



Linking  
the **VALUE CHAIN**

**DHG PHARMA**

DHG PHARMACEUTICAL JOINT STOCK COMPANY

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## LIST OF ABBREVIATIONS

ABBREVIATED	INTERPRETATION
App	: Application
AGM	: Annual General Meeting
BFO	: Business Force One
BOD	: Board of Directors
BOM	: Board of Management
CC	: Cultural Character
DHG Pharma	: DHG Pharmaceutical Joint Stock Company/Parent Company
DHG Pharma Ltd.	: DHG Pharmaceutical One Member Limited Company
DHG PP1	: DHG Packaging and Printing 1 One Member Limited Company
FDI	: Foreign Direct Investment
FOL	: Foreign Ownership Limit
GACP	: Good Agricultural and Collection Practices
GDP	: Good Distribution Practice
GLP	: Good Laboratory Practice
GMP	: Good Manufacturing Practice
GPP	: Good Pharmacy Practice
GSP	: Good Storage Practices
GRI	: Global Reporting Initiative
HOSE	: Ho Chi Minh Stock Exchange
HR	: Human Resources
IR	: Investor Relations
ISO	: International Organization for Standardization
ISO/IEC 17025: 2005	: General requirements for the competence of testing and calibration laboratories
IZ	: Industrial Zone
JBSL	: Japan Bio Science Laboratory
KPH	: Undetected
KPI	: Key Performance Indicators
KQĐ	: Unregulated
PIC/s	: Pharmaceutical Inspection Co-operation Scheme
PIC/s - GMP	: Pharmaceutical Inspection Co-operation Scheme in Good Manufacturing Practice
PMDA	: Pharmaceuticals and Medical Devices Agency
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
VND	: Vietnamese Dong
WHO	: World Health Organization

### THEME OF THE SUSTAINABLE DEVELOPMENT REPORT 2017



With a clear strategic orientation and investment with a focus in a new stage, in 2017 DHG Pharma implemented a Sustainable Development Report titled "Linking the Value Chain" so as to promote a stronger focus on constructing DHG Pharma's brand name as a symbol of Humanity in the mission of taking care of community health and targeting sustainable development in the future on the basis of close linkage between three areas: **Economic Growth - Environmental Protection - Social Development**.

## SUSTAINABLE DEVELOPMENT REPORT

2017

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## MESSAGE OF THE SUSTAINABLE DEVELOPMENT REPORT



### Dear Shareholders, Customers and Employees,

The year 2017 closed at the moment when DHG Pharma stepped into the new stage with not only much potential but also challenges for growth. On behalf of the Company, I am very pleased to present the Sustainable Development Report of DHG Pharma to all shareholders and investors, in the position of the Acting General Director.

In the last two decades, the issue of sustainable development has increasingly been of special concern worldwide and become a global development requirement. Sustainable development is a common trend that all humanity is striving for. This is especially more important for a company operating in the pharmaceutical industry, which directly affects the health of consumers as well as significantly improves community life.

**“At DHG Pharma, we clearly share a vision that the ultimate strategy that leads the Company to success is the closely link between growth with sustainable development along with the vision of “For a healthier and more beautiful life”. Such a vision is strongly oriented and enforced within the Company by the heart of “a soldier in white”.**

In 2017, the economy has gradually recovered with promising changes compared to previous years. This has opened a new path of integration for businesses, yet it also led to numerous problems that impact the environment and society. In that context, DHG Pharma has clearly identified opportunities and challenges for production and business to provide direction and solutions to ensure sustainable development. Keeping up with the worldwide current trend of information technology development, DHG Pharma is proud to be the pioneer domestic pharmaceutical company to apply the revolutionary industrial 4.0 into the management of the enterprises to company so as to meet the needs of customers and minimize its impact on the surrounding

environment. Accordingly, DHG Pharma has concretized its strategic direction of sustainable development for period 2018 - 2020 into specific actions and activities including the strengthening of close link among economic factors - society and environment in the value chain. These are implemented through strictly controlling and ensuring the commitment of the environment and the society in its investment for developing and expanding the new plant projects in the present as well as in the future.

In order to maintain the strong brand name and its leading position in the pharmaceutical industry, the Board of Directors and Board of Executive of DHG Pharma always ensure that the Company's culture and human values are closely aligned and integrated in its strategies and actions. It is the belief of more than 25,000 customers, the continuous efforts of more than 3,000 employees and the right and timely decisions of the Board of Directors that serve as the key of DHG Pharma's success today. At DHG Pharma, we strongly focus on attracting and retaining talented people through the policies of fair and transparent treatment, creating a safe, dynamic and effective working environment for each employee. All of these have promoted the creativity in the health-care journey and created benefits for the shareholders.

Looking back on the road that we have taken in 2017, we believe that with the determination and endless efforts of each individual, DHG Pharma will continue to reach new successes in conquering the goal of sustainable development. I would like to express my sincere thanks to all employees, shareholders, customers and partners, those who, with dedication and cooperation, have always accompanied us in implementing DHG Pharma's commitment in the first year of the term.

We wish you success, health and happiness!

Acting General Director

DOAN DINH DUY KHUONG





## Vision

For a more  
**BEAUTIFUL &  
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





AWARDS IN 2017

2 CONSECUTIVE YEARS

2 CONSECUTIVE YEARS

4 CONSECUTIVE YEARS

6 CONSECUTIVE YEARS

10 CONSECUTIVE YEARS

22 CONSECUTIVE YEARS

TOP 40  
MOST VALUABLE BRANDS  
IN VIET NAM

voted by Forbes Vietnam  
ranked 22<sup>nd</sup> in Vietnam and  
ranked 1<sup>st</sup> in the health sector.



In early July 2017, DHG Pharma prided itself on being in the "Top 40 Most Valuable Brands" voted by Forbes Vietnam with its brand valued at more than USD 60 million.

ANNUAL REPORT AWARDS  
RUNNER UP  
SUSTAINABLE  
DEVELOPMENT REPORT

organized by  
Investment Magazine  
and Dragon Capital.



Mdm. Pham Thi Viet Nga, a BOD member of DHG Pharma received the second prize for the Sustainable Report in 2017.

TOP 50  
BEST VIETNAMESE  
LISTED COMPANIES

voted by  
Forbes Vietnam.



Mr. Doan Dinh Duy Khuong, Acting General Director of DHG Pharma was given Top 50 best Vietnamese listed companies reward by Forbes Vietnam.

TOP 50  
VIETNAM'S BEST  
PERFORMING COMPANIES

organized by  
Vietnam Investment  
Review Magazine.



Mr. Tran Ngo Toan Phuc - DHG Pharma's representative in the event honoring Top 50 Vietnam's best performing companies in Vietnam organized by Vietnam Investment Review Magazine.

TOP 10  
BEST ANNUAL  
REPORTS

being 01 of 04 companies that received  
a medal for 10 consecutive years  
winning the best annual report.



Mdm. Pham Thi Viet Nga, a BOD member of DHG Pharma received a medal for winning the best annual reports for 10 consecutive years.



VIETNAMESE HIGH  
QUALITY GOODS

voted by  
consumers.



Mr. Tran Ngo Toan Phuc - DHG Pharma's representative was given the certificate of Vietnamese High-Quality Goods in 2017.



## HIGHLIGHTS IN 2017

### RETAINING **THE LEADING** POSITION IN VIETNAMESE PHARMACEUTICAL INDUSTRY

In 2017, DHG PHARMA continued to retain the leading position in Vietnamese pharmaceutical industry in terms of revenue, profit and production capacity. The Company ranked 2<sup>nd</sup> among leading companies in terms of Pharmacy channel and was the sole domestic pharmaceutical manufacturer in the Top 10 Pharmaceutical companies operating in Vietnam.

According to IMS Report Quarter 4/2017, DHG Pharma continued to retain its 2<sup>nd</sup> position in the Pharmacy channel and ranked 6<sup>th</sup> among all foreign and domestic pharmaceutical enterprises in Vietnam.



### STRENGTHENING ITS POSITION IN **TOP 50** BEST LISTED COMPANIES IN VIETNAM



On 14 Sept 2017 in Ho Chi Minh City, Forbes Vietnam held a ceremony to honor Vietnam's 50 best listed companies in 2017. This was the fifth time Forbes Vietnam made this list, and DHG Pharma has been proudly voted and honored in 4 consecutive years.

As the first international business publication in Vietnam, Forbes creates this list with the aim to select and honor the best companies on the stock market, based on financial information in terms of revenue, returns on sales, the growth rate and long-term prospects in the economic sectors in which the business operates.

### STRENGTHENING ITS POSITION IN **TOP 40** MOST VALUABLE BRANDS IN VIETNAM



In early July, 2017, DHG PHARMA prided itself on being top of all companies in the same industry in the "Top 40 Most Valuable Brands" for two consecutive years, voted by Forbes Vietnam with its brand valued at more than 60 million USD. DHG Pharma's presence in "Vietnam's Top 40 most valuable brand" evidently testifies the successful process of brand building, not only through quality products and reasonable prices but also through efficient and diversified activities in marketing and communication activities. On these bases, DHG Pharma has increasingly enhanced its value and affirmed its position with shareholders, investors, customers and consumers.

### ATTACHING **WITH CUSTOMERS** BY HEART FOR ALMOST HALF A CENTURY

With the desire to help DHG Pharma's customers manage their businesses more effectively, ensuring transparency and creating trust with the customers, DHG Pharma has applied science and technology in setting up a mobile application called DHG Co-Prosperity (App). This is considered a solid advance of DHG Pharma in the customer-care journey. All activities, from tracking sales and payments, to monitoring promotion programs for better purchasing decision making, are easily done on smartphones. In addition, customers are able to thoroughly explore all DHG Pharma's products, thereby their end-users will be consulted more effectively.

DHG Pharma distinguishes itself for treating customers as associates for long-term attachment and co-prosperity. DHG Pharma takes care of and builds stable relationships with customers through activities from its heart.





### BUILDING A DEDICATED BRAND WITH THE **HUMANITY** JOURNEY



Since 2016, DHG Pharma has gradually shaped the new strategy for the coming years, which promotes **DHG Pharma branding as a symbol of humanity**. In accordance with this strategy, a series of activities are oriented to the community from the North to the South.

In 2017, DHG Pharma organized 02 times of blood donations with a participation of 186 employees, donated 241 blood units which are stored at Cantho City Hematology Center. For two consecutive years, 2016 - 2017, DHG Pharma pioneered in promoting the image of the health sector through the gameshow **"Special White Blouse Mission"**, building a beautiful image of health workers in the white blouse. In addition, the Company also carried out 80 programs of free medical examination and treatment for more than 45,800 turns in provinces and cities across the country with a total expense of over VND 3.3 billion.

### LIFTING FOREIGN OWNERSHIP LIMIT (FOL) TO **100%**

The Annual General Meeting (AGM) 2016 and the General Meeting by solicitation of written consents (for the 1<sup>st</sup> time in 2017) approved the FOL lifting to 100% (room lifting). Simultaneously, the AGM has authorized the Board of Directors (BOD) and the Board of Management (BOM) to establish a project team that takes charge in solving any issues related to FOL lifting on the basis of conformity with Vietnamese law, seizing opportunities and strengths, minimizing challenges and impacts on the strategic goals until 2020 as well as on vision, mission, core values and trademark of DHG Pharma.

At the AGM 2017 dated 28 Mar 2018, the BOD submitted to the AGM the plan for merging DHG PP1 and DHG Pharma Ltd. to form a dependent accounting



Branch of DHG Pharma in Hau Giang Province. It is projected that after the merger, DHG Pharma continues to carry out FOL procedures with State Securities Commission of Vietnam and Vietnam Securities Depository in Quarter 3/2018.

### INVESTMENT IN **HUMAN RESOURCES** AS THE FOUNDATION FOR DEVELOPMENT



DHG Pharma always aims for a harmonious combination between the Company's benefits with those of employees with a desire to bring happiness to the employees, motivating them to work more effectively and attach to the Company. DHG Pharma endlessly invests and develops the quality of human resources to meet market demands. These activities enable the Company's staffs to be increasingly creative, improve skills, seize and master technology.

### PROMISING COOPERATION **TAISHO** WITH THE STRATEGIC SHAREHOLDER

DHG Pharma's strategic shareholder - Taisho has supported the Company by sending their experts and personnel to join DHG Pharma's senior Executive Board. DHG Pharma upgraded the effervescent line in accordance with PIC/s standard and is preparing conditions for several strategic products to meet PMDA and EU standards; which aims to promote the Company's quality system to a more highly standardized and professional level. Moreover, DHG Pharma is in collaboration with Taisho to carry out the "Increasing the productivity of Supply Chain" Project, helping the Company set up strategic inventories, creating suitable ordering system in line with the production and business plan (Just in time).



### BEING AN ENTERPRISE WITH A **DISTRIBUTION** NETWORK

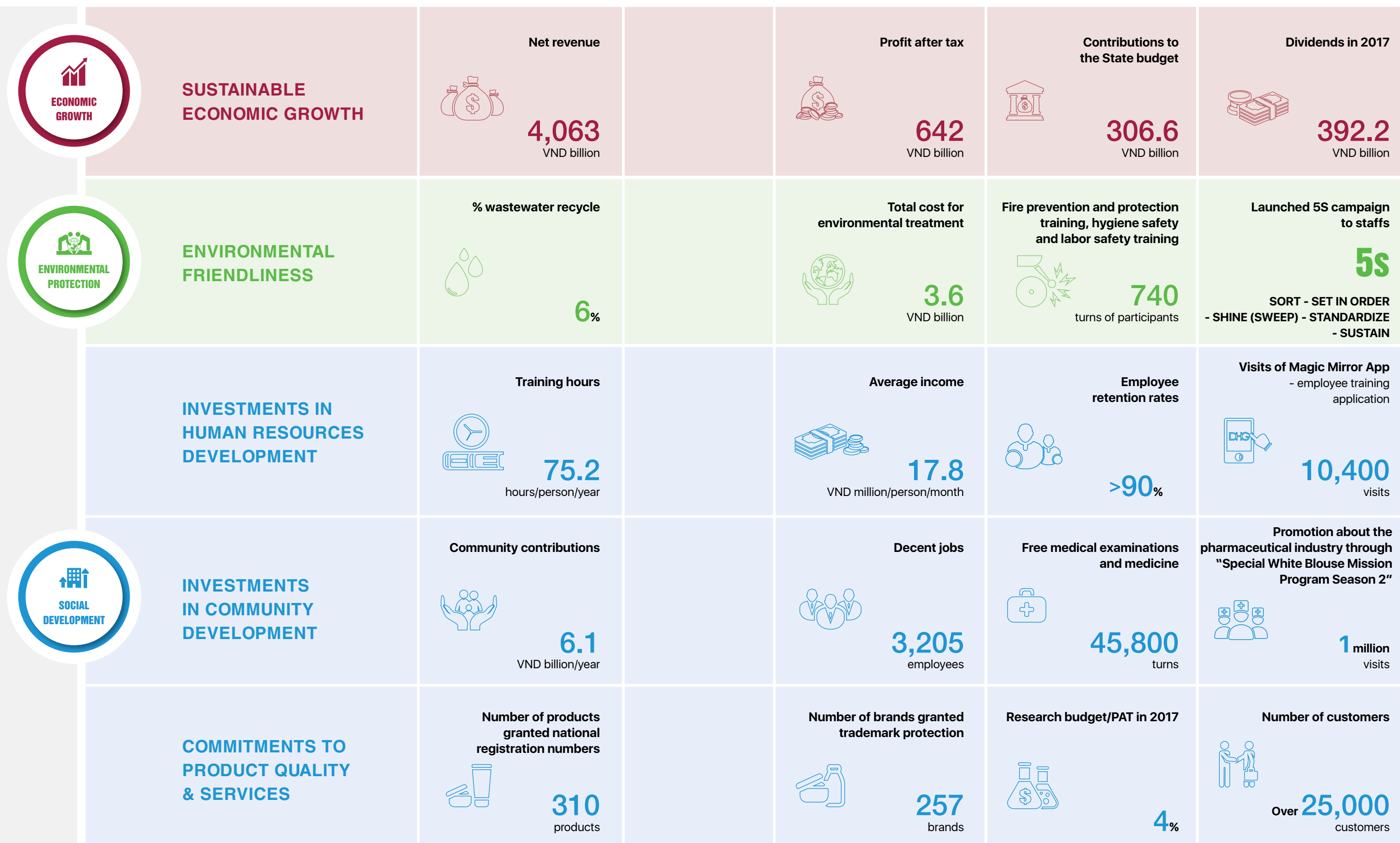


Since Apr 2017, DHG Pharma has started to transform and operate the three central warehouse systems, ensuring the quantity of goods, delivery time and good storage demands.

Besides the traditional channel - pharmacies, agents, and hospitals, DHG Pharma is the pioneer in developing modern distribution channels. In 2016, DHG Pharma's products were available at 05 major supermarkets (Aeon, Big C, Satra, CitiMart and Guardian), and the Company developed 03 major pharmacy chains (Pharmacy, Phano and Mediacare) in 2017. DHG Pharma is currently having more than 25,000 customers and 06 brands with its revenue reaching over VND 100 billion.



## SUSTAINABLE INDICATORS IN 2017







# A SYMBOL OF HUMANITY

HEALTH CARE COMMUNITY

For nearly half a century, DHG Pharma, in conjunction with its business activities, has been continuously working to improve human health with a sincere heart. Along with this meaningful message are practical activities that significantly contribute to an in-depth impact on the consciousness of the community concerning the caring and protecting health as well as the spreading of good values for developing and building a more beautiful and healthier life.

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DHG PHARMA AT A GLANCE



The Company's name in Vietnamese	: Công ty Cổ phần Dược Hậu Giang
The Company's name in English	: DHG Pharmaceutical Joint Stock Company
Abbreviation	: DHG Pharma
Stock sticker	: DHG (listed on HOSE)
Head office	: 288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Cantho City
Charter capital	: VND 1,307,460,710,000
Owner's equity (as at 31 Dec 2017)	: VND 2,759,094,413,820
Telephone	: (8429) 23 891 433
Fax	: (8429) 23 895 209
Email	: dhgpharma@dhgpharma.com.vn
Website	: www.dhgpharma.com.vn
Certificate of business registration and tax code	: 1800156801



“ OVER 44 YEARS OF DEVELOPMENT, DHG PHARMA ALWAYS PRIDES ITSELF ON BEING A LEADING PHARMACEUTICAL COMPANY, WITH THE LARGEST MARKET SHARE AMONG DOMESTIC PHARMACEUTICAL COMPANIES IN VIETNAM. DHG PHARMA HAS ACTED IN ACCORDANCE WITH THE MISSION OF “ALWAYS PROVIDING HIGH QUALITY PRODUCTS AND SERVICES TO SATISFY THE ASPIRATION FOR A MORE BEAUTIFUL AND HEALTHIER LIFE”.



KEY MILESTONES

PRECURSOR OF DHG PHARMA 02 SEPT 1974

1974

DHG Pharma was formerly the 2/9 Pharmaceutical SOE Factory and was founded on 02 Sept 1974 at Kenh 5 Dat Set, Khanh Lam Commune, U Minh District, Ca Mau Province. Now it is 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 SEO was designated to be under the management of Hau Giang - Department of Health.

1982

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

1988

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

02 Sept 2004

Hau Giang Pharmaceutical Integrated Factory equitized to become DHG Pharmaceutical Joint Stock Company.

LISTED ON HO CHI MINH STOCK EXCHANGE 2006 - 2009

2006

DHG Pharma's stocks were listed on HOSE and have been officially traded from 21 Dec 2006.

2007

Reconfirmed the vision, mission and 7 core values. Increased the charter capital from VND 80 billion to VND 200 billion.

2008

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

2009

Successfully implemented the strategy - 20/80 products, customers and personnel.



Nearly half a century serving the mission of improving human health

2015 - 2017 SUSTAINABLE AND EFFICIENT DEVELOPMENT

2015

Laid the groundwork for restructuring and internally preparing for the new growth period.

