachet packaging/finished product packaging. Samples of finished products will continue to be randomly taken for testing. If the results meet the requirements, the lab inspectors shall carry out procedures to transfer to finished product warehouse.



BIOEQUIVALENCE TESTING

**32 PRODUCTS
ACHIEVED BIOEQUIVALENT
BY THE 31ST OF DEC 2016**

In order to ensure the safe and effective use of medicine, the Company has carried out bioequivalence testing at the Central Institute for Drug Testing in Hanoi and Ho Chi Minh City. With the same treatment effects as generic drugs, DHG Pharma hopes to provide several approaches of best drugs

with reasonable price for patients. By the 31st of Dec 2016, the total number of bioequivalent products: 32 products. In which: the number of bioequivalent products are 29 products and 02 products which are in a waiting list to be promulgated by the Ministry of Health.



& INTELLECTUAL PROPERTY BRAND INVESTMENT THE PROMOTION OF INNOVATION AND INVENTION

**287 PRODUCTS
WITH NATIONAL
REGISTRATION NUMBERS**

(Including 220 pharmaceutical products, 67 dietary supplements), there are 251 trademarks that were granted protection trademark by the Intellectual Property Department of Vietnam. At the same time, the

innovations in work are always actively participated by employees. As of Dec 2016, there were 335 improvement ideas, including 227 feasible ideas and innovative studies of 52 new products.

LABELING REGULATIONS



DHG Pharma changed the packaging of some products.

To provide adequate product information to the consumers, DHG Pharma always concentrates on clear and detailed labels for all products such as components, benefit, usage, object, storing condition... Therefore, customers can understand easily and use the product properly to achieve optimal performance. Simultaneously, we also encourage patients to ask doctors before use and to alert patients some risks that they may encounter such as unwanted side-effects, cases for

consideration and contraindication, solutions when using wrong quantity, etc.

Furthermore, every year we always try to improve the labels by changing the design in detail to easily understand and updating both English and Vietnamese versions... **Until now, DHG Pharma has not recorded any cases of non-compliance with the labeling regulations.**

PROCEDURES TO HANDLE CUSTOMER INQUIRIES AND COMPLAINTS

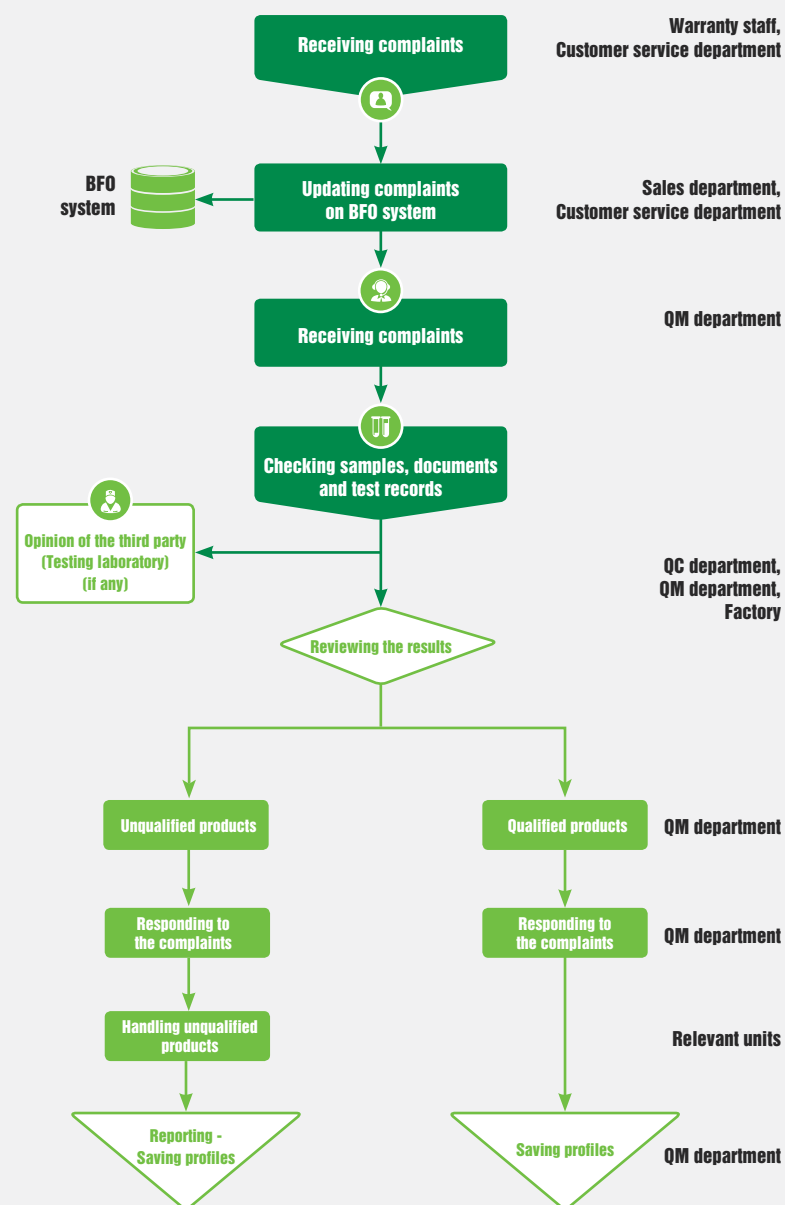
WHEN HAVING ANY QUESTIONS REGARDING PRODUCT QUALITY, PROMOTION INFORMATION OR ADVICE ON USES, CUSTOMERS CAN EASILY ACCESS AND QUICKLY GET ANSWERS VIA:

CUSTOMER SERVICE HOTLINE:
(+84) 292 3899 000
[E]: dhgpharma@dhgpharma.com.vn

COMPLAINTS ABOUT THE PRODUCTS WILL BE TRANSFERRED TO QM DEPARTMENT

< 1 hour 
RESPOND TO CUSTOMERS WITHIN NO MORE THAN 7 WORKING DAYS

FLOWCHART OF CUSTOMER COMPLAINTS



When there are complaints about the products, employees will update information on the BFO and inform Quality Management (QM) department by telephone within no more than 1 hour since the receipt of the complaints. Subsequently, the relevant departments will investigate the cause, verify the entire production process, check the samples and identify the causes. In case of a quality dispute, the QM department will send the test sample to a third party to confirm the

results of the analysis. After receiving the above results, the Company will determine the causes and proceed as follows:

- ❖ **If the cause is not the fault of the Company:** Support customers to investigate causes.
- ❖ **If the cause is the fault of the Company:** Ask for products recall, check other batches if they have the same situations.

In particular, the employees receiving the complaint will respond to the customer within no more than 7 working days. For complicated cases that require more time to investigate, the QM department will inform the customers by phone and advise them immediately when the result is available. Monthly, quarterly, and yearly, employees will make a summary sheet and regularly review the record book of customer complaints and timely report it to the management to take corrective action and avoid repetitions.

DESCRIPTION ON PRODUCT RECALL PROCEDURES

ACCORDING TO THE TESTING RESULTS, IF THE UNQUALIFIED BATCH OF DRUGS WAS SHIPPED BUT NOT YET DISTRIBUTED, DHG PHARMA WILL FOLLOW CONTROL PROCEDURES FOR UNQUALIFIED PRODUCTS. IF THE UNQUALIFIED BATCH WAS DELIVERED, THEN THE PRODUCT RECALL PROCEDURES WILL BE CARRIED OUT.

- ❖ Complaints from customers deemed to be valid.
- ❖ Detecting harmful side effects.

After signing the recall decision, there will be a recall task force, start working immediately, prepare recalling form, treating of recalled products, prepare and store report. In the dangerous

case of severely damaged and affecting the life of consumers, the recall will be performed at the latest of 24 hours. In the case of affecting the effect of treatment and usage safety, the recall will be performed within 10 days. In the case of no effect or limited effect on treatment and safety usage, the recall will be within 15 days.