2016

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

2017

Smooth transitions of the 2 senior positions in the Company: Chairman of the BOD and General Director.

2010 - 2014 40 YEARS OF DEVELOPMENT, 10 YEARS OF EQUITIZATION

2010

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

2011

Successfully implemented the "Factory Productivity Improvement Project" and the "Project to improve performance of subsidiaries".

2012

The topic "Today's solution is tomorrow's issue" brought high efficiency to the Company in cost control, risk management and policies.

2013

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

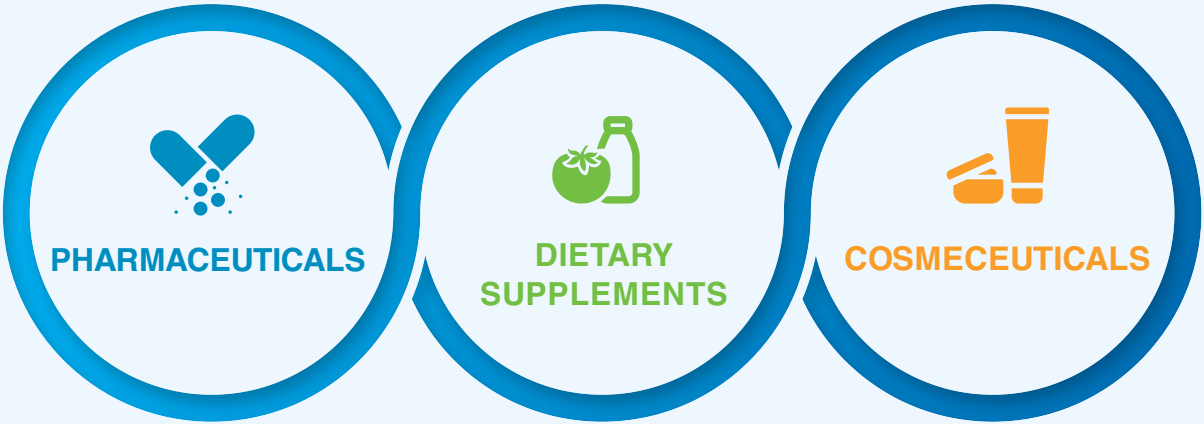
2014

Celebrated 40<sup>th</sup> years of establishing DHG Pharmaceutical Joint Stock Company and 10 years of equitization.



BUSINESS LINES

THE CORE BUSINESS LINES OF DHG PHARMA AND ITS SUBSIDIARIES ARE DIVIDED INTO 3 MAIN PRODUCT LINES, COMPRISING OF:



SEVERAL SUPPORTING SERVICES PROVIDED BY DHG PHARMA AND ITS SUBSIDIARIES



PHARMACEUTICALS



DIETARY SUPPLEMENTS AND COSMECEUTICALS



OTHER BUSINESS LINES



Printing and Packaging



Fuji Medic Clinic



Raw materials trading



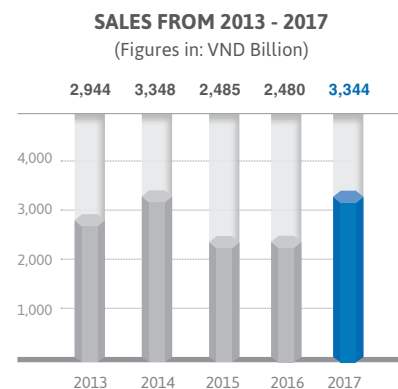
## DHG PHARMA AT A GLANCE

### SALES BREAKDOWN BY BUSINESS LINES

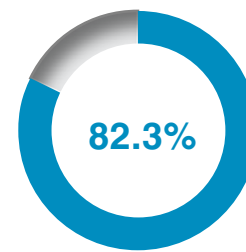


#### PHARMACEUTICALS

With the desire to bring a more beautiful and healthier life to all walks of life, DHG Pharma constantly improves its product quality, studies and collaboratively develops high-tech pharmaceuticals products. One of the most important strategies of DHG Pharma is to retain its position as the biggest Generic pharmaceutical enterprise in Vietnam. At present, the Company has 250 pharmaceutical visa numbers with a wide range of product categories.

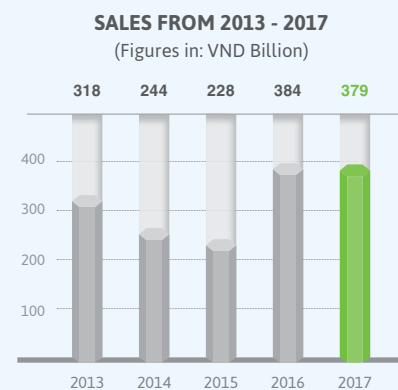


% OF TOTAL SALES

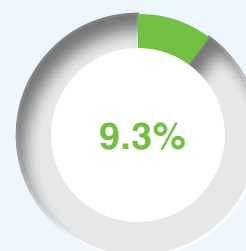


#### DIETARY SUPPLEMENTS & COSMECEUTICALS

In recent years, dietary supplements and cosmeceuticals are gradually gaining its popularity in Vietnam, playing an important role in supplementing necessary nutrients for user's body, preventing diseases, and improving their health. Taking cognizance of this importance, the Company has continuously promoted its research and cooperation in developing dietary supplements and cosmeceuticals. At present, the Company has 60 registered visa numbers for dietary supplements and cosmeceuticals.

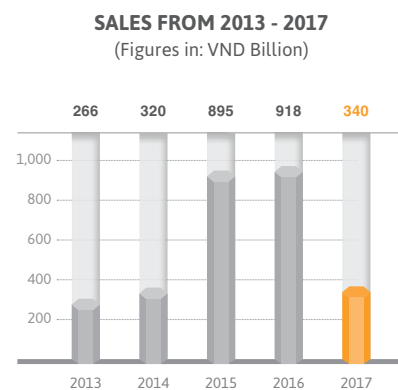


% OF TOTAL SALES

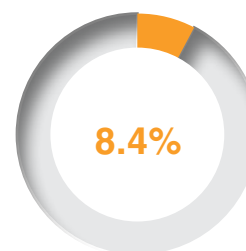


#### OTHERS

DHG Pharma and its subsidiaries also provide several supporting services such as raw materials trading, outsourcing, printing and packaging, tourism services and mobile clinics. These business areas added value to DHG Pharma, expanded its networks and strengthened its stable relationships with customers. However, due to restricted business lines after Foreign Ownership Limit (FOL) lifting, DHG Pharma will cease its services in distributing pharmaceutical products, trading raw materials, etc.

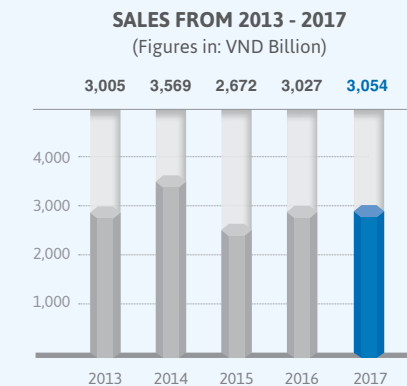


% OF TOTAL SALES

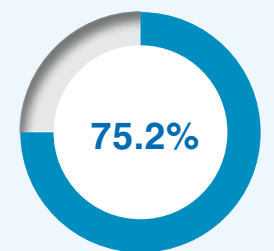


#### FINISHED PRODUCTS

Finished products sales are sales from DHG Pharma's inhouse products that have been considered the Company's core business. For management and branding development purposes, DHG Pharma divides its product portfolios, based on treatment functions, into 10 categories: Antibiotics (Cate 1), Analgesic - Antipyretic (Cate 2), Respiratory (Cate 3), Nutrition (Cate 4), Musculoskeletal (Cate 5), Gastrointestinal (Cate 6), Neurology - Ophthalmology (Cate 7), Cardiovascular - Diabetes (Cate 8), Hepatobiliary (Cate 9), Skin care (Cate 10).



% OF TOTAL SALES

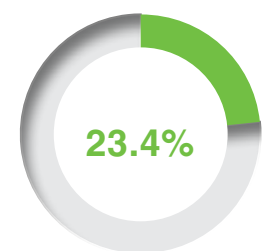


#### MERCHANDISES

In order to effectively utilize the distribution network, DHG Pharma distributes its products to partners such as Mega, MSD, etc. and trades raw materials. After lifting the Foreign Ownership Limit to 100% (room lifting), DHG Pharma is not permitted to distribute pharmaceuticals in accordance with the regulations on foreign ownership limit.

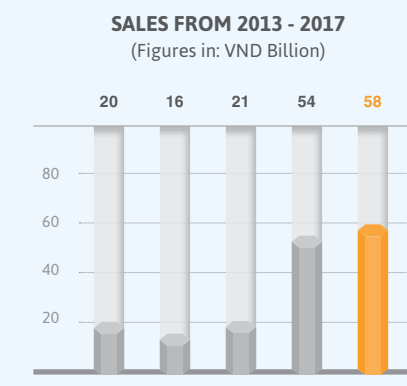


% OF TOTAL SALES

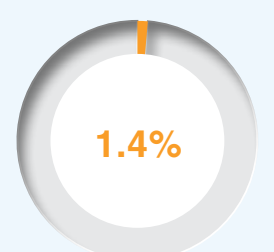


#### SERVICES

Services sales are sales from external operating activities of subsidiaries such as DHG Travel and Fuji Medic as well as income from distribution commission.



% OF TOTAL SALES





## DHG PHARMA AT A GLANCE

## MARKET REGIONS

DHG Pharma's Pharmaceutical products, Dietary supplements and Cosmeceuticals are mainly distributed to domestic and foreign customers through the two following distribution channels:

- **Pharmacy channel:** agents, private pharmacies, hospital pharmacies, distribution companies, supermarkets and retail stores,...
- **Hospital channel:** hospitals, clinics and medical centers,...

DHG Pharma maintains a widespread distribution system from the North to the South.

**36** BRANCHES  
NATIONWIDE

**≥25,000** Customers



of which over half of the customers are loyal customers, long-term customers and members of the "Co-Prosperity Club".

**≥500** Hospitals nationwide



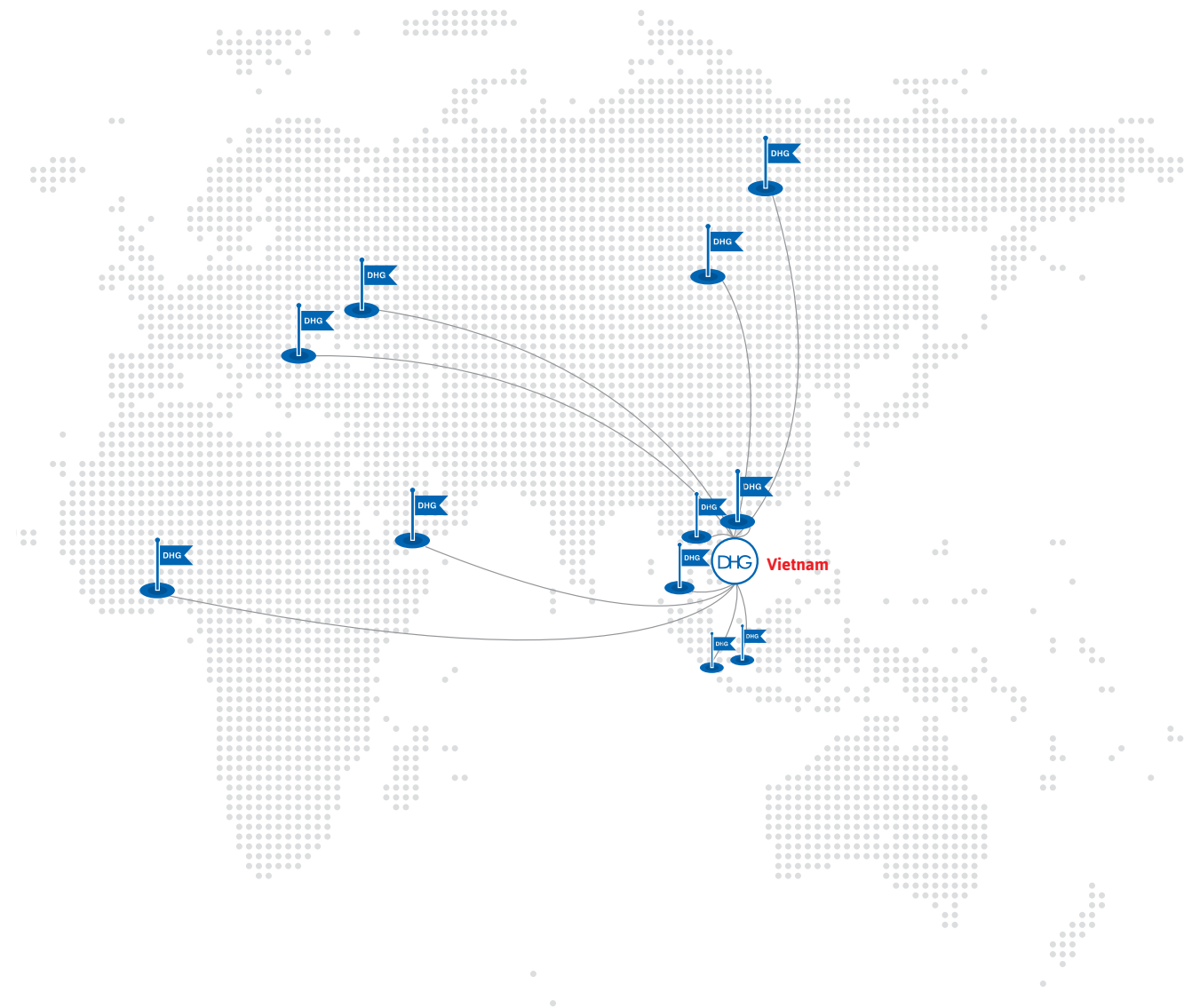
**≥162** Supermarkets, convenience stores and 3 major pharmacy chains (Pharmacy, Phano, Mediacare).



**≥1,500** Sales staff



Being an enterprise with the largest and most diversified distribution network in the country, DHG Pharma's products are available at all pharmacies in all provinces and hospitals nationwide. As at 31 Dec 2017, DHG Pharma's distribution system has the following outstanding features:

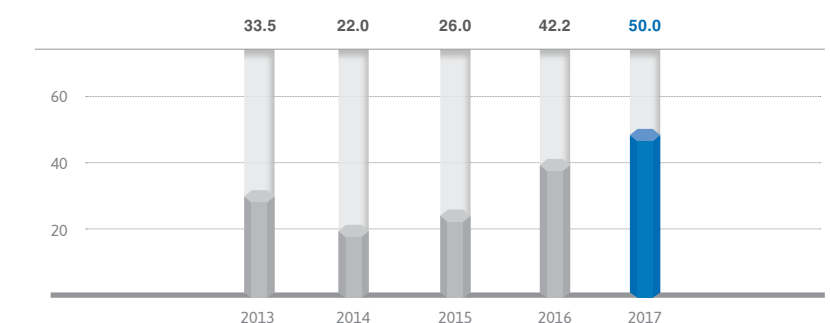


## Export sales in 2017

**50** VND billion  
up 19.1% YOY

The export sales is targeted to reach USD 4.5 million (VND 101 billion) by 2020 from targeted investments for the export markets.

## EXPORT SALES 2013 - 2017 (Figures in: VND billion)



DHG Pharma has developed its sales network in export markets such as Laos, Cambodia, Myanmar, Singapore, Malaysia, Moldova, Russia, Mongolia, Nigeria, Ukraine, Yemen and etc.



DHG PHARMA AT A GLANCE

CORPORATE MODEL

(This model has been applied since 01 Jan 2018)



No.	Model in 2017	Targeted model in 2018
1	DHG Pharmaceutical Manufacturing Plant in Cantho - under the parent Company DHG Pharma	Remain unchanged
2	DHG Pharmaceutical Manufacturing Plant in Hau Giang - a wholly-owned subsidiary of DHG Pharma - DHG Pharmaceutical One Member Limited Company	DHG Pharmaceutical Manufacturing Plant in Hau Giang - under Hau Giang Branch of DHG Pharma
3	Printing and Packaging Plant in Hau Giang - a whollyowned subsidiary of DHG Pharma - DHG Packaging and Printing 1 One Member Limited Company	Printing and Packaging Plant in Hau Giang - under Hau Giang Branch of DHG Pharma
4	Vinh Hao Algae Processing Joint Stock Company (SPIVIHA)	Remain unchanged
5	Fuji Medic Limited Liability Company (Fuji Medic)	Remain unchanged
6	DHG Travel One Member Limited Company	Dissolved
7	Song Hau Pharmaceutical Joint Stock Company (SH Pharma)	Dissolved and converted into Vi Thanh branch

TRANSITION OF CORPORATE MODEL IN 2017

On 3 Oct 2016, the BOD approved of the Company transitioning the corporate model of 11 distribution subsidiaries to branches directly under the parent Company.

**Dissolution progresses are as follows:** Completed all dissolution procedures for 09/11 subsidiaries, the remaining 2 subsidiaries have not been dissolved: TOT Pharma and B&T Pharma.

**For TOT Pharma:** On 19 June 2017, the BOD approved the policy from dissolving to transferring the entire charter capital of TOT Pharma One Member Limited Company

by way of open bidding. On 31 July 2017, the Company completed transferring all rights and obligations of the Company within the scope of capital transfer at TOT Pharma to the transferee.

**For B&T Pharma:** The company has not been dissolved in 2017 as Ben Tre Tax Department is finalizing the company's personal income tax.

On 14 July 2017, the BOD approved the dissolution of DHG Travel One Member Limited Company (DHG Travel). The official date of dissolution is 31 Dec 2017. All procedures for the dissolution of DHG Travel are in progress.



PROJECTED CHANGES OF CORPORATE MODEL IN 2018

DHG Pharma has redeemed 100% of the charter capital of Song Hau Pharma (SH Pharma). SH Pharma is expected to be dissolved in Quarter 2/2018. The Company's operation shall be transferred to Vi Thanh branch.

On 07 Feb 2018, DHG Pharma changed the name of its branch from DHG Pharma Branch in Cantho to DHG Pharmaceutical Joint Stock Company - Mekong Branch.

On 28 Mar 2018, the AGM 2017 approved the merger of DHG Pharma Ltd. and DHG PP1 to be a dependent cost accounting branch of DHG Pharma in Hau Giang Province - hereinafter referred to as Hau Giang Branch.



DHG PHARMA AT A GLANCE

SUBSIDIARIES  
AND AFFILIATES

Companies that are owning more than 50% of DHG Pharma’s share capital/equity: None.

Companies in which DHG Pharma is owning more than 50% of share capital/equity:

As at 31 Dec 2017, DHG Pharma had a total of 05 subsidiaries (DHG Pharma Ltd., DHG PP1, DHG Travel, SH Pharma and Fuji Medic) and 01 affiliate (Spiviha).

DHG Pharma is restructuring its operating system in a streamlined and efficient direction. Additionally, the Company is implementing its FOL (Foreign Ownership Limit) lifting policy.

It is targeted that in 2018 only one subsidiary - Fuji Medic and one affiliate - Spiviha shall be remained after DHG Pharma restructures its system.





**DHG PHARMACEUTICAL ONE MEMBER LIMITED COMPANY**

**Issuance date of enterprise registration certificate and investment certificate:** 16 Aug 2010.

**Head office:** Tan Phu Thanh Industrial Zone, Chau Thanh A District, Hau Giang Province.

**Charter capital:** VND 540 billion.

**Business lines:** Manufacture and trading of pharmaceuticals, dietary supplements & cosmetics.

100%

owned by DHG Pharma



**DHG PACKAGING AND PRINTING 1 ONE MEMBER LIMITED COMPANY (DHG PP1)**

**Official operation date:** 01 Jan 2014.

**Head office:** Tan Phu Thanh Industrial Zone, Chau Thanh A District, Hau Giang Province

**Charter capital:** VND 80 billion.

**Business lines:** Manufacture of corrugated paper and paperboard and containers of paper and paperboard; manufacture and trading of plastic, aluminum and paper containers; Printing services.

100%

owned by DHG Pharma



**DHG TRAVEL ONE MEMBER LIMITED COMPANY (DHG TRAVEL)**

**Official operation date:** 01 Apr 2008.

**Time of dissolution:** 31 Dec 2017.

**Head office:** Cantho City.

**Charter capital:** VND 05 billion.

**Business lines:** Domestic travel services and advertising services.

100%

owned by DHG Pharma



**SONG HAU PHARMACEUTICAL JOINT STOCK COMPANY (SH PHARMA)**

**Issuance date of enterprise registration certificate and investment certificate:** 20 July 2007.


**Head office:** Vi Thanh City, Hau Giang Province.

**Charter capital:** VND 05 billion.

**Business lines:** Trading of pharmaceuticals, medical raw materials, devices and tools, dietary supplements and cosmeceuticals.

100%

owned by DHG Pharma



**FUJI MEDIC CO., LTD (FUJI MEDIC)**

**Official operation date:** 27 July 2016.

**Head office:** Cantho City.

**Charter capital:** VND 26.946 billion.

**Business lines:** Polyclinic and dental clinic.

51%

owned by DHG Pharma



**VINH HAO ALGAE PROCESSING JOINT STOCK COMPANY (SPIVIHA)**

**Official operation date:** 01 Apr 2008.

**Head office:** Vinh Hao, Tuy Phong, Binh Thuan Province.

**Charter capital:** VND 12 billion.

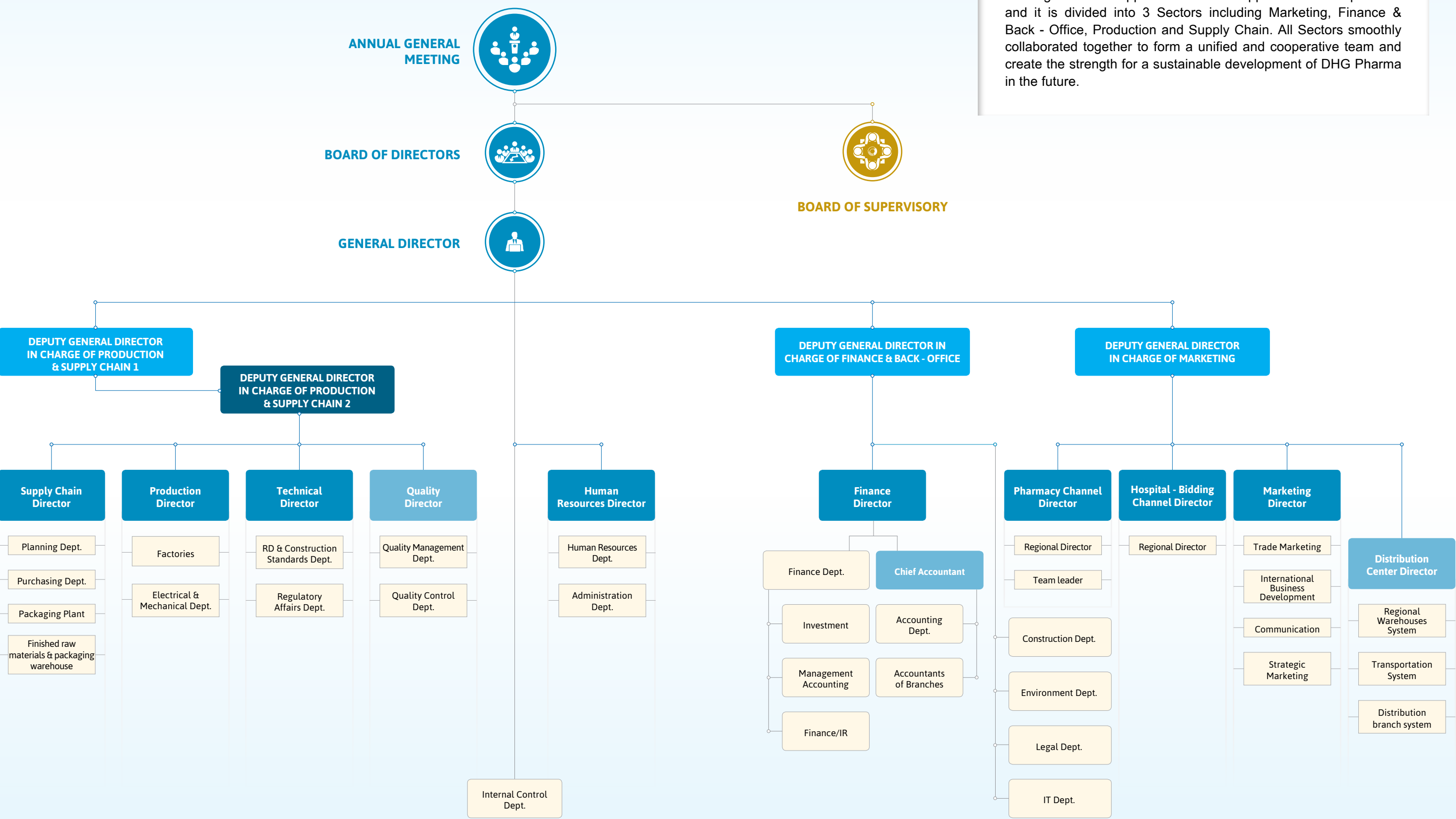
**Business lines:** Manufacture and trading of Spirulina Algae.

31.36%

owned by DHG Pharma



ORGANIZATIONAL APPARATUS





SHAREHOLDER STRUCTURE

SHARES

Par value:	VND 10,000
Number of listed shares:	130,746,071 shares
Number of outstanding shares:	130,746,071 shares
Treasury shares:	0 share
Restricted shares:	7,905 shares



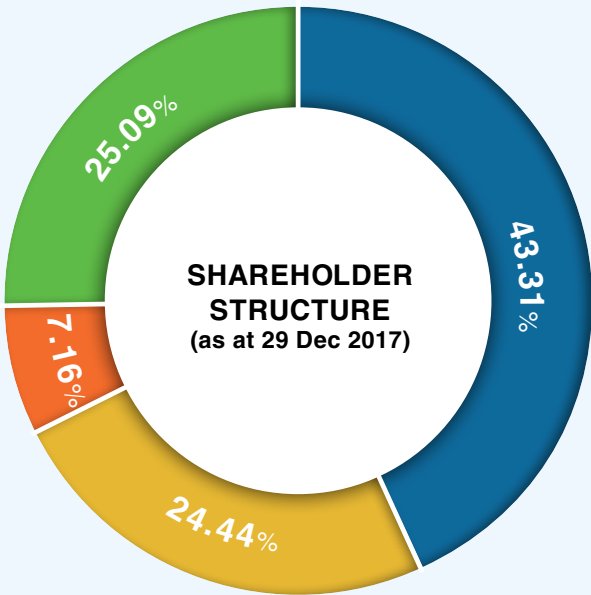
- Restricted shares of SME due to suspended clearing operation: 9 shares.
- Redeemed ESOP of ex-employees that have not been foreclosed: 6,856 shares.
- The restricted period for ESOP 2010 and ESOP 2011 shares have been expired. However, the transfers for 05 cases have not been completed since the issued dates of the owners’ ID cards have not been adjusted: 1,040 shares.

TREASURY SHARE TRANSACTIONS

In 2017, the Company did not make any treasury share transactions.  
At present, the number of treasury shares the Company is holding: 0 share.

Number of outstanding shares  
130,746,071

● SCIC	43.31%
● Taisho	24.44%
● Franklin Templeton Investment Funds-templeton Frontier Markets Fund (FTIFFMF)	7.16%
● Other shareholders	25.09%



SHAREHOLDER STRUCTURE BY TYPE OF SHARES

Objects	Restricted shares	Shares of free transfer	Total	Ownership ratio (%)
I. Internal	-	503,074	503,074	0.38%
II. Treasury shares	-	-	-	0.00%
III. Company's Union	6,856	526,241	533,097	0.41%
IV. Other shareholders	1,049	129,708,851	129,709,900	99.21%
1. Domestic	1,049	66,333,549	66,334,598	50.74%
1.1 Individual	1,040	8,489,900	8,490,940	6.49%
1.2 Organization	9	57,843,649	57,843,658	44.24%
2. Foreign	-	63,375,302	63,375,302	48.47%
2.1 Individual	-	1,194,579	1,194,579	0.91%
2.2 Organization	-	62,180,723	62,180,723	47.56%
TOTAL	7,905	130,738,166	130,746,071	100.00%

OWNERSHIP STRUCTURE BY TYPE OF SHAREHOLDERS

No.	Objects	Number of shares	Ownership ratio (%)	Number of shareholders	Shareholder structure	
					Organization	Individual
1	States shareholders (SCIC)	56,626,237	43.31%	1	1	-
2	Founding shareholders/FDI shareholders	-	-	-	-	-
	- Domestic	-	-	-	-	-
	- Foreign	-	-	-	-	-
3	Major shareholders	41,320,185	31.60%	2	2	-
	- Domestic	-	-	-	-	-
	- Foreign	41,320,185	31.60%	2	2	-
4	Company's Union	533,097	0.41%	1	1	-
5	Treasury shares	-	-	-	-	-
6	Shareholders owning preferred shares (if any)	-	-	-	-	-
7	Other shareholders	32,266,552	24.68%	5,354	152	5,202
	- Domestic	10,211,435	7.81%	4,837	72	4,765
	- Foreign	22,055,117	16.87%	517	80	437
	TOTAL	130,746,071	100.00%	5,358	156	5,202
	In which: - Domestic	67,370,769	51.53%	4,839	74	4,765
	- Foreign	63,375,302	48.47%	519	82	437

(In accordance with the list finalized as at 29 Dec 2017).



## OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT



### Methods of defining report contents

The report is developed as an independent report, based on the latest standard - GRI Sustainability Reporting Standards of Global Report Initiative (GRI), specifically describing areas for each of the **Economic - Environmental - Social** category. The report further refers to the Guidebook for Environmental and Social Information Disclosure conducted by the State Securities Commission (SSC) in collaboration with IFC (International Finance Corporation). Simultaneously, the Company's development strategy is triangulated with the 17 sustainable development goals of the United Nations (UN).

**Reporting period:** 01 Jan 2017 - 31 Dec 2017

**Reporting cycle:** Every year.

### Scope of 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. It is made up of DHG Plant under the parent company, Hau Giang Pharmaceutical Plant, and subsidiaries/branches in provinces and cities across the country. The report excludes Vinh Hao Algae Processing Affiliate and Fuji Medic subsidiary (DHG Pharma owned 51%).

### Contact information

DHG Pharma is making efforts to satisfy the expectations of stakeholders in terms of information transparency and sustainable growth in business, and demonstrating corporate responsibilities to the community. As a result, we look forward to receiving your sincere comments. If arising any comments and questions related to the issue of sustainable development, please kindly send to the below address:

Website: [www.dhgpharma.com.vn](http://www.dhgpharma.com.vn)  
(Contact section)

Tel: (0292) 3 891 433 (Ext: 242)  
- contact Finance Department

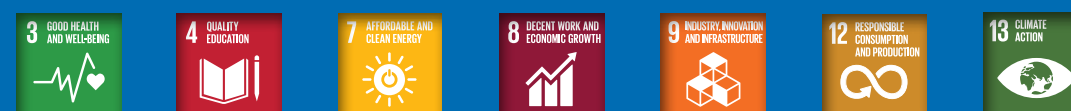
- Ms. **Le Thi Hong Nhung**  
([hongnhung@dhgpharma.com.vn](mailto:hongnhung@dhgpharma.com.vn))  
*Finance Director, the Company's Secretary*
- Ms. **Duong Kim Loan**  
([duongloan@dhgpharma.com.vn](mailto:duongloan@dhgpharma.com.vn))  
*Head of Investor Relations Team*  
- Finance Department.



IN 2017, DHG PHARMA CONTINUED TO RETAIN THE **LEADING** POSITION IN VIETNAMESE PHARMACEUTICAL INDUSTRY IN TERMS OF REVENUE, PROFIT AND PRODUCTION CAPACITY

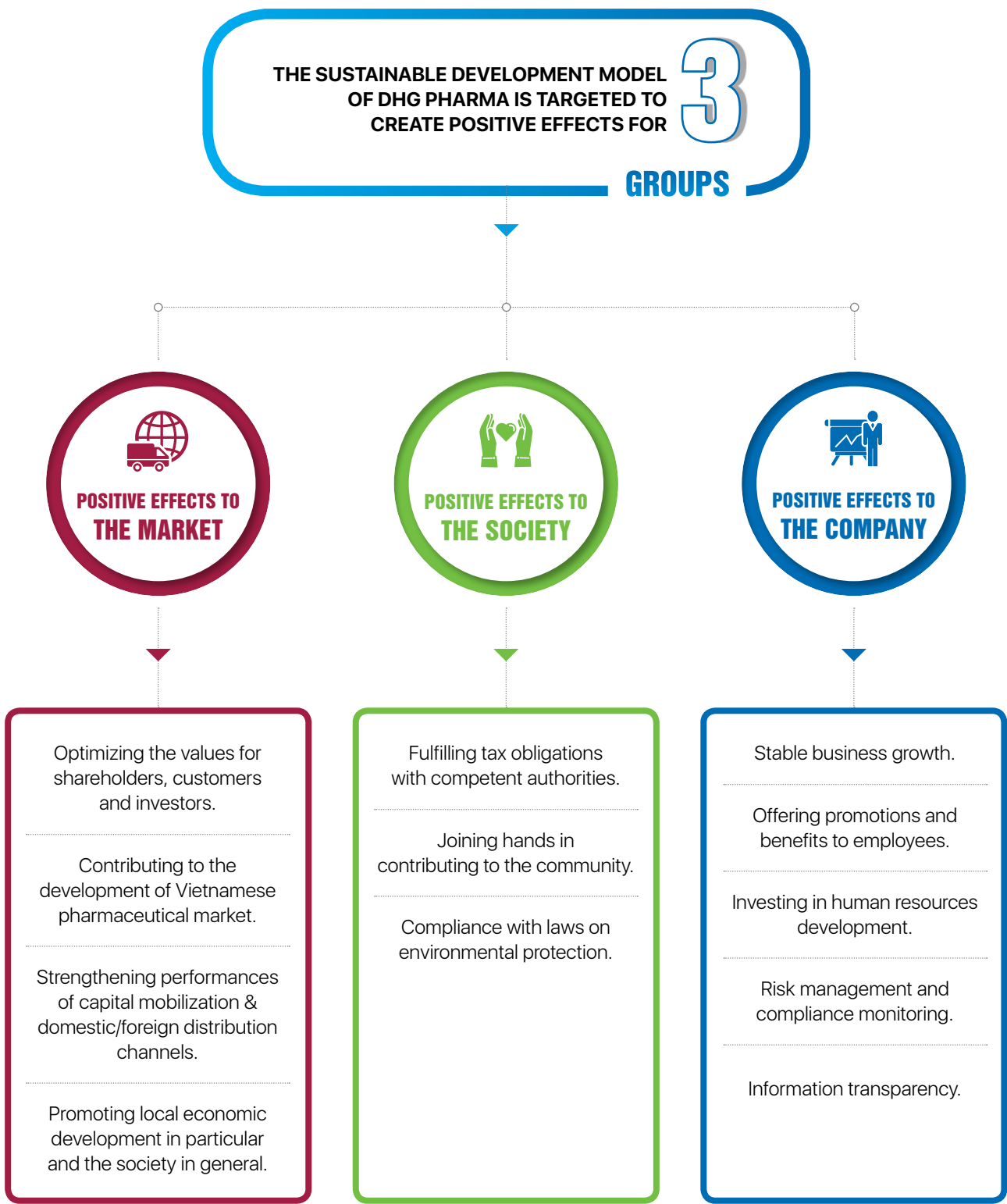
& THE COMPANY RANKED **2<sup>ND</sup>** AMONG LEADING COMPANIES IN TERMS OF PHARMACY CHANNEL AND WAS THE SOLE DOMESTIC PHARMACEUTICAL MANUFACTURER IN THE TOP 10 PHARMACEUTICAL COMPANIES OPERATING IN VIETNAM

PURSUANT TO 17 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS, DHG PHARMA ANALYZED AND SELECTED GOALS TO BE INCLUDED IN THE SUSTAINABLE DEVELOPMENT ORIENTATION OF THE COMPANY UNTIL 2020, AS FOLLOWS:



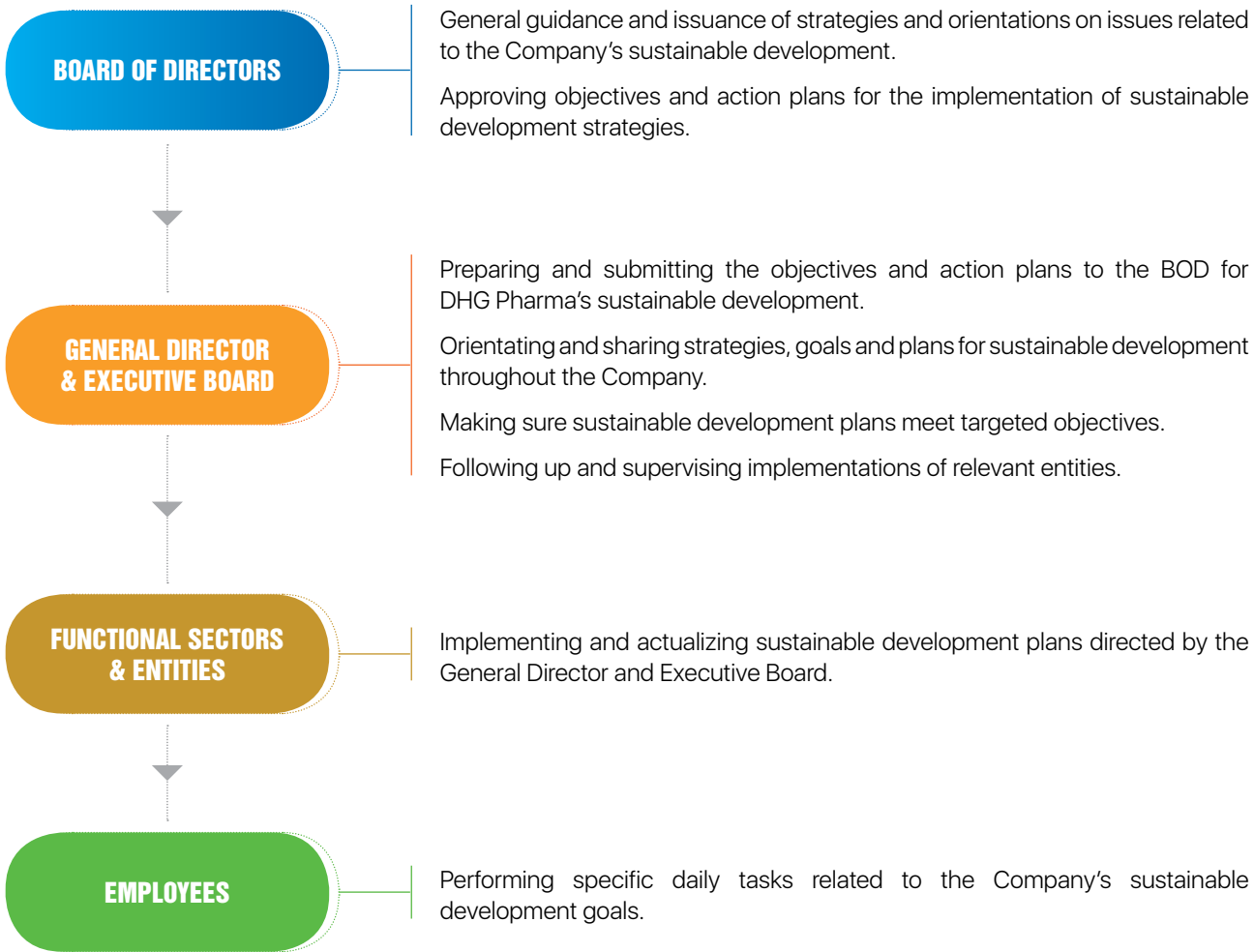


SUSTAINABLE DEVELOPMENT MODEL



“ Under the direction of the BOD, DHG Pharma regularly reviews its operational procedures related to sustainable development through proactive communication with stakeholders. The process of proactive dialogues between DHG Pharma and its stakeholders ensures that implementations are effective and consistent with sustainable development strategies and orientations”.