Procedure on drug recall: the General Director will sign the decision when:

- ❖ There is a recall decision from Vietnam Drug Administration/ Ministry of Health /Testing centers of cities and provinces nationwide.
- ❖ Drugs do not meet the required quality during the monitoring process of samples, the humidity of drugs.



REFERENCE TABLE

ACCORDING TO GRI G4 STANDARDS

Reference of GRI	GRI index	Report in 2016	Page
GENERAL STANDARDS			
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organization, Chairman or high level positions related to the sustainable development of the organization and the organization's strategies about sustainable development.	✓	4
G4-2	Description of key impacts, risks, and opportunities.	✓	26
ORGANIZATION PROFILE			
G4-3	Name of the Company.	✓	12
G4-4	Primary brands, products, and/or services.	✓	14-15
G4-5	Headquarter.	✓	12
G4-6	Number of countries where the Company operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	✓	16-17
G4-7	Nature of ownership and legal form.	✓	10-11, 13, 24-25, 30
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers).	✓	14-16
G4-9	Scale of the reporting organization.	✓	13, 54, 68
G4-10	Report on workforces.	✓	68-70
G4-11	Percentage of total employees covered by collective labor agreements.	✓	72
G4-12	Description of the organization's supply chains.	✓	90
G4-13	Any significant changes during the reporting period regarding size, structure, ownership or supply chain.	✓	13
Commitment to external initiatives			
G4-14	Report the organization to have precautionary measure or principle is addressed by the organization.	✓	57-59
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	✓	26, 34-38, 98

Reference of GRI	GRI index	Report in 2016	Page
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List the units including in the organization's consolidated financial statements or relevant documents.	✓	32
	Report on one unit including in the organization's consolidated financial statements or any relevant documents not mentioned in the report.		
G4-18	Explain the progress of identifying report content and boundary of the field.	✓	32-33, 50
	Explain how the organization has implemented the reporting principles for defining how the report content will be.		
G4-19	List all the material aspects identified in the process for defining report content.	✓	51
G4-20	Report the Aspect Boundary within the organization for each material aspect.	✓	51
G4-21	Report the Aspect Boundary outside the organization for each material aspect.	✓	51
STAKEHOLDER ENGAGEMENT			
G4-24	Provide list of stakeholder groups engaged by the organization.	✓	34-38, 41
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	✓	41
G4-26	Report the approaching methods with the consultation of related parties, including the frequency of participation by type and related groups.	✓	42-43, 60
G4-27	Report the topics and main concerns approved by the consultation of related parties.	✓	44-49
REPORT PROFILE			
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	✓	32
G4-29	Date of most recent previous report (if any).	✓	32
G4-30	Reporting cycle (quarterly, semiannual, annual, etc.).	✓	32
G4-31	Contact point for questions regarding the report or its contents.	✓	33
G4-32	a. Report "suitable" method selected by the organization.	✓	118-129
	b. Report the reference table of content GRI for selected method.		

**REFERENCE TABLE
ACCORDING TO GRI G4 STANDARDS (continued)**

Reference of GRI	GRI index	Report in 2016	Page
GOVERNANCE			
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks.	✓	24-25, 29 (Sustainable Development Report); 112-116 (Annual Report)
G4-35	Report the authorized progress on the topics of economy, environment and society from the highest governance body to high level executive directors and other members.	✓	29
G4-36	Report if the organization has appointed the executive position or positions responsible for economic, environmental, social topics, and if the ones in charge of those position reported directly to the highest governance body.	✓	29
G4-37	Report on consulting progress between the stakeholders and highest governance body about the economic, social, environmental topics.	✓	29, 42-43
G4-38	Report the composition of the highest governance body and its committees.	✓	38-41, 112-116 (Annual Report)
G4-39	Report whether the Chair of the highest governance body is also an executive officer.	✓	38 (Annual Report)
G4-40	Report the specified procedures and selection for the highest governance body and its committees and the criteria used for specification and selection of members in the highest governance body.	✓	29
G4-41	Report the processes in place for the highest governance body to ensure conflicts of interest are avoided. Whether the report of interest conflict be announced to related parties.	✓	124 (Annual Report)
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	✓	29 (Sustainable Development Report) 106-116, 118 (Annual Report)
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	✓	92-97 (Annual Report)
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	✓	56-57
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	✓	58-59, 114 (Annual Report)