Similarly, the sustainable development program is applied in the Company's practice through the following governance model:





ORIENTATION & STRATEGIES FOR SUSTAINABLE DEVELOPMENT

THE UNITED NATIONS' GOALS

DEVELOPMENT ORIENTATION OF DHG PHARMA UNTIL 2020

REFERENCE IN ACTIVITIES OF 2017



17  
SUSTAINABLE DEVELOPMENT GOALS  
OF THE UNITED NATIONS

PURSUANT TO 17 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS, DHG PHARMA ANALYZED AND SELECTED GOALS TO BE INCLUDED IN THE SUSTAINABLE DEVELOPMENT ORIENTATION OF THE COMPANY UNTIL 2020, AS FOLLOWS:



ECONOMIC  
GROWTH



Decent work and  
economic growth

- Sustainable growth in the period 2018 - 2019 - 2020 with revenue growth rate of at least 13%/year and profit growth of at least 7%/year
- Promoting research and development to increase revenue from new products.
- Promoting innovations, efficiency savings and waste reduction.
- Training across the country and abroad to improve professional qualifications and to meet development needs.

- Economic performance.
- Market presence.
- Indirect economic impacts.
- Anti-corruption.
- Anti-competitive behavior.



ENVIRONMENTAL  
PROTECTION



Affordable and  
clean energy



Responsible consumption  
and production



Climate action

- The Company's activities are always associated with environmental protection, raw materials savings, clean-technology machineries and equipment.
- Investments in medicinal plant areas according to GACP standards.
- Ensuring safety in production: Compliance with labor safety rules; occupational safety training as planned; Testing, evaluating the effectiveness of training and workers' awareness.
- Efficient energy use at factories.
- Periodic evaluation of waste disposal in order to take timely measures and minimize environmental pollution.

- Environmental protection.
- Raw materials management.
- Energy consumption.
- Water sources.
- Emissions, effluents and waste.
- Environmental compliance.



SOCIAL  
DEVELOPMENT



Good health and  
well-being for people



Quality education



Decent work and  
economic growth



Industry, innovation  
and infrastructure

- Maintaining and improving the quality of the healthcare, lifestyle activities and programs for employees.
- Ensuring the quality of life for employees and their families which are above the average level to those in the same industry, location, and social status.
- Training in cultural identity and increasing sense of community sharing.
- 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.
- Promoting the application of information technology in management.

- Employment.
- Occupational health and safety.
- Education and training.
- Diversity and equal opportunity.
- Freedom of association and collective bargaining.
- Child labor, forced or compulsory labor.
- Local community.
- Customer health and safety.

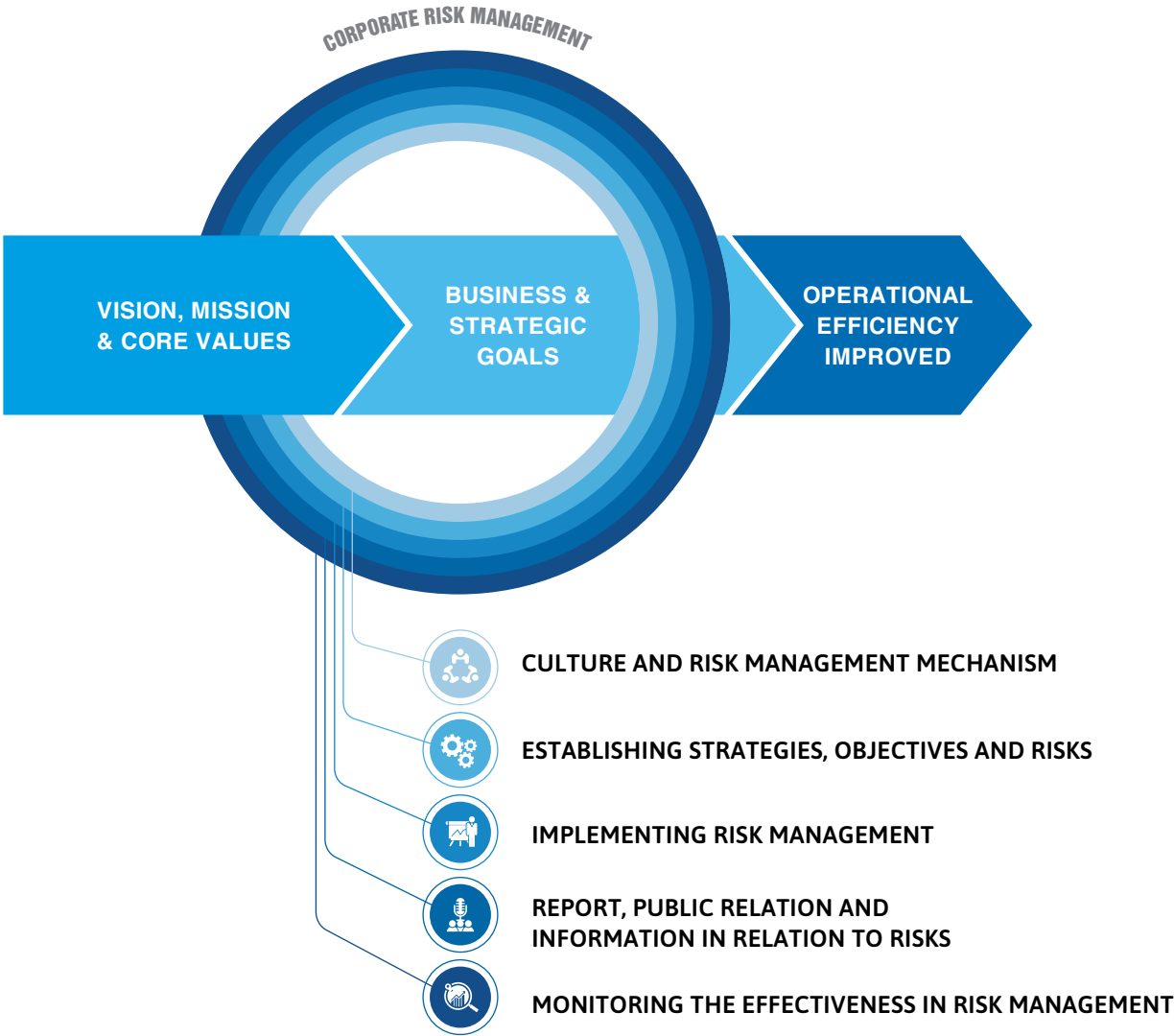


ORIENTATION & STRATEGIES FOR SUSTAINABLE DEVELOPMENT

CORPORATE RISK MANAGEMENT

Corporate risk management refers to the process of identifying, evaluating, managing and controlling incidents or situations that are likely occur in order to ensure the achievements of the Company’s goals”.

RISK MANAGEMENT FRAMEWORK



CULTURE AND RISK MANAGEMENT MECHANISM

The Company develops ethical values, codes of conduct, and understanding of risks in the Company. It also creates risk management mechanism, which is a set of mottos and perspectives on risk management from the BOD and managers, consolidating the importance of risks from different levels of management and establishing responsibilities in supervising and managing risks in the Company.



ESTABLISHING STRATEGIES, OBJECTIVES AND RISKS

Risks are identified based on the strategies, objectives and relevant factors in the Company; determining acceptable degrees of risks in relation to planning strategic tasks of the Company. Business objectives also ensures that these strategies are implemented in practice and regulates daily activities of the Company.



IMPLEMENTING RISK MANAGEMENT

The Company identifies and evaluates risks in relation to the accomplishment of its strategies and objectives. Risks are classified on a priority level, based on its impact, possibility to happen and the extent of risk acceptance. In addition, supervision of the implementation results is also conducted that form the basis for proposals for auditing.



REPORT, PUBLIC RELATION AND INFORMATION IN RELATION TO RISKS

The Company utilizes suitable and high quality information to support the risk management process as well as updates, implements PR activities. Data and information are managed constantly and repeatedly to collect and share information within the Company.



MONITORING THE EFFECTIVENESS IN RISK MANAGEMENT

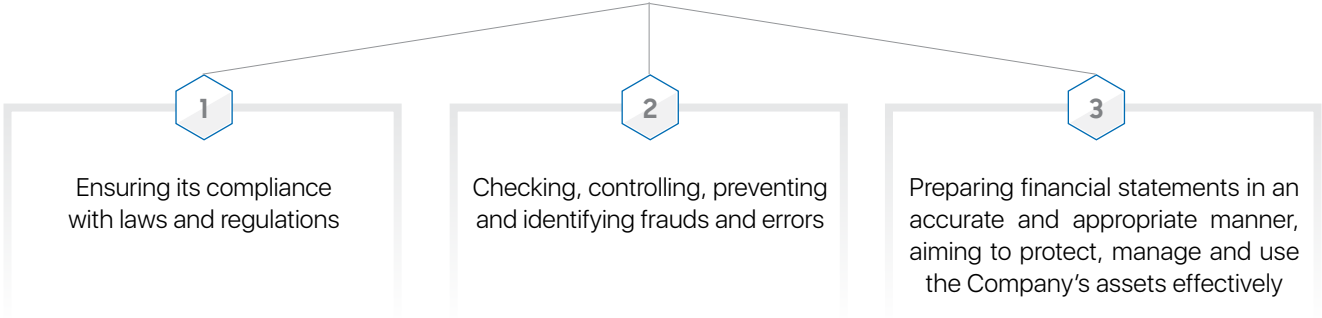
Monitoring the effectiveness in risk management activities when implemented in order to thoroughly understand the operating process and its adaptation to important changes of risk management elements.



ORIENTATION & STRATEGIES FOR SUSTAINABLE DEVELOPMENT

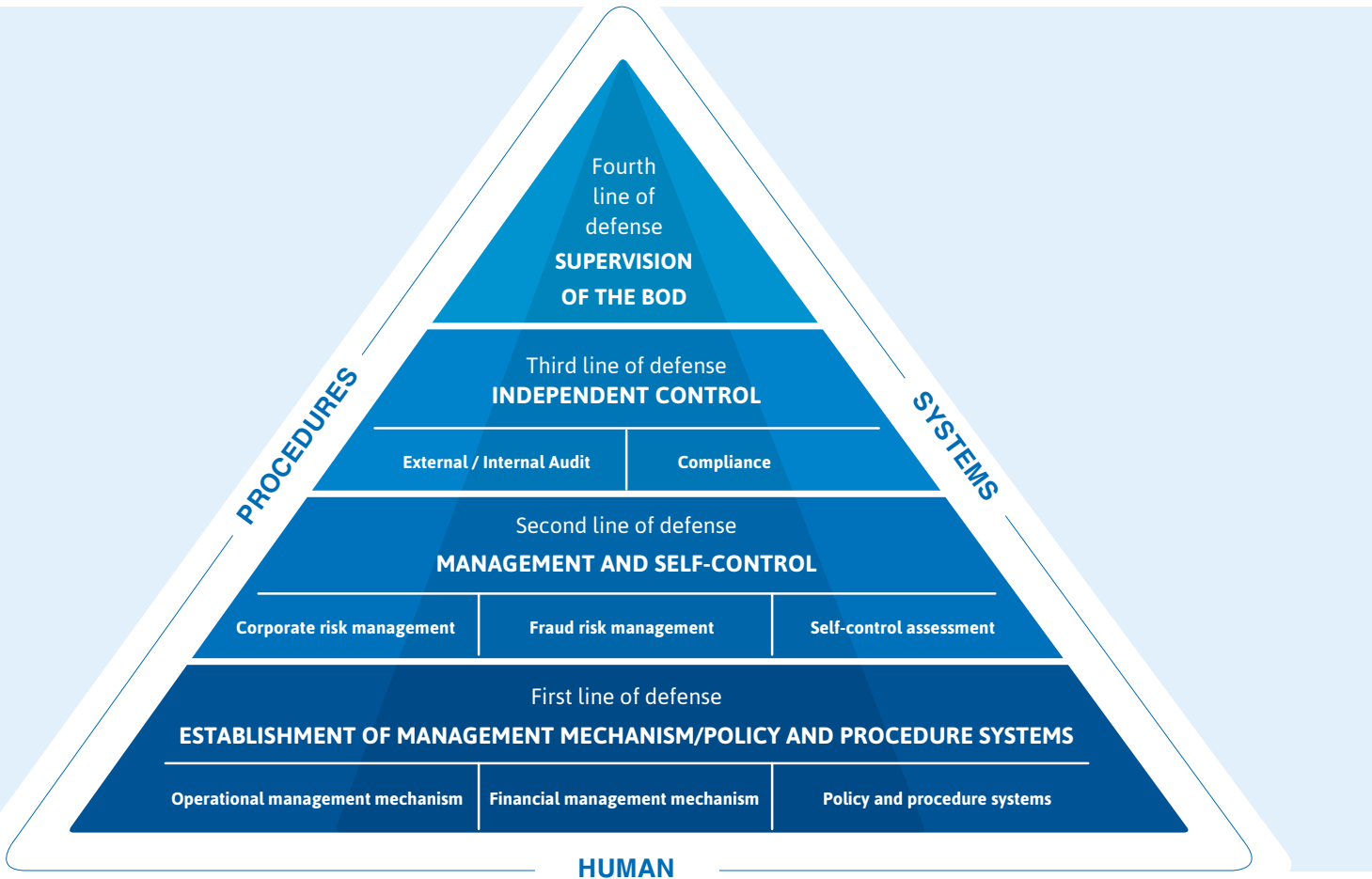
INTERNAL CONTROL SYSTEM

DHG Pharma has always been trying to perfect the construction of its internal control system for the purpose of:



The internal control system includes controlling the environment, accounting system and controlling procedures, which are constructed through the development of added policies and regulations such as regulations in relation to authority decentralization, advance payment management and payment.

IN ORDER TO ACHIEVE STRATEGIC OBJECTIVES UNTIL 2020, DHG PHARMA' RISK MANAGEMENT SYSTEM IS CURRENTLY ORIENTED TO BE DEVELOPED IN ACCORDANCE WITH THE FOLLOWING MODEL.



THE FIRST LINE OF DEFENSE

The first line of defense was gradually perfected in 2017 through reviewing, constructing and completing a system of internal regulations and procedures for the Company that are accorded with both the legal system and the Company's activities.

Especially, in 2017, DHG Pharma reviewed and standardized the procedures for activities of departments

in the Company's headquarter. In total, 170 procedures have been issued, which will soon be officially applied in early 2018 and imparted to all staff for compliance.

As projected, in 2018, DHG Pharma continues to review and standardize key procedures for the Market Sector, aiming to create tools for managing and monitoring activities of the Sector.

THE SECOND LINE OF DEFENSE

In relation to compliance-checking activities and completing the internal control system, the Internal Control Department has completed the following procedures in 2017:

In addition, the Internal Control Department also proposed solutions to improve the effectiveness and strictness of the control system. Also, in most inspections, the Executive Board worked closely with the Internal Control Department to minimize existing limitations and gradually perfecting the internal control system in each unit.

To prepare for changes in the organization structure in 2018 and raise awareness about compliance and risk management, the Executive Board, in addition to enhanced checking of compliance and perfecting the internal controlling system, has suggested to incorporate compliance criteria into the KPI evaluation scheme for different levels of the management hierarchy.

To establish foundations for the implementation of a comprehensive risk management scheme in its strategies until 2020, DHG Pharma, in 2018, initiated to develop "The Risk Management Handbook" at a basic level which aims to:

- Establish an understanding of risk managements for all units.
- Enhance awareness and responsibility in relation to risks.

Risks are jointly identified, analyzed and evaluated by the head and vice-head of different departments and sectors, which helps the Company measure its impact from high to low levels, from which plans are proposed for fixing or dealing with risks when happening. These helps minimize risks to a manageable and acceptable level.





ORIENTATION & STRATEGIES FOR SUSTAINABLE DEVELOPMENT

THE THIRD AND FOURTH LINES OF DEFENSE

The internal control department under the BOD, has functioned since the 2<sup>nd</sup> quarter of 2017, which aims to build up a good management system by operating the 3<sup>rd</sup> line of defense.

THE REGULATION FRAMEWORK APPLIED FOR INTERNAL CONTROL

Internal control is a process designed to provide suitable guarantee that the Company can achieve its objectives including:



Aspects	Principles
CONTROLLING ENVIRONMENT	<div>1. Integrity and ethical values.</div> <div>2. Figures that support the Board of Directors perform their managing tasks.</div> <div>3. The Company's organization structure and power and responsibility allocations.</div> <div>4. Procedure for attracting, developing and retaining talented staff.</div> <div>5. Ensuring the reporting responsibility: Solutions for effective measuring, incentives and rewards.</div>
RISK ASSESSMENT	<div>6. Suitable and specific objectives.</div> <div>7. Identify and analyze risks.</div> <div>8. Assess risk of frauds.</div> <div>9. Identify and analyze important changes.</div>
CONTROLLING ACTIVITIES	<div>10. Select and develop controlling activities.</div> <div>11. Accurate application and procedures.</div>
INFORMATION AND PUBLIC RELATIONS	<div>12. Use information appropriately.</div> <div>13. Internal public relations activities.</div> <div>14. External public relation activities.</div>
SUPERVISION	<div>15. Constant and separate evaluation.</div> <div>16. Assess communication between sets of information.</div>

IN OPERATING, DHG PHARMA HAS IDENTIFIED A NUMBER OF RISKS, WHICH ARE NOW BEING MONITORED AND CONTROLLED AS FOLLOWS

A hand is shown holding a red rectangular block with the words 'RISK MANAGEMENT' written on it in white, bold, capital letters. The block is tilted. In the background, there are several light-colored wooden blocks of various sizes, some standing upright and some lying flat, creating a textured, 3D effect.

	LEGAL & COMPLIANCE RISKS
	ENVIRONMENTAL RISKS
	MARKET RISKS
	FLUCTUATION RISKS ON INTEREST RATES, EXCHANGE RATES, CREDIT & LIQUIDITY
	RISKS IN PRODUCTION
	RISKS IN RESEARCH AND DEVELOPMENT OF NEW PRODUCTS
	RISKS OF COUNTERFEIT & FAKE GOODS



## ORIENTATION & STRATEGIES FOR SUSTAINABLE DEVELOPMENT



### LEGAL AND COMPLIANCE RISKS

Laws, sub-law documents, regulations of the industry and tax guidance, which are frequently changed and not synchronous, significantly impact business results and orientation of the Company.

The risk of litigation, dispute, and compensation may occur if the Company does not regularly update and have a thorough understanding of new regulations.

#### SOLUTIONS FOR LEGAL & COMPLIANCE RISK MANAGEMENT

Compliance with laws is one of the Company's ethical values, which is specified in the Company's regulations and cultural identity.

In order to enhance compliance, the Legal Department performs the following basic functions:

- 1 Reviewing, developing and improving the system of internal regulations and procedures of the Company in accordance with laws and the Company's activities.
- 2 100% of contracts and agreements signed are reviewed by legal specialists.
- 3 Updating legal changes related to the Company's activities as well as disseminating to each department and specialized functions.
- 4 Advising the BOM and its subordinate units on the procedures for implementing investment projects, joint venture cooperation contracts, sales policies and other matters related to the laws.



### ENVIRONMENTAL RISKS

In recent times, environmental pollution has become an urgent issue that requires special attention from enterprises, especially pharmaceutical companies in Vietnam. Being aware of the importance of the issue, sustainable development and environmental protection has always been integrated into DHG Pharma's strategies. Simultaneously, DHG Pharma has always ensured its compliance with the State's regulations on exhaust fumes, emission, and waste.

#### SOLUTIONS FOR ENVIRONMENTAL RISK MANAGEMENT

- 1 Making reports on sustainable development report annually to evaluate the sustainable development goals in comparison with the Company's set business strategies and plan. Identifying key impacts from the business activities on the environment and society in order to propose effective measures to minimize risks.
- 2 Strictly complying with regulations related to sustainable development in the entire system of DHG Pharma, especially regulations on environmental protection, occupational health and labor safety.
- 3 Inspecting and measuring indicators on wastewater, waste, exhaust fumes, and so forth are conducted on a regular basis, quarterly and annually, in cooperation with specialized units to ensure the safety of the working environment as well as the discharging of water into the environment. At the same time, measures for environmental incidents in case of emergency are also timely provided.



### MARKET RISKS

DHG Pharma determines the followings as possible market risks:

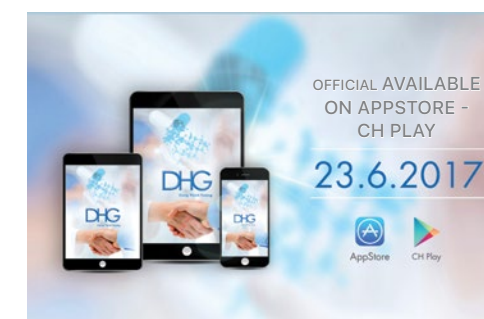
Shrinking of its market share, and the risk of being caught up by competitors in the next 5-10 years unless the Company makes appropriate breakthroughs and strategies.

Pressure of quick growth will easily lead to exceeding growth and loss of control over the operation of the sales system.

Circular 01 of the Minister of Health on bidding of drugs procurement in hospitals created significant impacts and reduced the revenue of DHG Pharma's hospital channel as well as affected the Pharmacy channel.

New regulations on drug registration number, dietary supplements, the approval of advertising tools, and so forth have become increasingly tight and difficult. These involves a lot of effort, cost, and time, and greatly influences on the strategy of developing new brands, products and operation of the Company's new factory.

The fourth industrial revolution 4.0 has created a strong impact on enterprises in various fields such as manufacturing - automation, finance - banking, transportation, tourism,... Pharmaceutical companies are no exception. In fact, these companies even need to seize the opportunities to change more rapidly because of domestic and foreign competitive pressures and higher requirements of the customers. The enterprises need to quickly map out technology-based plans and strategies to apply in all phases of their chain operations.



#### SOLUTIONS FOR MARKET RISK MANAGEMENT

Periodical monitor and supervision of the implementation of strategic objectives need to be in place in order to achieve the following objectives:

- Annual revenue growth of 15% per year for the period 2016 - 2020.
- Being the largest Generic Pharmaceutical Enterprise in Vietnam.
- Being a pharmaceutical enterprise with the most professional, deepest and widest distribution channels, focusing on the development of biotech products with scientific and technical contents, M&A or joint ventures to increase the Company's values, etc.

1 Maintaining the proportion of the hospital channel by 10% or above is the objective of the Company 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, that is especially responsible for developing biddings and implementing cost reduction measures in order to improve the competitiveness of prices when bidding, etc.

2 Since registration of products is getting increasingly difficult, it is important for the Company to focus on the list of existing product portfolios. To expand its market with registered products, the Company needs to focus on such strategies as continuing to invest in trademark and key locations, classifying customers and implementing "detail - regular - not overlooking customers".

3 Upgrading its production plant to GMP PIC/s standard to increase competitiveness in exports.

4 Taking cognizance of the opportunities and importance of the industrial revolution 4.0, DHG Pharma has proactively utilized an application on mobile devices for customers such as **App DHG Co-Prosperity**. This application is expected to bring customers a new experience of modernity, convenience as well as optimize the operation of the distribution system such as closely monitoring the sales of customers, supervising the ordering and delivery data of agents to fully exploit the market potential, implementing the commercial support programs for customers in an optimal way, measuring the performance,... At the same time, DHG Pharma has implemented **App Magic Mirror** to all employees in order to educate and train them to become more professional.



ORIENTATION & STRATEGIES FOR SUSTAINABLE DEVELOPMENT

FLUCTUATION RISKS ON INTEREST RATES, EXCHANGE RATES, CREDIT AND LIQUIDITY



With its 80% imported medicinal ingredients, DHG Pharma is prone to input factors such as foreign exchange rates, price fluctuations for raw materials, import tax policies...

**Regarding the risk of the exchange rate:** The Company's solutions include regular updates and forecasts of exchange rate fluctuations through relationships with banks. The company also performs L/C contracts so that banks can make payment to hedge the risks of foreign currency shortage.

**With respect to price fluctuations for raw materials:** The Company trades in raw materials in bulk to take the negotiating advantages in terms of prices and selecting many reputable suppliers. In addition, it is possible for the Company to grasp the trend in using raw materials and developing new products. The Purchasing Department

regularly makes forecasts from the beginning of the year to develop reasonable plans for purchasing contract during the year.

Each new material source used in production needs to be monitored for stability for at least 06 months. DHG Pharma already has plans to increase its selection with many other reputable suppliers and the stability of the material is also being tested.

Risks on credit and interest rate of the Company are mainly affected by bank deposits and customer receivables. However, the number of deposits will continue to be strongly disbursed in subsequent years for dividends and investments. Therefore, it is projected that the risk involved deposits will decrease gradually in subsequent years. Instead, the main risk will be related to liquidity at certain times when the Company needs loan capital to finance its working capital.

RISKS IN PRODUCTION

In drug manufacturing, DHG Pharma is always been aware of and strictly complied with the production processes, regulations on labor safety and fire prevention and fighting, the use of equipment to minimize risks. Simultaneously,

the Company has paid great attention to investment in technology innovation, incident prevention, inspection of working environment, improving working conditions, periodical training on safety, and fire prevention.

RISKS IN RESEARCH AND DEVELOPMENT OF NEW PRODUCTS

One of the contributing factors to the success of the enterprises is the continuous innovation and improvement of products, development of completely new products, and expansion of the product line to meet the market demand, and sentiment of customers. Recognizing the importance of product development, DHG Pharma has further invested in R&D activities and the cost of Investment and development fund. As a result, every year, the Company researches and launches averagely 5-8 new products into the market. Before being launched into the market, these products have undergone extensive analysis, investigation, research, testing and evaluation of the competent authorities.



RISKS OF COUNTERFEIT AND FAKE GOODS

Currently, the low-quality goods and goods infringing intellectual property rights in the pharmaceutical industry has become a real concern for the pharmaceutical companies that compete fairly in the market. The problem of counterfeit and pirated goods has seriously damaged the prestige of enterprises, especially for pharmaceutical companies because poor-quality products directly pose threats to consumers' health.

Therefore, the Company has always been aware of protecting its products by improving the quality, design and packaging, being stunning, eye-catching, which helps the consumers easily identify the products. Furthermore, the Company has always paid attention to invest in brand promotion and trademark registration.





## ETHICS AND INTEGRITY

“ Adopting the motto **“Let DHG Pharma Essence be the Company Pride”**, we consider this as the target with determining significance for the longevity and development of DHG Pharma”.



Annually, "Walking and donating Piggy bank for the Poor" has become a unique cultural identity of DHG Pharma.

While the success of a business can be credited to many reasons, the very root of these reasons lies in the personnel resource. In order to obtain a committed and wholeheartedly dedicating workforce, DHG Pharma is supposed to establish a system of standards for business behaviors (better known as DHG Pharma Cultural Character - CC).

The establishment and implementation of the CC is to help every staff member be fully aware of their behaviors and adopt appropriate working styles and routines so that they could have rational conducts in every specific circumstance. This requires the understanding, solidarity and sense of responsibility from every single member of

DHG Pharma. Once the Cultural Character is well established and properly followed by all staff, the faith and pride in our company will be vastly enhanced. The working motivation will also be improved and a friendly, cooperative and effective working place will be in place. As a result, the labors' physical and mental wellbeing will also be maintained and enriched.

DHG Pharma Cultural Character is a bridge for all cooperative and reciprocal relationships among members in the Company; between DHG Pharma and the authorities; between DHG Pharma and partners, customers and shareholders on the foundation of trust, harmony of interests, solidarity and respect.

The Cultural Character should be strictly complied not only within the Company but also in daily life in order that the people, traditions and the CC itself will be further strengthened. To adopt a **"one for all"** attitude, every member is supposed to get rid of egoistic habits and self, alleviating the formation of distinctive personality and style of DHG Pharma which can be easily recognized in any social context.

The values of the Cultural Character allow us to steer and conceive properly our daily activities. However, only when every member knows how to integrate the significance and responsibility reflected in the regulations in his or her own practice can the CC work. The outcomes will be the substantial enhancement of the staff's professionalism, confidence and pride in being part of DHG Pharma, a consistently leading company in the pharmaceutical industry of the country in many years.

## TRADITIONAL ACTIVITIES OF THE COMPANY



### QUARTERLY MEETING

On the first Monday of every quarter, all of the staff will dress formally to salute the national flag, sing the national anthem and the official song of DHG Pharma. A representative from the Board of Management will present the operation status, results of producing - trading - investing activities and others which happened in the previous months. The plans for the upcoming months are also provided.



### VISITS TO MARTYRS' CEMETERY

Annually, the Labors' and Youth Unions hold a visit to the local martyrs' cemetery to remind the staff of the soldiers who heroically sacrificed themselves to offer us the peaceful life today. This activity usually takes place on the occasion of Liberation Day (April 30<sup>th</sup>) every year.

### WALKING FOR DISADVANTAGED PATIENTS AND PIGGY BANK FOR DISADVANTAGED PATIENTS

This program is usually conducted annually on September 2<sup>nd</sup> - the birthday of the Company. It is aimed at raising the staff's consciousness in sharing with communities. This program has also been appreciated and supported by many customers, partners, suppliers and shareholders.



### ON THE SOURCE

DHG Pharma was formerly the 2/9 Pharmaceutical SOE Factory and was founded on 02 Sept 1974 at Kenh 5 Dat Set, Khanh Lam Commune, U Minh District, Ca Mau Province. Now it is known as Van Khanh Commune, An Minh District, Kien Giang Province. **On the source** is a program allowing the staff of DHG Pharma to visit historical sites which used to be military bases in order to encourage young generations to respect the past to have a better vision to the future.



### LUNAR NEW YEAR

This is the occasion when all the staff across the country get together at the Company to look back the past year and celebrate. Also, on this occasion, excellent and typical individuals will be accredited and given a chance to share their challenges during the past year and expectations for the year to come.



## ETHICS AND INTEGRITY



DHG PHARMA

### CORE VALUES - CODE OF CONDUCT

Adopting the motto “Let DHG Pharma Essence be the Company Pride”, we consider this as the target with determining significance for the longevity and development of DHG Pharma.

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.

### OUR HIGHEST COMMITMENTS ARE QUALITY, SAFETY, AND EFFECTIVENESS



**With 5 major concerns of DHG Pharma as below:**

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

### THE FOUNDATION FOR OUR DEVELOPMENT IS KNOWLEDGE AND CREATIVITY



**The human factor is a valuable resource; hence, DHG PHARMA always cares about the following matters:**

- Employees are properly trained and 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.
- Creativity, self-improvement, innovation, and self-perfection are encouraged 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.

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



- Seeking and keeping the most suitable people from all professional disciplines. We want our employees to be satisfied with the assigned work; therefore DHG Pharma constantly strives to create a good working environment.
- Making all employees understand that no matter what position they hold, they are all an indispensable part of the Company.
- Defining and describing clearly the 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 a fair assessment of qualifications and work results of each employee, team's achievement and market value.



## ETHICS AND INTEGRITY

### OUR PRIDE IS DHG PHARMA'S CULTURE AND IDENTITY



- To DHG Pharma, ethics is considered the potential intrinsic value, the instructions in daily actions, important factors determining 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 staff 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 at the best value that everyone recognizes and 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 growth.
- Building a committed and loving community from members who are good at their jobs yet thriving to improve personalities.
- Taking the DHG'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 to both their families and their work to contribute to long-term development.



### 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 of the laws and regulations in order to ensure and reinforced the faith of consumers, customers, investors, stakeholders and the whole 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-abiding operations.

### 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 the shaping of 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.



ETHICS AND INTEGRITY



OUR ACTIVITIES ALL CENTER AROUND THE BENEFITS OF THE COMMUNITY



Contributing to the community from DHG Pharma staff through regular activities and practical actions.

- 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, health and safety, and promoting responsibility to increase the 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 everyone keeps bearing in their minds the gratifying actions and manners toward those who have contributed to the establishment and development of the Company. Also, all employees support positively to charity campaigns when occurring disasters, floods, etc.
- Taking care and educating the employees’ children, giving them with pride about the Company. Nurturing future generations.

MORAL VALUES OF THE COMPANY

“DHG Pharma determines to become a reputable and professional company, guided by the right and appropriate policies and led by the appropriate fundamental ethical principles”.



HONORED MORAL VALUES OF EMPLOYEES

- Compliance with the constitution and the laws 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 that have to be in compliance with the laws.
- Information confidentiality, managing, utilizing and protecting assets of the Company.
- Optimizing and increasing value added to all stakeholders but do not trade profit 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 and 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, who requires training, caring, respecting and treating fairly.

- 01 Responsibilities
- 02 Professionalism
- 03 Creativity
- 04 Loyalty
- 05 Dedication
- 06 Placing group interests on top of personal interests
- 07 Solidarity - Affectionate - Sharing
- 08 Respectful, grateful to those who contributed to the development of the Company



CULTURES OF COMPLIANCE  
AND RESPONSIBILITY IN 2018



CULTURE OF COMPLIANCE



CULTURE OF RESPONSIBILITY

STAY COMMITTED TO THE **3** FOLLOWS  
**FOLLOW** REGULATIONS  
PROCESSES  
STANDARDS

**AVOID** **3** NOT EXPERT  
BEING A  
DO NOT KNOW HOW TO EXECUTE  
CANNOT EXECUTE  
DO NOT CARE

IN ALL CASES, KEEP ABIDING BY **3** PRINCIPLES  
TRUTH  
HONESTY  
USEFULNESS

**GIVE THE BEST**  
OF YOURSELF WHEN AT WORK

WHEN ISSUES ARISE, TAKE  
**PERSONAL**  
**ACCOUNTABILITY**

IF THE PLAN DOES NOT WORK,  
REPLACE IT WITH A NOVEL  
ONE BUT  
**REMAIN THE SAME TARGETS**

GET TOGETHER **WE COMMENCE**  
STICK TOGETHER **WE PROGRESS**  
WORK TOGETHER **WE SUCCEED**





## CODE OF CONDUCTS WITH STAKEHOLDERS

### WITH CUSTOMERS

#### WITH CUSTOMERS - CONSUMERS



#### A. ALL ACTIVITIES OF ALL MEMBERS OF THE COMPANY MUST AIM TO BUILD CONFIDENCE AND 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 providing customers with products and services promptly through an extensive distribution system.

The Company always refrains from deceiving customers, consumers about the quality and safety of products as well as the truthfulness of the advertisements, promotions.

The Company implements 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.

The Company ensures 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 AND CONSUMERS

Detecting and promptly notifying competent authorities and educate customers to identify counterfeit. 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 consultation 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...



Ceremony to honor DHG Pharma’s VIP customers in 2017 in Phu Quoc.

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 delivering products on time, with good quality and after-sales services. Furthermore, we regularly hold customer conferences to commend and praise agents and distributors with excellent business achievements, in order to encourage the spirit for the upcoming business activities and long-term association 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”.



## CODE OF CONDUCTS WITH STAKEHOLDERS

### WITH SHAREHOLDERS AND 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.



Annual General Meeting of Shareholders of DHG Pharma on 28 March 2018.

- To disclose 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.
- Be fair in the exchange and transparent in the disclosure of information to ensure equal investment opportunities for all investors.
- Maintain effective communication channels 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.
- Never 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



Year - end ceremony in 2017 - Labor Conference.

- 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 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 ensuring 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.
- The Company shows the most profound respect for the individual rights of workers, their religious preferences unless they are superstitious.

### WITH SUPPLIERS AND PARTNERS

DHG Pharma obeys laws in terms of transactions with suppliers and follows the principles as below:

- The Company ensures fair and transparent competition between suppliers, contemplating on the objective benefits that the supplier bring to the Company on the basis of mutual prosperity.
- The Company will not rely too much on economies of scale to mistreat suppliers, have arrogance or other attitude problems, making suppliers wait too long.
- The Company also never use personal positions to ask for "commission" or gifts from suppliers for personal gain.
- The Company never go back on the confidentiality by disclosing classified information of suppliers to their competitors.



Valenta Pharmaceutical Company (Russia) visits DHG Pharma.

### WITH THE GOVERNMENT AND STATE AGENCIES

Do not perform illegal acts to censor information, which is beneficial to the Company or any individual.

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

Fulfill 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.



DHG Pharma attends Vietnamese Doctors' Day Celebration.



## CODE OF CONDUCTS WITH STAKEHOLDERS

### WITH THE MEDIA AND PRESS

Today, 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.



Opening ceremony of "Special White Blouse Mission" Gameshow.

### 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 the dedication of high-quality products, that aims to build a foundation for the society which always leads a healthy and beautiful life.

**"Care and Share"** is one of three long-lasting norms of DHG because we are fully aware of the importance of care and share in disease prevention and treatment in communities. During the past years, besides consistently ameliorating products quality to fulfill the communities' need to stay healthy, DHG Pharma has frequently got involved



Piggy bank for poor patients in 2017.

in such social activities as contributing to Golden Hearts Fund, inaugurating the funding campaign for underprivileged patients, establishing Blood Donating Club with more than 500 members, supporting rescue missions, offering aids to people affected by natural disasters and so on.

## STAKEHOLDER ENGAGEMENT

DHG Pharma reaches out to stakeholders through multiple interactive channels and various forms. We always find out the aspirations and interests of our stakeholders so that the Company's activities will become more and more effective, especially the issues of:



## GENERAL MANAGEMENT METHOD

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.

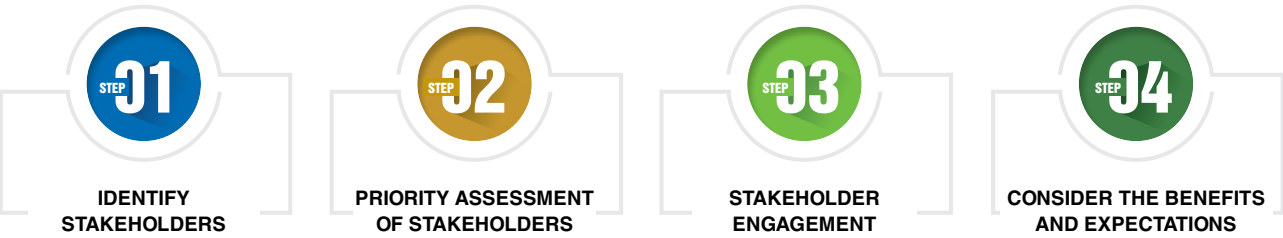
DHG Pharma reaches out to stakeholders through multiple interactive channels and various forms. We always find out the

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 & environmental protection.