Reference of GRI	GRI index	Report in 2016	Page
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	✓	109-110, 118 (Annual Report)
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	✓	4, 32-33
G4-51	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	✓	121-127 (Annual Report)
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	✓	116 (Annual Report)

ETHICS AND INTEGRITY

G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	✓	6-8, 34-38, 78-83
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	✓	33, 42-43
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	✓	116

CATEGORY: ECONOMIC

ECONOMIC PERFORMANCE

G4-DMA	Generic Disclosures on Management Approach.	✓	26-27
EC1	Direct economic value generated and distributed.	✓	54-55, 62-64
EC3	Coverage of the organization's defined benefit plan obligations.	✓	62-64

INDIRECT ECONOMIC IMPACTS

EC7	Development and impact of infrastructure investments and services supported.	✓	90
EC8	Significant indirect economic impacts, including the extent of impacts.	✓	60, 62-64, 90

REFERENCE TABLE
ACCORDING TO GRI G4 STANDARDS (continued)

Reference of GRI	GRI index	Report in 2016	Page
CATEGORY: ENVIRONMENTAL			
MATERIALS			
G4-DMA	Generic Disclosures on Management Approach.	✓	90
EN1	Materials used by weight or volume.	✓	90
ENERGY			
G4-DMA	Generic Disclosures on Management Approach.	✓	91
EN3	Energy consumption within the organization.	✓	91
EN4	Energy consumption outside of the organization.	✓	91
EN5	Energy intensity.	✓	91
EN6	Reduction of energy consumption.	✓	92-93
WATER			
G4-DMA	Generic Disclosures on Management Approach.	✓	94-95
EN8	Total water withdrawal by source.	✓	94
EN9	Water sources significantly affected by withdrawal of water.	✓	95
EN10	Percentage and total volume of water recycled and reused.	✓	94-95
EMISSIONS			
G4-DMA	Generic Disclosures on Management Approach.	✓	96-98, 110
EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	✓	98-102
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	✓	98-102
EN19	Reduction of greenhouse gas (GHG) emissions.	✓	102
EN21	NOX, SOX, and other significant air emissions.	✓	98-101
EFFLUENTS AND WASTE			
G4-DMA	Generic Disclosures on Management Approach.	✓	103, 107, 108, 110
EN22	Total water discharge by quality and destination.	✓	103-107
EN23	Total weight of waste by type and disposal method.	✓	108-109

Reference of GRI	GRI index	Report in 2016	Page
PRODUCTS AND SERVICES			
G4-DMA	Generic Disclosures on Management Approach.	✓	115
COMPLIANCE			
G4-DMA	Generic Disclosures on Management Approach.	✓	96-97
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	✓	96
TRANSPORT			
G4-DMA	Generic Disclosures on Management Approach.	✓	102, 110
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	✓	102
OVERALL			
G4-DMA	Generic Disclosures on Management Approach.	✓	110
EN31	Total environmental protection expenditures and investments by type.	✓	108
SUPPLIER ENVIRONMENTAL ASSESSMENT			
G4-DMA	Generic Disclosures on Management Approach.	✓	46-47
CATEGORY: SOCIAL			
LABOR PRACTICES AND DECENT WORK			
Employment			
G4-DMA	Generic Disclosures on Management Approach.	✓	66
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	✓	68-70
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by locations and by major operation.	✓	68, 71-76
LA3	Return to work and retention rates after parental leave, by gender.	✓	70