STAKEHOLDER ENGAGEMENT

DHG PHARMA’S STAKEHOLDERS



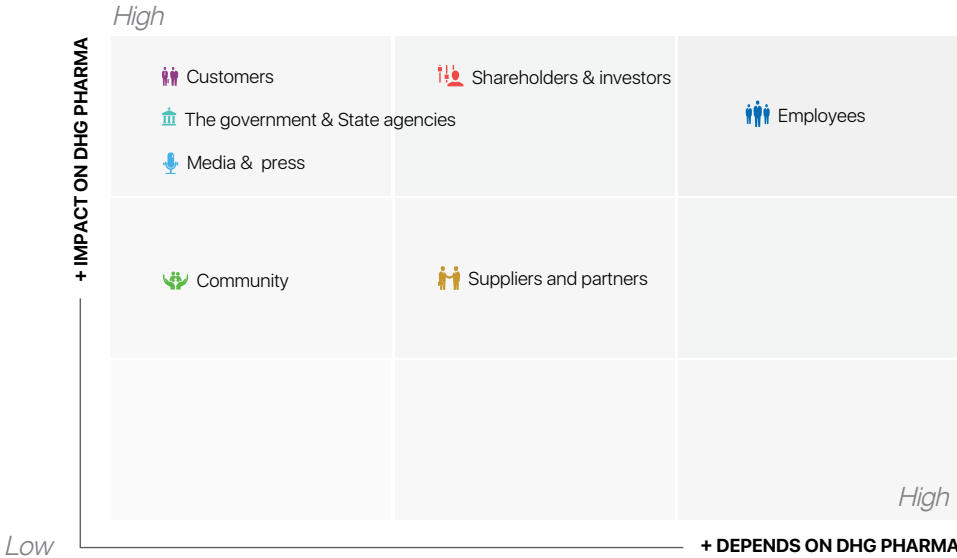
Step 01: IDENTIFY STAKEHOLDERS

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:



THE IMPORTANT STAKEHOLDERS OF DHG PHARMA ARE IDENTIFIED AS FOLLOWS:





Step 02: PRIORITY ASSESSMENT OF STAKEHOLDERS

We classify, prioritize stakeholders based on their impact and influence 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.

Step 03: STAKEHOLDER ENGAGEMENT

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

Stakeholders	Interactive channels	Main contents	Frequency
 CUSTOMERS - Consumers	Face to face meetings, information exchange via mobile/email with sale staff, consultants and service providers	• Product quality provided.	Frequently
	Organization of seminars, conferences, health care talks	• The level of safety and impact associated with users’ health.	At an event
	Customer care unit and hotline of related departments	• Side effects.	24/7
	DHG Pharma’s website, social network: facebook, forum,...	• Reasonable price policy.	Frequently
	Market research	• Maintaining and improving the loyalty of consumers.	Frequently
 CUSTOMERS - Agents, distributors, hospitals, medical centers,...	Face to face meetings, information exchange via mobile/email with sale staff, consultants and service providers	• Product and service quality.	Frequently
	Organization of annual seminars, customer conferences in order to honor outstanding agents and distributors	• Safe and effective for patients.	At an event
	Customer care unit and hotline of related departments	• Customers’ satisfaction.	24/7
	DHG Pharma’s website, social network: facebook, forum,...	• Pricing policy, promotion programs and post-sale programs.	Frequently
	Market research	• Maintaining and improving the loyalty of agents, distributors, hospitals, medical centers, etc.	Frequently



STAKEHOLDER ENGAGEMENT

Stakeholders	Interactive channels	Main contents	Frequency
 SHAREHOLDERS & INVESTORS	Quarterly face to face meetings or as requested		Quarterly/ At an event or as requested
	Via email	<ul style="list-style-type: none"><li>Business results.</li></ul>	Frequently/As requested
	Annual general meeting, extraordinary general meeting, general meeting by solicitation of shareholders	<ul style="list-style-type: none"><li>The Company's operation and applicable regulation and policies.</li><li>Development orientation and strategies.</li></ul>	Annually/ as it is arisen
	IR news		Quarterly
 EMPLOYEES	DHG Pharma's website		Frequently
	DHG Pharma's website, mobile, email, etc		Frequently
	Face to face meetings, information exchange with the Company's union	<ul style="list-style-type: none"><li>Work efficiency is commensurate with salary, bonus and welfare.</li></ul>	Annually/ At an event or as requested
	Internal training programs	<ul style="list-style-type: none"><li>Available regimes and policies.</li><li>Occupational health and labor safety.</li><li>Tight relationships with colleagues.</li></ul>	Frequently
	The Company's internal programs: Labor conference, the Company's traditional days year-end party, family day, International Women day, sports, music performances, etc.	<ul style="list-style-type: none"><li>Comfortable, respected working environment &amp; training job development skills.</li><li>Enhancing employees' loyalty.</li></ul>	Frequently
	Carry out employee's surveys on the working environment		Annually
 SUPPLIERS & PARTNERS	Face to face meetings, information exchange via mobile and email	<ul style="list-style-type: none"><li>Reasonable pricing policy.</li></ul>	Frequently
	Transparently disclose information in paper such as bidding price, raw materials cost, ...	<ul style="list-style-type: none"><li>Product quality provided.</li><li>Ensuring stable raw material sources.</li></ul>	Frequently
	Organization of conferences & programs connecting & improving relationships with suppliers	<ul style="list-style-type: none"><li>Researching suppliers meeting production environment and employee safety.</li></ul>	At an event
 THE GOVERNMENT & STATE AGENCIES	Factory visits and checks	<ul style="list-style-type: none"><li>Topics in terms of laws and State management.</li></ul>	At an event
	Report and require for instructions		At an event
	Participation in conferences, seminars in terms of Medical sector organized by the government and Ministerial level authorities	<ul style="list-style-type: none"><li>Market and industry trends.</li></ul>	At an event
	Participation in relevant organizations and associations	<ul style="list-style-type: none"><li>Difficulties the enterprise is facing in the progress of implementing policies and regulations.</li></ul>	Frequently
 MEDIA & PRESS	Information disclosure, press conference		At an event
	Interview, press release when an event takes place.	<ul style="list-style-type: none"><li>Transparently disclose annual operation and production results.</li></ul>	At an event
	DHG Pharma's website		Frequently
	Social media: facebook, youtube,...	<ul style="list-style-type: none"><li>Disclose information when an important event takes place.</li></ul>	Frequently
	DHG Pharma's newsletter		Frequently
 COMMUNITY	Face to face meetings		Frequently
	Organization of seminars, medical examinations	<ul style="list-style-type: none"><li>Implementing health care for people.</li></ul>	At an event
	Coordination with local authorities	<ul style="list-style-type: none"><li>Supporting disadvantaged people.</li></ul>	At an event
	Press	<ul style="list-style-type: none"><li>Creating jobs.</li></ul>	At an event

Step 04: CONSIDER THE BENEFITS AND EXPECTATIONS

The primary and important goal of DHG Pharma is to create lasting value for stakeholders. To achieve this goal, DHG Pharma understands the importance of maintaining effective interaction and dialogue with the stakeholders based on trust, transparency and consistency in all activities of DHG Pharma, and also promote ethical standards, the corporate culture that DHG Pharma has maintained and promoted in over 44 years.



Stakeholder engagement in the policies and operations of DHG Pharma

Stakeholders	Concern	DHG Pharma's action	Value added
 CONSUMERS	<ul style="list-style-type: none"><li>Quality, product efficiency, safety level for consumer health.</li><li>A diversified product portfolio that meets the needs of different customer groups.</li><li>Products are sold at reasonable prices, easy to access to all kinds of customers.</li><li>Good customer service.</li></ul>	<ul style="list-style-type: none"><li>Continuously improve the technology, modern production lines to bring high-quality products, strictly controlled by the closed process of product safety.</li><li>Promote research and development of products in order to create products of high efficiency and better meet the needs of consumers.</li><li>Expand distribution channels nationwide so that consumers can easily access products of DHG Pharma</li><li>Be willing to answer questions from customers and actively organize conferences, seminars,... Consulting to improve knowledge about health protection and use the product in the most effective way.</li></ul>	<ul style="list-style-type: none"><li>Guarantee the quality of products - 22 consecutive years as "Vietnamese high-quality goods" voted by consumers.</li><li>Help the consumers easily access and purchase products through the distribution network, wholesale and retail stores nationwide and e-commerce channels.</li><li>Answer all inquiries of consumers through the customer service department, the Company hotline or related departments.</li></ul>
 AGENTS, DISTRIBUTORS, HOSPITALS, MEDICAL CENTERS,...	<ul style="list-style-type: none"><li>Brand prestige and product quality.</li><li>Diversified, high-quality products, bring a high therapeutic effect.</li><li>Sales policy on the principle of win-win.</li><li>Dedicated, caring customer service.</li><li>IT application in supporting sales.</li></ul>	<ul style="list-style-type: none"><li>Ensure the sustainable development of the enterprise with the commitment to relentlessly improve product quality. Enhance brand prestige through prestigious awards in VN and abroad.</li><li>Promote the research and development of new products with high-quality and effective treatment.</li><li>Implement the sales policy on the principle of mutual development in a win-win spirit.</li><li>Integrate information technology in the distribution process, managing the number of products sold and the inventory in all distributors, agents and pharmacies nationwide.</li><li>Apply IT by releasing the DHG Co-Prosperity mobile app.</li><li>Establish and operate the 03 central warehouses.</li></ul>	<ul style="list-style-type: none"><li>Make the brand prestige become more well-known, ranking in Top 50 of Vietnam's most effective companies.</li><li>Provide high-quality products and a high therapeutic effect. Voted Vietnamese High-Quality Goods by consumers for 22 consecutive years.</li><li>Deliver 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, to bring high value, and serve the customers demand faster.</li><li>Facilitate the customers' experiences with the mobile app. Through the application, customers can find, monitor and update all information related to products, promotions, payment and so on in the most convenient way.</li><li>Ensure fast delivery, quantity and quality of goods delivered to agents, distributors, hospitals, medical centers,...</li></ul>



STAKEHOLDER ENGAGEMENT

Stakeholders	Concern	DHG Pharma's action	Value added
 SHAREHOLDERS & INVESTORS	<ul style="list-style-type: none"><li>• Business performance achieved.</li><li>• Effective use of invested capital.</li><li>• Management capability of the business.</li><li>• Information transparency to secure the interest of investors.</li><li>• The market value of stocks and the value of the business.</li><li>• Dividend payment to investors.</li></ul>	<ul style="list-style-type: none"><li>• Use effectively the invested capital.</li><li>• Complete management model, tight risk control, improve the efficiency of production and business.</li><li>• Disclose information properly, sufficiently, promptly, openly and transparently.</li><li>• Maintain the stock price at a high level.</li><li>• Ensure high and fair dividends for shareholders and investors.</li></ul>	<ul style="list-style-type: none"><li>• Achieve the highest management scores in Vietnam; recognized with many renowned titles: Top 40 Valuable brands, Top 50 Most effective businesses in Vietnam and so on.</li><li>• Disclose information promptly, openly and transparently, ensuring equal investment opportunities for shareholders and investors.</li><li>• Provide a high dividend rate to investors: approximately 35% of annual PAT. Particularly in 2017: advanced dividend payment 25% of dividend, remaining 5% of the dividend.</li><li>• Issue bonus shares at the ratio 2:1 for existing shareholders.</li></ul>
 EMPLOYEES	<ul style="list-style-type: none"><li>• A comfortable working environment without discrimination.</li><li>• Training policies and development opportunities.</li><li>• Bonus, welfare policies and labor conditions</li><li>• Achievements and contributions are properly assessed and recorded.</li><li>• Activities concerning labors' physical and mental wellbeing.</li><li>• Methods for assessing labors equally, objectively and scientifically with KPI.</li></ul>	<ul style="list-style-type: none"><li>• Build a comfortable, safe working environment, with work-life balance, based on the criterion "Our ways of doing business are with responsibility, cooperation, and promotion".</li><li>• Organize internal and external training to improve the professional level of staff, create the best conditions for capacity development and promotion opportunities.</li><li>• Offer weekly training to 100% of the leaders, sales force and other staff members on Magic Mirror App.</li><li>• Properly execute compensation and welfare policies for every position, role and responsibility of the staff.</li><li>• Evaluate the dedication of employees and reward worthy of achievements.</li></ul>	<ul style="list-style-type: none"><li>• Always maintain a comfortable, equal and safe working environment.</li><li>• Continue to promote education and training for staff in 2017. The total duration of training for the whole Company: 75.2 hours/person.</li><li>• Assign KPI for each salesperson to improve compliance, boost the achievement of quantity and sales target, meanwhile ensures fair, objective, transparent and proper rewarding performance.</li></ul>
 SUPPLIERS & PARTNERS	<ul style="list-style-type: none"><li>• Cooperate for mutual development.</li><li>• Use materials effectively, save the energy.</li><li>• Set strict requirements about the quality of raw materials suppliers.</li><li>• Enact specific requirements for projects invested by the Company and the environmental, social issues, especially in the place where the factories are located.</li><li>• Establish criteria for suppliers about their environmental and social responsibility.</li></ul>	<ul style="list-style-type: none"><li>• Implement principles in the spirit of mutual development</li><li>• Use materials efficiently, operating modern production systems and processes to ensure the best product quality.</li><li>• Ensure a large and stable demand for raw material suppliers.</li><li>• Prioritize the selection of suppliers that meet the requirements of management, progress, compliance with law, commitment to environmental and social responsibility.</li></ul>	<ul style="list-style-type: none"><li>• Being a considerable and trustworthy partner of many suppliers and partners.</li><li>• Provide training and transferring technology, planting process to farmers to grow herbal materials, and form the value chain from input to output.</li><li>• Supplement the environmental and social assessments when evaluating suppliers.</li></ul>

Stakeholders	Concern	DHG Pharma's action	Value added
 THE GOVERNMENT, & STATE AGENCIES	<ul style="list-style-type: none"><li>• Comply with the laws.</li><li>• Fulfill tax obligations to the State budget.</li><li>• Carry out business activities responsible for consumer health, environment and society.</li></ul>	<ul style="list-style-type: none"><li>• Strictly comply with the regulations in the laws.</li><li>• Fully implement of annual tax payments to the State.</li><li>• Provide high-quality products and commit to the ethics, business principles.</li><li>• Resolve employment issues and support the local economic improvement.</li><li>• Direct corporate governance towards sustainable development, minimize the impact on the environment and society.</li></ul>	<ul style="list-style-type: none"><li>• Create jobs and stable income for employees, contributing to stabilizing the lives of local people.</li><li>• Enforce effectively the energy and materials saving policies.</li><li>• Lead in the adoption and implementation of sustainable development policies. For instance, won the second prize for the Sustainable development report in 02 consecutive years.</li></ul>
 THE MEDIA & PRESS	<ul style="list-style-type: none"><li>• Disclose information in accordance with regulations, promptly and transparently.</li><li>• Exchange information with the news agency clearly, accurately about the activities of the Company and the industry.</li><li>• Support the production of the "Special White Blouse Mission" Show focused on the humanistic values.</li></ul>	<ul style="list-style-type: none"><li>• Take the initiative in information disclosure through conferences, news conferences, articles, newsletters, press releases,...</li><li>• Increase the amount of information sent to the press through press releases and sending in-depth analysis articles to the press.</li></ul>	<ul style="list-style-type: none"><li>• Stay committed to information published accurately, truly to the actual production and business activities of the Company.</li><li>• Actively publish important information that directly or indirectly influences the decision of the investor, ensuring fair and transparent investment opportunities.</li><li>• Provide valuable, useful information for the community on public health care, alert about poor quality counterfeit goods to enter the market.</li><li>• Coordinate to produce the "Special White Blouse Mission" Show which inspires health professionals to appreciate humanity, keep improving their expertise, enhance responsibility towards their patients. Accordingly, the nobility and humanity of warriors in lab coats on the healthcare and wellness front will be adequately reflected.</li></ul>
 LOCAL COMMUNITY	<ul style="list-style-type: none"><li>• Create jobs and raise income for local people.</li><li>• Offer consultancy activities to improve public health.</li><li>• Carry out methods to minimize the impact on the environment.</li></ul>	<ul style="list-style-type: none"><li>• Support the local economy, contributing to improve the lives of local people.</li><li>• Contribute to the local community in various forms: support victims of natural disasters, free medical examination and medicines for the disadvantaged...</li><li>• Organize many activities, consultation conferences on health care during the year.</li><li>• Strictly follow environmental regulations, especially in the place where factories are located.</li><li>• Make sustainable development become an operating target.</li></ul>	<ul style="list-style-type: none"><li>• Provide knowledge of disease prevention, safe and effective use of products through the media.</li><li>• Visit and offer Tet gifts for the elderly, orphans, disabled children in Can Tho City.</li><li>• Organize monthly trips 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. This activity is conducted by the Executive Committee of the Trade Union of DHG Pharma.</li></ul>



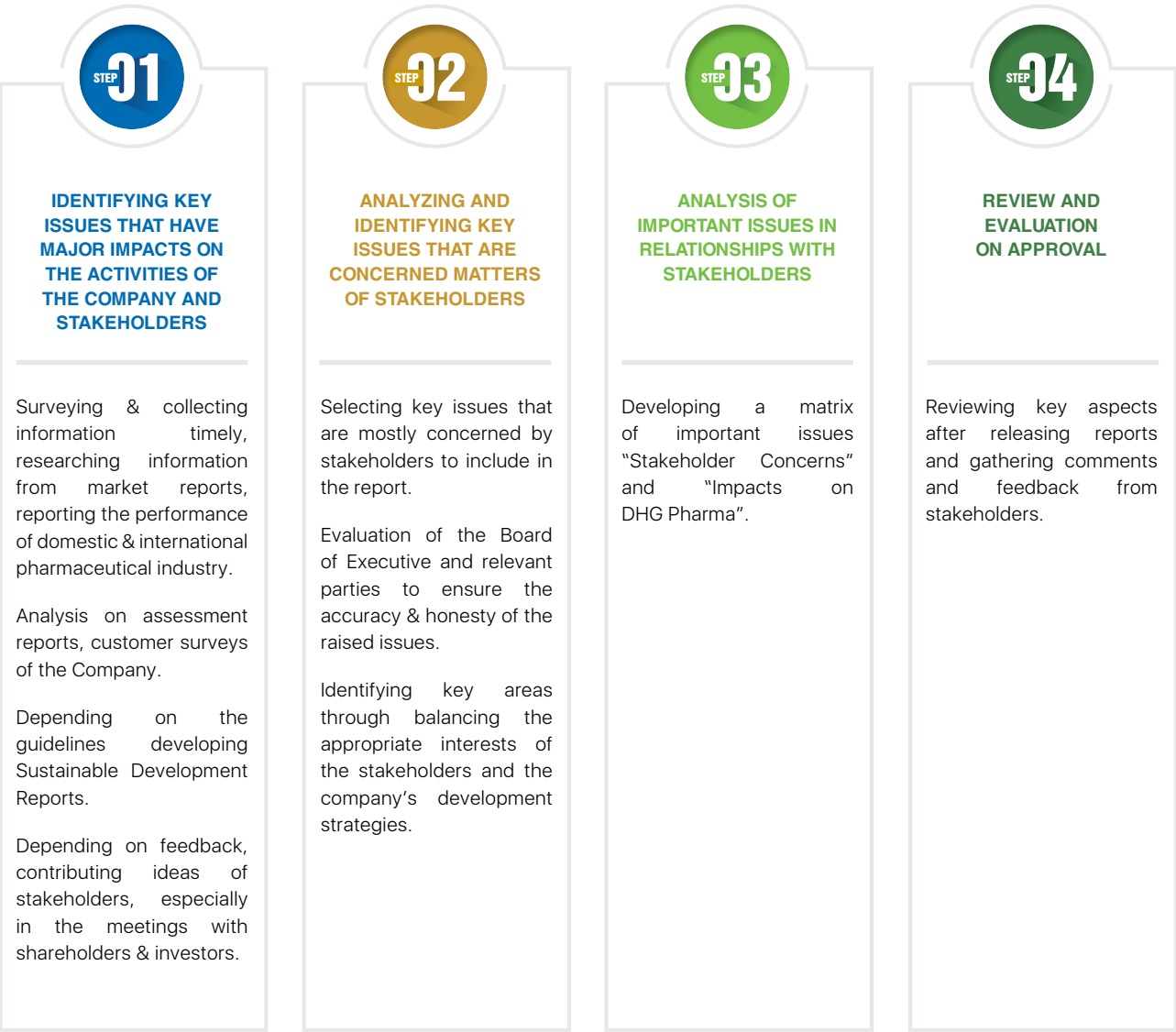
DETERMINATION OF KEY ASPECTS

PRINCIPLES AND PROCESS OF DETERMINING 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.

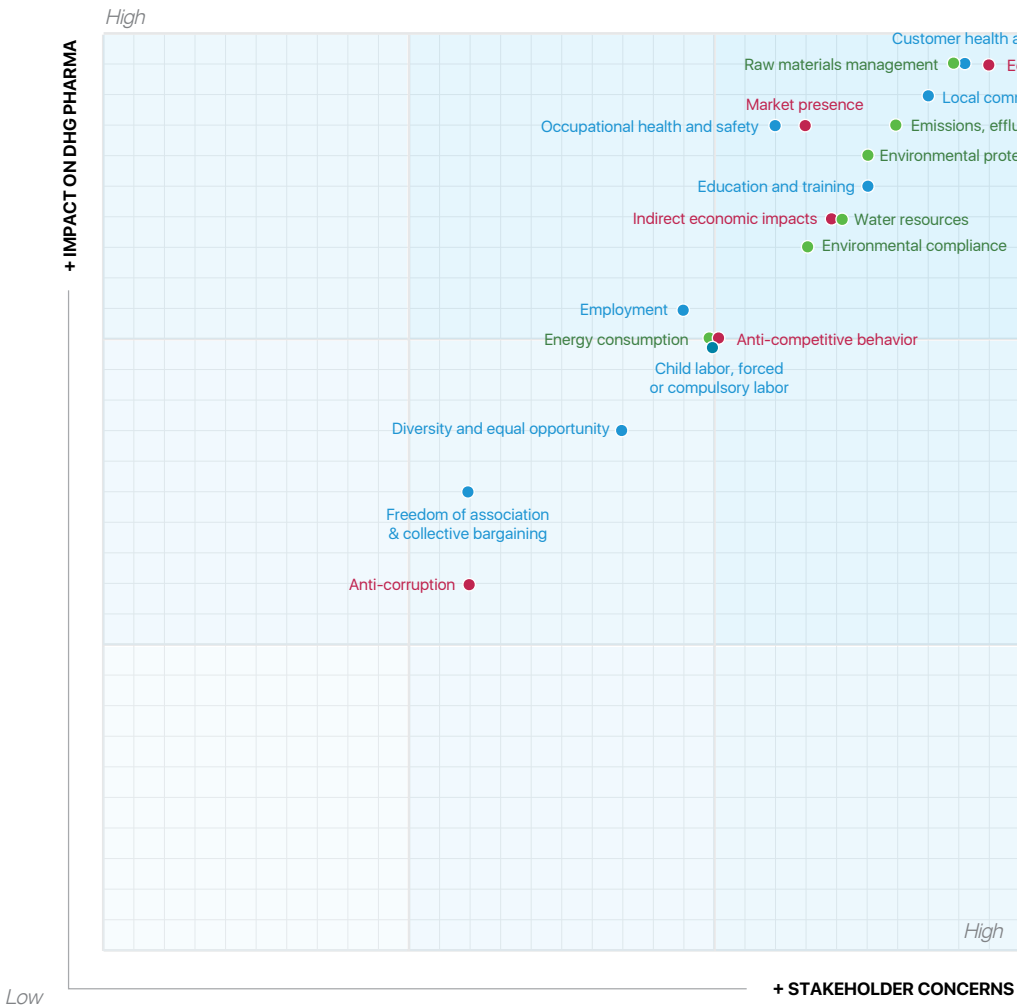
PROCEDURES TO IDENTIFY KEY ASPECTS



KEY ASPECTS

ECONOMIC SECTOR	ENVIRONMENTAL SECTOR	SOCIAL SECTOR
<div></div> <ul style="list-style-type: none"><li>Economic performance</li><li>Market presence</li><li>Indirect economic impacts</li><li>Anti-corruption</li><li>Anti-competitive behavior</li></ul>	<div></div> <ul style="list-style-type: none"><li>Environmental protection</li><li>Raw materials management</li><li>Energy consumption</li><li>Water resources</li><li>Emissions, effluents and waste</li><li>Environmental compliance</li></ul>	<div></div> <ul style="list-style-type: none"><li>Employment</li><li>Occupational health and safety</li><li>Education and training</li><li>Diversity and equal opportunity</li><li>Freedom of association &amp; collective bargaining</li><li>Child labor, forced or compulsory labor</li><li>Local community</li><li>Customer health and safety</li></ul>

MATRIX OF CRITICAL ISSUES



REVIEW AND EVALUATION

Upon completion of the report, DHG Pharma shall review all reporting content, especially focusing on feedback from stakeholders. In addition, the Company proposes to internal stakeholders to check whether the report provides a comprehensive and balanced picture of the impacts of sustainable development that the Company has made. Thereby these parties shall recommend a process for drawing out the content that reflects the purpose of Reporting Principles on defined critical areas, as well as the effectiveness, achievements and limitations of 2017, creating the premise for improving the goals and strategies for sustainable development in the coming years”.



# Development with LOCAL ECONOMY

NET REVENUE  
IN 2017  
(VND BILLION)

4,063



STATE BUDGET  
PAYABLES IN 2017  
(VND BILLION)

306.6



PROFIT AFTER TAX  
IN 2017  
(VND BILLION)

642



DIVIDEND PAYMENT  
FOR 2017  
(VND BILLION)

392.2

As the domestic leader in the Vietnamese pharmaceutical industry, DHG Pharma not only implements its business plan in accordance with the strategic direction of the Board of Directors and ensures profitability for shareholders. It also strives to meet the economic criteria that contribute to stabilize the domestic pharmaceutical market and harmonize the interests of the Company and the national economy.

## ECONOMIC STANDARDS



78	Economic performance	GRI 201
82	Market presence	GRI 202
84	Indirect economic impacts	GRI 203
86	Anti-corruption	GRI 205
87	Anti-competitive behavior	GRI 206

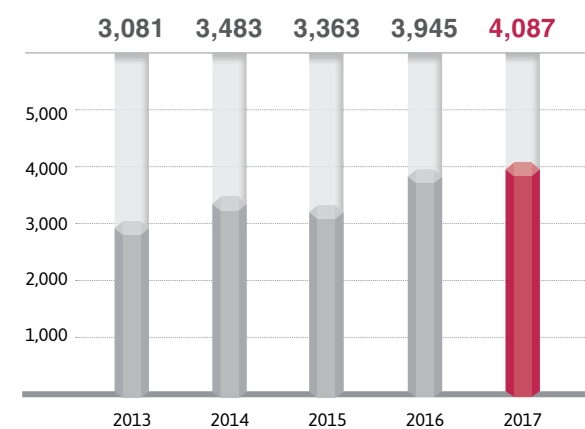


## ECONOMIC PERFORMANCE

### FINANCIAL HIGHLIGHTS 2013 - 2017

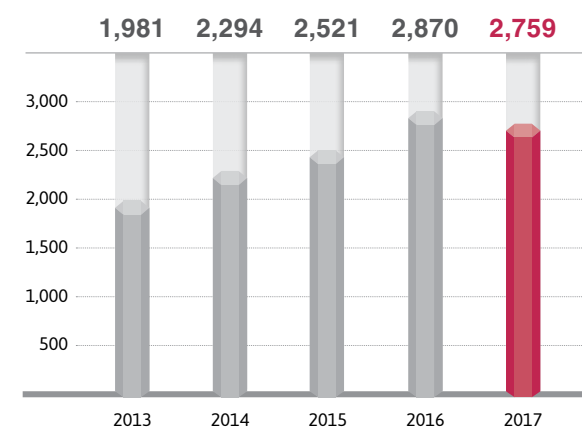
#### TOTAL ASSETS

Figures in: VND BILLION



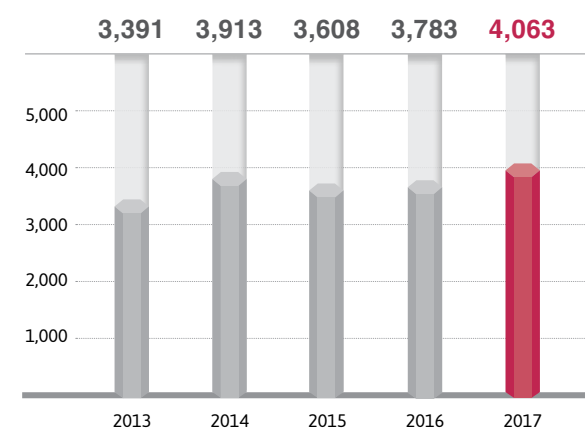
#### OWNER'S EQUITY

Figures in: VND BILLION



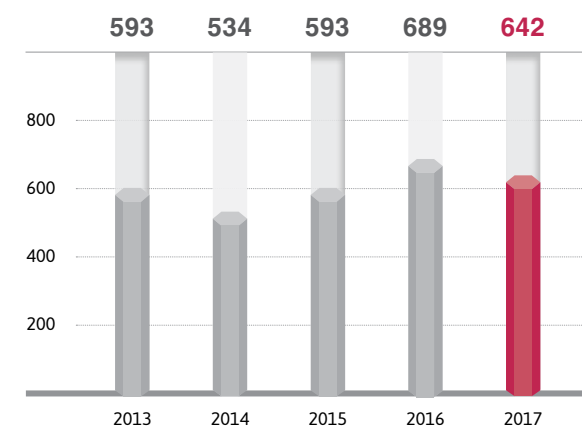
#### NET REVENUE

Figures in: VND BILLION



#### PROFIT AFTER TAX

Figures in: VND BILLION



Figures in: VND Billion

Indicators	2013	2014	2015	2016	2017
<b>Income statement</b>					
Net revenue	3,391	3,913	3,608	3,783	4,063
Gross profit	1,628	2,131	1,413	1,713	1,783
Profit before tax	782	722	701	757	719
Profit after tax	593	534	593	689	642
Profit of shareholders of the parent company	589	533	589	686	642
<b>Balance sheet</b>					
Total assets	3,081	3,483	3,363	3,945	4,087
Current assets	2,233	2,386	2,221	2,746	2,939
Non-currents assets	848	1,096	1,142	1,199	1,148
Liabilities	1,081	1,189	842	1,076	1,328
Owner's equity	1,999	2,294	2,521	2,870	2,759
Charter capital	654	872	872	872	1,307
<b>Cash flow</b>					
Net cash inflows from operating activities	484	301	475	645	460
Net cash outflows from investing activities	(468)	(334)	(369)	(278)	(192)
Net cash outflows from financing activities	(122)	(82)	(183)	(185)	(322)
Net (decrease)/increase in cash & cash equivalents	(106)	(115)	(78)	182	(53)
Cash & cash equivalent at the beginning of the period	719	613	498	421	603
Cash and cash equivalent at the end of the period	613	498	421	603	550
<b>Basic financial ratios</b>					
Gross Profit Margin	48.0%	54.5%	39.2%	45.3%	43.9%
Pre-tax profit margin	23.0%	18.5%	19.4%	20.0%	17.7%
ROS	17.5%	13.6%	16.4%	18.2%	15.8%
ROA	21.7%	16.3%	17.3%	18.8%	16.0%
ROE	32.3%	25.0%	24.6%	25.5%	22.8%
<b>Shares information</b>					
Number of shares	65,376,429	87,164,330	87,164,330	87,164,330	130,746,071
Treasury shares	10,130	10,130	222,380	-	-
Outstanding shares	65,366,299	87,154,200	86,941,950	87,164,330	130,746,071
Basic earnings per share (VND/share)	6,758	5,169	5,748	4,485	4,367
Dividend (VND)	3,000	3,000	3,500	3,500	3,000



ECONOMIC PERFORMANCE

GENERAL CONTRIBUTION  
TO SOCIAL DEVELOPMENT

Performance results for stakeholders

Stakeholders	Contents	2015	2016	2017
Shareholders	Dividend	VND 261.5 billion	VND 305.1 billion	VND 392.2 billion
State	State budget payables	VND 356.6 billion	VND 241.6 billion	VND 306.6 billion
Employees	Income	VND 15.7 million/ month/ person	VND 21.8 million/ month/ person	VND 17.8 million/ month/ person
Suppliers	Total transaction value in a year	VND 5,082 billion	VND 6,293 billion	VND 8,179 billion
Customers	Net revenue	VND 3,608 billion	VND 3,783 billion	VND 4,063 billion
Community	Social and community contribution	VND 6 billion	VND 5.6 billion	VND 6.1 billion

State budget payables in 2017

306.6  
VND billion

DHG Pharma has created jobs for more than 3,000 employees. Through its policies of recruitment, training, and developing human resources, DHG Pharma has significantly contributed to the creation of employment and improvement of local people’s income, which promotes the development of the overall economy and society.

In addition, annually, DHG Pharma contributes multiple billion to the national budget together with numerous social and charitable activities that serve the local community. In 2017, DHG Pharma spent VND 6.1 billion for social and community-service activities including charity, supporting disadvantaged individuals and families, taking care of Vietnamese heroic Mothers, financially and mentally supporting victims of natural disasters and poor children, etc.

Contribution to the community

6.1  
VND billion

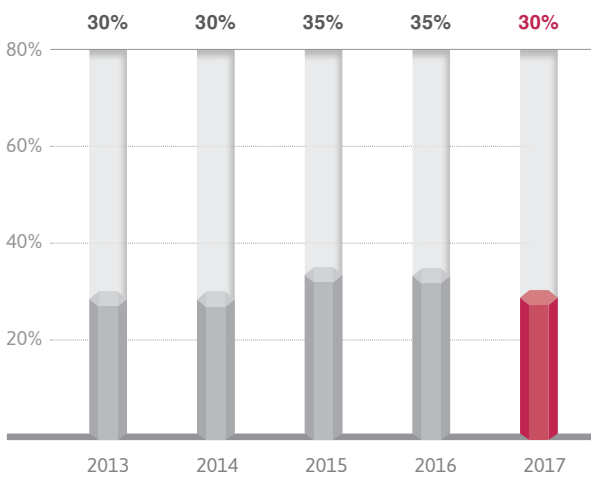
RIGHTS TO EXERCISE THE COMPANY’S PROFIT

According to the development strategy for the period 2016 - 2020, DHG Pharma has carried out a cash dividend policy of at least 30% of par value/year to allocate a certain amount of profit for re-investment in enterprise development as well as to increase cumulative values for shareholders.

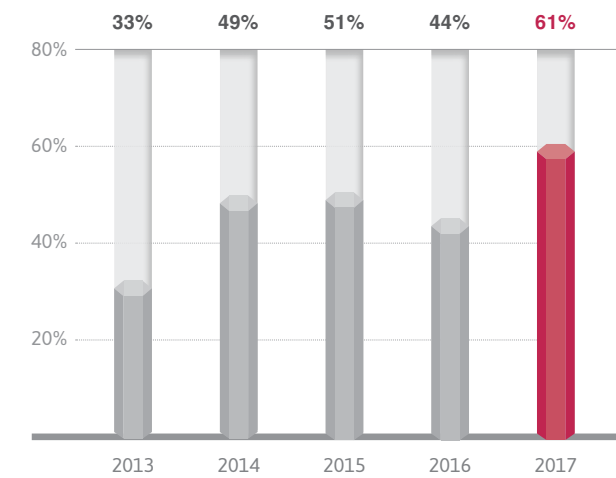
The AGM 2016 dated 18 Apr 2017 approved the dividend rate of 2016 in cash as follows: 35%/par value (VND 3,500/ par value), date of closing the list: 05 May 2017, payment date: 17 May 2017.

CASH DIVIDEND OF DHG PHARMA OVER THE YEARS

Rate of cash dividend/par value



% dividend/profit after tax



Charter capital after issuance

1,307  
VND Billion

At the same time in 2017, the Company issued bonus shares to shareholders at a ratio of 2: 1. Issuance results are as follows:

- Number of issued shares: 43,581,741 shares
- Number of shareholders entitled to receive bonus shares: 3,570 shareholders
- Total number of shares after issuance: 130,746,071 shares
- Charter capital after issuance: VND1,307,460,710,000
- Additional custody date: 22 June 2017
- Effective date of the listing license: 27 June 2017
- Official trading date: 03 July 2017

Dividend payment for 2017

392.2  
VND billion

The AGM 2017 dated 28 Mar 2018 approved the dividend rate in cash of 30%/par value (VND 3,000/par value). In 2017, the Company made advance dividend payment in cash at the rate of 25%/par value.

- Advance dividend payment in cash for the 1<sup>st</sup> phase in 2017: 10%/par value (VND 1,000/share), closing date: 19 Sept 2017, payment date: 04 Oct 2017.
- Advance dividend payment in cash for the 2<sup>nd</sup> phase in 2017: 15%/par value (VND 1,500/share), closing date: 29 Dec 2017, payment date: 25 Jan 2018.
- The remaining dividend of 2017: 5%/par value (VND 500/share) is expected to pay in May 2018.



MARKET PRESENCE

Net revenue in 2017

4,073  
VND billion

In 2017, the net revenue of DHG Pharma reached VND 4,073 billion; the profit after tax was about VND 642 billion. DHG Pharma has set a goal to acquire the net revenue growth at over 13% per year in the stage from 2018 to 2020. Products of DHG Pharma has been delivered to 63 cities and provinces. That DHG Pharma has achieved these outcomes is much credited to the relentless efforts of the Company leading board and staff. Besides, DHG Pharma is implementing a methodical business strategy in which sustainable development is maintained to be the main and prerequisite target in any business activities of the Company. Indeed, for the recent years, DHG Pharma has been investing in developing human resources. This is a profitable form of investment that the Company has been consistently deploying. In DHG Pharma, all of the staff members, from the leaders to the sales force, have a chance to work in a harmonious and gender-balanced environment.

“With a view to fulfilling the employees’ satisfaction towards what their work, DHG Pharma has continuously thrived to create a wonderful working environment which not only allows them to work comfortably and creatively but also realise their full potential. Considering employees as “precious possessions” DHG Pharma also focuses on building a perfect “home” for the staff”.

Salary policy implemented in DHG Pharma:

Nationwide, the starting salary paid to the newly-recruited workers is always higher than the regional minimum salary as mentioned in the Government regulations regardless of their genders.

Annually, basing on the managerial effectiveness and working proficiency through personal KPI, DHG Pharma considers offering pay rise to some staff members in

order to motivate them in their work, reinforce their commitment to the Company and stimulate their working productivity.

When the Government regional minimum salary is modified, DHG Pharma also adjusts the payment and its related terms for workers so that they would be consistent with the Government policies to raise the workers’ income.



	Can Tho City	Ho Chi Minh City	Ha Noi City	Average at DHG Pharma
Regional minimum salary in 2017	VND 3,320,000	VND 3,750,000	VND 3,750,000	
Income of new employees				VND 6,545,000
Ratio in comparison with regional minimum	2.0	1.7	1.7	
Income of employees				VND 17,800,000
Ratio in comparison with regional minimum	5.4	4.7	4.7	

DHG Pharma commits to securing a good payment rate that is competitive to the market rate, which contributes to guarantee a stable job and long-term benefits for the staff. Moreover, the employment of KPI for the evaluation of its employees has helped DHG Pharma achieve the following targets:

• **Connection:** This is the tool to connect the objectives of different departments and together, aiming for achieving the general goals of the Company. The Company’s general goals are also allocated suitably to individual positions in the Company.

• **Encouragement:** This is the way the Company acknowledges exactly the staff’s working effectiveness, distinguishes and encourages individuals who perform excellently as well as motivates those who under-perform to continue to strive for better outcomes.

• **Management:** This is the tool for different management hierarchies to keep track and make timely decisions in order to improve work effectiveness at subordinate levels. It is also the foundation for decisions in relation to human management including incentives and awards for work effectiveness and successive planning, etc.