REFERENCE TABLE ACCORDING TO GRI G4 STANDARDS (continued)

Reference of GRI	GRI index	Report in 2016	Page
Labor/management relations			
G4-DMA	Generic Disclosures on Management Approach.	✓	36, 66-67, 72
LA4	Minimum notice periods regarding operating changes, including whether these are specified in collective agreements.	✓	66-67, 72
Occupational health and safety			
G4-DMA	Generic Disclosures on Management Approach.	✓	84
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	✓	86, 87
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	✓	85
LA7	Workers with high incidence or high risk of diseases related to their occupation.	✓	85
LA8	Health and safety topics covered in formal agreements with trade unions.	✓	84-88
Training and education			
G4-DMA	Generic Disclosures on Management Approach.	✓	66, 76
LA9	Average hours of training per year per employee by gender, and by employee category.	✓	76
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	✓	76
Diversity and equal opportunity			
G4-DMA	Generic Disclosures on Management Approach.	✓	36, 66-67
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	✓	68-70
Equal remuneration for women and men			
G4-DMA	Generic Disclosures on Management Approach.	✓	66-67

Reference of GRI	GRI index	Report in 2016	Page
Labor practices grievance mechanisms			
G4-DMA	Generic Disclosures on Management Approach.	✓	43, 72
HUMAN RIGHTS			
Investment			
G4-DMA	Generic Disclosures on Management Approach.	✓	66-67
Non-discrimination			
G4-DMA	Generic Disclosures on Management Approach.	✓	36, 66-67
Freedom of association and collective bargaining			
G4-DMA	Generic Disclosures on Management Approach	✓	66-67
Child labor			
G4-DMA	Generic Disclosures on Management Approach	✓	36, 67
Forced or compulsory labor			
G4-DMA	Generic Disclosures on Management Approach.	✓	36, 67
Human rights grievance mechanisms			
G4-DMA	Generic Disclosures on Management Approach.	✓	43, 72
SOCIETY			
Local communities			
G4-DMA	Generic Disclosures on Management Approach.	✓	38, 83
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	✓	49, 62-65
Anti-corruption			
G4-DMA	Generic Disclosures on Management Approach.	✓	57
S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	✓	57
S04	Communication and training on anti-corruption policies and procedures.	✓	57
S05	Confirmed incidents of corruption and actions taken.	✓	57

REFERENCE TABLE
ACCORDING TO GRI G4 STANDARDS (continued)

Reference of GRI	GRI index	Report in 2016	Page
Anti-competitive behavior			
G4-DMA	Generic Disclosures on Management Approach.	✓	7-8, 80, 83
Compliance			
G4-DMA	Generic Disclosures on Management Approach.	✓	8, 37, 80
PRODUCT RESPONSIBILITY			
Customer health and safety			
G4-DMA	Generic Disclosures on Management Approach.	✓	6-7, 34-35, 81, 113
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	✓	113-114
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	✓	113-114
Product and service labeling			
G4-DMA	Generic Disclosures on Management Approach.	✓	35, 115
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	✓	115
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	✓	115
Marketing communications			
G4-DMA	Generic Disclosures on Management Approach.	✓	34-35
Customer privacy			
G4-DMA	Generic Disclosures on Management Approach.	✓	34
Compliance			
G4-DMA	Generic Disclosures on Management Approach.	✓	35, 80



PORTRAYING DHG PHARMA'S
IMAGE BY 2020

DHG PHARMA WILL BECOME THE LEADING DOMESTIC PHARMACEUTICAL ENTERPRISE OF THE VIETNAM PHARMACEUTICAL INDUSTRY AND IN THE TOP 10 LEADING PHARMACEUTICAL COMPANIES IN SOUTHEAST ASIA WITH SALES OF USD 300 MILLION BY 2020. DHG PHARMA WILL BECOME A SYMBOL OF HUMANITY IN CONTRIBUTING TO THE SOCIETY, ENHANCING QUALITY OF LIFE.