## INDIRECT ECONOMIC IMPACTS

“DHG Pharma is a pharmaceutical business which is related to people’s healthcare, well-being and life improvement. Therefore, such moves as cooperating, supporting the healthcare discipline and public health centers to recover after natural disasters are filled with humanitarian values and essential for the local people. Soon, DHG Pharma is to keep holding and spreading similar programs because they are very practical. In fact, they, together with public healthcare units, provide proper healthcare service for people in the impacted areas after a typhoon or a flood”.

*Mr. Doan Dinh Duy Khuong, MBA – Acting General Director of DHG Pharma shared.*



Donation for "Colleagues' Bond" Fund.



DHG Pharma gives free medical examinations and medicine for poor patients.

To accomplish that mission, in the past years, DHG Pharma has always been aiming at developing the business to benefit society. Therefore, with the idea of "raising" a piggy-bank every day, every staff member can contribute their money to social activities.

DHG Pharma has allocated VND 6.1 billion for such social activities as cooperating with volunteering doctors from many provinces and cities to do the check-up and offer medicine to those living in remote areas; organising campaigns to provide aids to flooding areas,



Walking and donating Piggy bank for the Poor in 2017.

contributing to the "Fund for the Poor", "Fund for Poor Patients", "Fund for showing gratitude to those who dedicated themselves in the war," "Fund of Golden Hearts" building houses of affection, taking care of martyrs' mothers; offering "Up raise the Dream Wings" scholarships to poor strong-willed students; visiting and giving presents to those suffering from the Orange Agents, supporting areas affected by natural disasters and so on. In addition, DHG Pharma has held a blood-donating club with more than 500 members who are willing to give their blood for saving other people or being stored at Can Tho Hematology and Blood Transfusion Centre.

## COOPERATE WITH LOCAL PUBLIC HEALTH CENTRES TO SURMOUNT THE NATURAL DISASTERS' CONSEQUENCES

In 2017, together with customers and the Company branch in Khanh Hoa Province, DHG Pharma paid a visit and offered facilities to the staff at local public health centres which had been considerably impacted by the Damrey Typhoon - one of the strongest tropical cyclones to make a landfall in Khanh Hoa Province and Southern Central Vietnam in the past 20 years.

The crew from DHG Pharma came to the most devastated areas of Khanh Hoa Province to support the local healthcare units to deal with the destruction of facilities; implement preventive healthcare programmes to avert the spread of illnesses after the typhoon; support health staff members who got difficulty completing their duty, as a result, people would receive better healthcare service. Besides, DHG Pharma also gave some essential medicine such those for cold, fever, dermatitis and conditions of the digestive system, etc. so that the hospital could do

the check-up and offer medicine to local people. These activities are the useful presents that DHG Pharma always want to give dwellers in areas impacted by the natural catastrophes through local hospitals and colleagues so that people could maintain a good health, recover their production activities and improve their life.

It can be seen that the love among people after natural disasters always leaves beautiful impressions. It may just be an encouragement, or it may also be meaningful moves such as DHG Pharma spending more than a billion VND (from the Company Fund and Charity one) to give the local people on these occasions. Furthermore, DHG Pharma also encourages all of the staff to contribute to the "Colleagues' Bond" Fund. Concurrently, DHG Pharma has also established an aid crew to bring the love and support of the Southwestern area to the colleagues in Central Vietnam.



DHG Pharma's representatives offered gifts to their peers, who were affected by storms and floods in Khanh Hoa in 2017.

For the discipline of healthcare and wellbeing, to say nothing of the doctors' mental and physical damage, the hardship and fatigue that these "soldiers in white blouse" have to tolerate after every flood or typhoon are worth praising. Therefore, sharing the burdens which the colleagues in Central Vietnam have to handle is also a way for DHG Pharma to offer "mental" remedy to the healthcare staff. Overwhelmed with joy and emotions, Ms. Tran Hoang Thi Ai Chau, Level-1 Specialist, Deputy Director of General Hospital of Ninh Hoa Area said: "Thanks to the medicament offered by DHG Pharma, our hospital is going to hold some sessions to provide local people with free check-ups and medicine so that they can access the medicament, which promptly fulfils the needs of people living in the affected areas. With the

*support from DHG Pharma, I hope that the work of the hospital staff would be alleviated."*

“Fully aware that the products of the Company will have a direct influence on the customers' life and health, all of the staff wholeheartedly demonstrate the commitment to provide the community with high-qualities products with reasonable prices and the best services, which is also known as the "DHG Pharma Mission".



## ANTI-CORRUPTION



DHG Pharma has determined anti-corruption as the focused mission of the Company in 2017 and the following years. The company has conducted many methods to prevent and fight against corruption. Accordingly, the main target is to prevent, timely navigate and strictly handle the corruptive behaviours. Simultaneously, the Company also abides by the laws on preventing and stopping corruption as well as practice economical working style and avoid wasting.

Every month and every quarter, The Company Leading Board hold sessions for informing laws and regulations so that all of the staff in every single unit could fully grasp the contents regarding policies about preventing and fighting against corruption enacted by the Government; the Anti-corruption Law; The United Nations Convention against Corruption; The Resolution of the National Assembly on reinforcing the methods to prevent and fight against criminals, particularly those concerning economy, positions and corruption; Anti-corruption action programmes and related texts of the Government, the Prime Minister, Ministries and Functional Departments regarding detailed guidance to implement the Anti-Corruption Law.

Simultaneously, DHG Pharma has also introduced many solutions to prevent corruption such as making activities of every unit more public and transparent; stimulate administration reform; double-checking texts so as to find out those which conflict the laws or overlap with one another or become no longer appropriate so that amendments, additions or alternatives would be accordingly suggested to make the texts more practical; prioritising consistency and transparency on working with stakeholders. All of the staff members strictly follow

the regulations concerning the regime, extent, standard and practice of etiquettes and the codes of ethics, the enhancement of the corporate culture and the worker's communicative one; the increase and management of the budget, the purchase of facilities for all activities of the Company; aspects related to human resource organising, recruiting, training and appointing; properly perform the regulations on making declarations of assets and income of the obligors according to the Anti-Corruption Law.

Moreover, the Company performs really well in allowing the employers and employees to communicate with each other, handling complaints and denunciations; thoroughly tackle denunciations with regard to corruption. The Company also enhance activities of inspecting and checking the implementation of the Anti-Corruption Law. Thanks to the inspection and check, cases with corruption potentials in some units have been navigated and handled timely. As a result, DHG Pharma witnessed no cases of corruption in 2017.

“With clear orientations as mentioned, DHG Pharma is determined to be a Company of prestige and professionalism, motivated by correct and appropriate policies, guided by basic codes of ethics which follow the laws in order to meet the partners and customers' expectations”.

## ANTI-COMPETITIVE BEHAVIOR



**DHG Pharma has got 310 products with nationwide visa numbers:**

**250**  
Pharmaceuticals

**60**  
Dietary supplements

**In which, 257 brands have received trade-mark protection certificates from the National Office of Intellectual Property of Vietnam.**



“The management of product brands as well as the brand DHG Pharma is always paid special attention and careful supervision in all of the activities regarding the exchange, external affairs, trading and so on in order that they would maintain the same path for development of DHG Pharma”.

Apart from the business and competition, there is also love among people, even towards the competitors - This is the viewpoint of all DHG Pharma members.

- 1 Employ a learning, justified approach and fair competition when accessing and working with competitors.
- 2 Do not get involved in activities harming competitors.
- 3 Do not cooperate with other competitors to ruin another competitor.
- 4 Do not produce and deliver the counterfeits and the imitations of the competitors' products.
- 5 Do not sully the competitors with anyone and do not give unfair evaluations of their products.
- 6 Do not take advantage of the relationships with customers to incite them to have unfair attitudes and behaviours towards the competitors.
- 7 Collect, share and make full use of the information about the competitors available on the mass media, their policy statement and website, public speeches and other publications. Concurrently, give credit to the source of information when using it. Do NOT collect information about the competitors by illegal or immoral methods.



PRESERVING FOR FUTURE GENERATIONS



TOTAL COST FOR ENVIRONMENTAL TREATMENT (VND BILLION)

3.6



% WASTEWATER RECYCLE

6%



ELECTRICITY CONSUMPTION (MILLION KWH/YEAR)

25.16



WATER USAGE IN 2017 (M³/YEAR)

240,568

As a manufacturing enterprise, it is inevitable for DHG Pharma to exert its impact on the environment. DHG Pharma, however, is prudent in its use and reuse of resources through closed processes in accordance with international standards that help minimize its effects on the surrounding environment. This contributes to the preserving of natural resources for future generations.

ENVIRONMENTAL STANDARDS



90	Environmental protection	GRI 300
92	Raw materials management	GRI 301
95	Energy consumption	GRI 302
97	Water resources	GRI 303
98	Emissions, effluents and waste	GRI 305
114	Environmental compliance	GRI 307






ENVIRONMENTAL PROTECTION

“Nowadays, the living environment is severely polluted which is a common concern of all countries around the world. Vietnam is among the top 10 countries most affected by climate change. As a leading enterprise, apart from focusing on effective solutions for business growth, improved production capacity and reputation in the market. As a leading Company in the industry, DHG Pharma always pays attention to environmental protection, aiming to become an environmentally friendly enterprise”.



With regards to critical environmental issues, DHG Pharma has set out strategic solutions to develop a detailed plan in relating to targeted orientation:

Targets	 Energy	 Water	 Waste
BEHAVIOUR CHANGES	Raising awareness of electricity-savings at any time, anywhere. Encouraging people to use energy-saving light bulbs. Switching off electricity and fans when leaving offices, etc.	Raising awareness of watersaving. Promoting to use water responsibly and encouraging workers to take account of water-savings and making reports as soon as leakages occur.	Limiting the use of plastic bags. Saving paper by reading documents carefully before printing. Reusing one-sided paper. Classifying waste (organic waste, plastic recycling, and paper recycling).
OPERATIONAL PROCESS IMPROVEMENT	Encouraging employees to contribute initiatives - innovations and rewarding innovations.	Encouraging employees to contribute initiatives - innovations and rewarding innovations.	Encouraging employees to contribute initiatives - innovations and rewarding innovations.
EQUIPMENT INVESTMENTS	Improving the operational process to increase productivity of production lines. Checking monthly energy consumption.	Reusing treated water for irrigation. Implementing batch size expansion and continuous production to reduce cleaning time, water consumption and wastewater.	Minimizing waste and reusing/recycling waste for proper use.
	Investing in energy-saving equipment.	Investing in water-saving equipment.	Investing in low-emission equipment.

“ WITH A PROFOUND AWARENESS THAT TODAY’S ACTION WILL AFFECT FUTURE GENERATIONS, DHG PHARMA ALWAYS COMMITS TO IMPLEMENT AND COMPLIES WITH ENVIRONMENTAL POLICIES AS WELL AS CONTRIBUTES TO THE COMMUNITY HEALTH...”





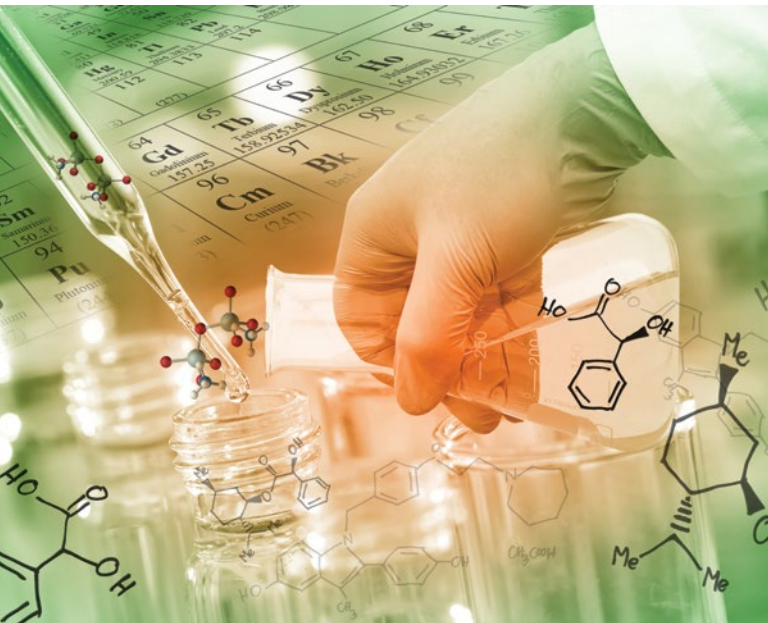
RAW MATERIALS MANAGEMENT

“Product quality has always been considered the Company’s top priority for customers and consumers. Consequently, raw materials are always carefully reviewed by the Company and chosen from reputable suppliers in the world and in Vietnam”.

Raw materials demands in 2017 are as follows: 2,580 tons of raw materials and adjuvant; 537 million empty capsules of various kinds, 411 tons of aluminum, aluminum blister foil, PVC; 7 million boxes + tubes; 7,423 kg of shrink film, other packagings and 198 million paper of all kinds. In which, the value of product loss experienced a drop of 24%, PVC losses decreased by 5.2% and aluminum losses dropped by 2.6% compared to 2016.

No.	Types of materials	Importing countries
1	Raw materials + adjuvant	Europe: Spain, Germany, Italy, France, Sweden, England, Belgium etc. Asia: Japan, China, India, Vietnam, etc.
2	Empty capsules	USA, France, Indonesia, India, etc.
3	PVC + aluminum + plastic paper	Vietnam
4	All kinds of labels, label bins, paper manuals and bags	Vietnam

CRITERIA FOR SUPPLIER EVALUATION



“The selection and evaluation of suppliers increasingly play an important role in business and production activities of an enterprise. Selecting suppliers with high reliability, competitive prices, good quality and etc helps the Company increase competitiveness, enhances reputation and reduces risks”.

In order to select and evaluate suppliers in a scientific manner and to fully meet the objectives that the enterprise is aiming for, DHG Pharma has developed a criteria framework for supplier selection and evaluation, which is tested and controlled by the Quality Management Department.

Approved suppliers will be assessed on an ad hoc basis if supplying processes shows signs of changes in quality or commitments compared to the original. Suppliers will not be included in the accepted list or will be eliminated from the list if violate one of the following errors:

- Product quality does not meet the Company’s requirements (affecting product quality).

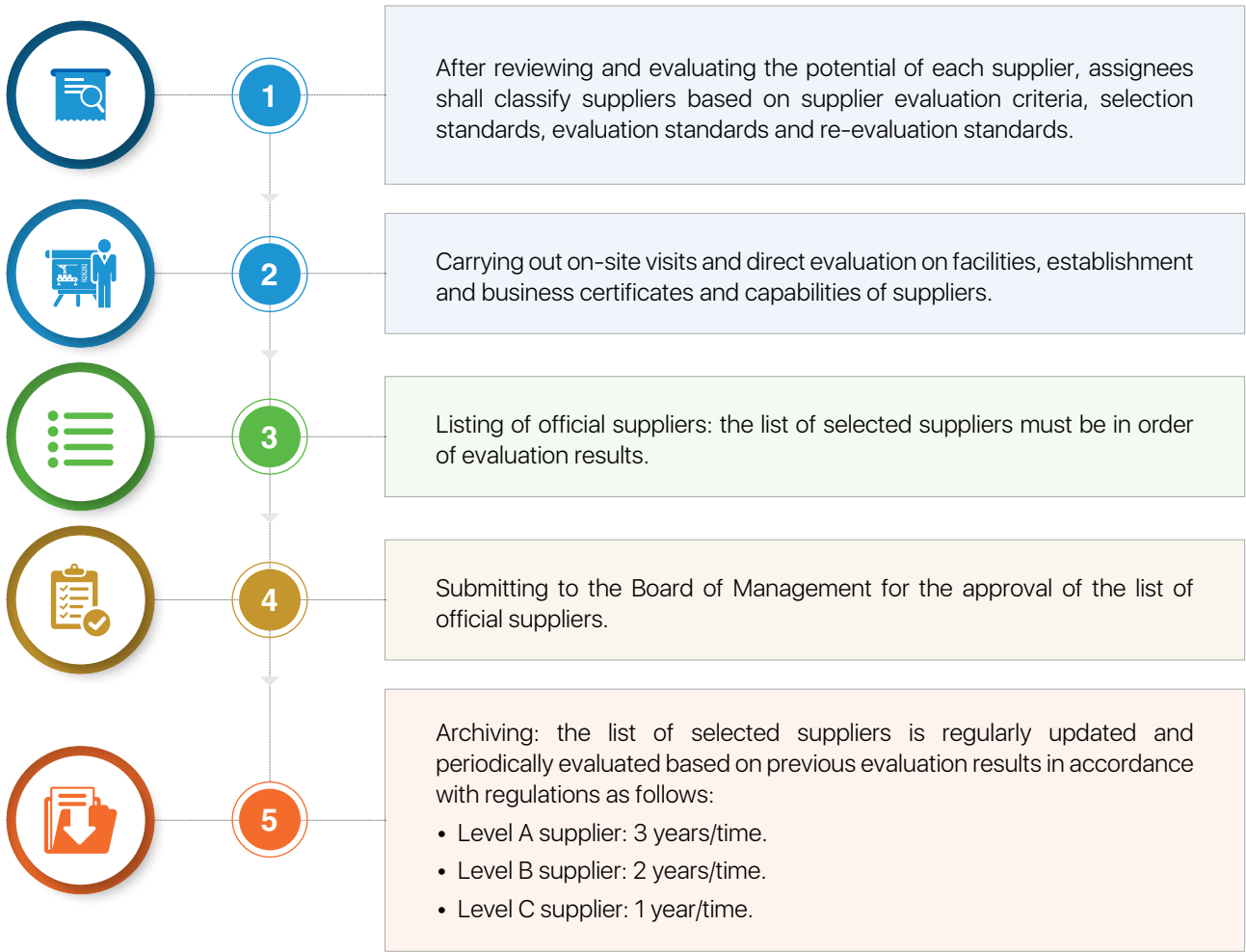
- Suppliers are non-cooperative and resolve complaints inappropriately.
- Suppliers receive warning letters from competent authorities in which the reasons are related to the raw materials the Company is using or manufacturing certificate.

No.	Criteria evaluation	Evaluation bases
1.	<b>Quality system, legal entity</b>	<ul style="list-style-type: none"><li>• Sample inspection results.</li><li>• Quality control evidence.</li><li>• Business certificate.</li><li>• Other standards.</li></ul>
2.	<b>Delivery time, delivery service, credit price, payment method</b>	<ul style="list-style-type: none"><li>• On-time delivery.</li><li>• Satisfying the contract requirements and being convenient.</li><li>• Reasonable prices.</li><li>• Profitable payment.</li></ul>
3.	<b>Types of goods, after-sale services</b>	<ul style="list-style-type: none"><li>• Good after-sale services.</li><li>• Technical consultancy.</li><li>• Diversity.</li></ul>
4.	<b>Handling of complaints</b>	<ul style="list-style-type: none"><li>• Effective handling of complaints.</li></ul>
5.	<b>Brand reputation</b>	<ul style="list-style-type: none"><li>• A great number of products are provided to units in the same industry due to good quality.</li></ul>
6.	<b>Production</b>	<ul style="list-style-type: none"><li>• Procedures on operation, cleaning and maintenance.</li><li>• Controlling system.</li><li>• Records.</li><li>• Labor protection clothing.</li><li>• Staff training.</li></ul>
7.	<b>Warehouses</b>	<ul style="list-style-type: none"><li>• Pest control program.</li><li>• Storage conditions.</li><li>• Hygiene conditions.</li><li>• Fire Preventing and Fighting system.</li><li>• Goods are stored on shelves and/or pallets.</li><li>• Applied FIFO (First in, first out), FEFO (First expired, first out) principles.</li><li>• Spacious, wide aisle racking.</li><li>• Staff training programs.</li><li>• Delivery and distribution system.</li></ul>

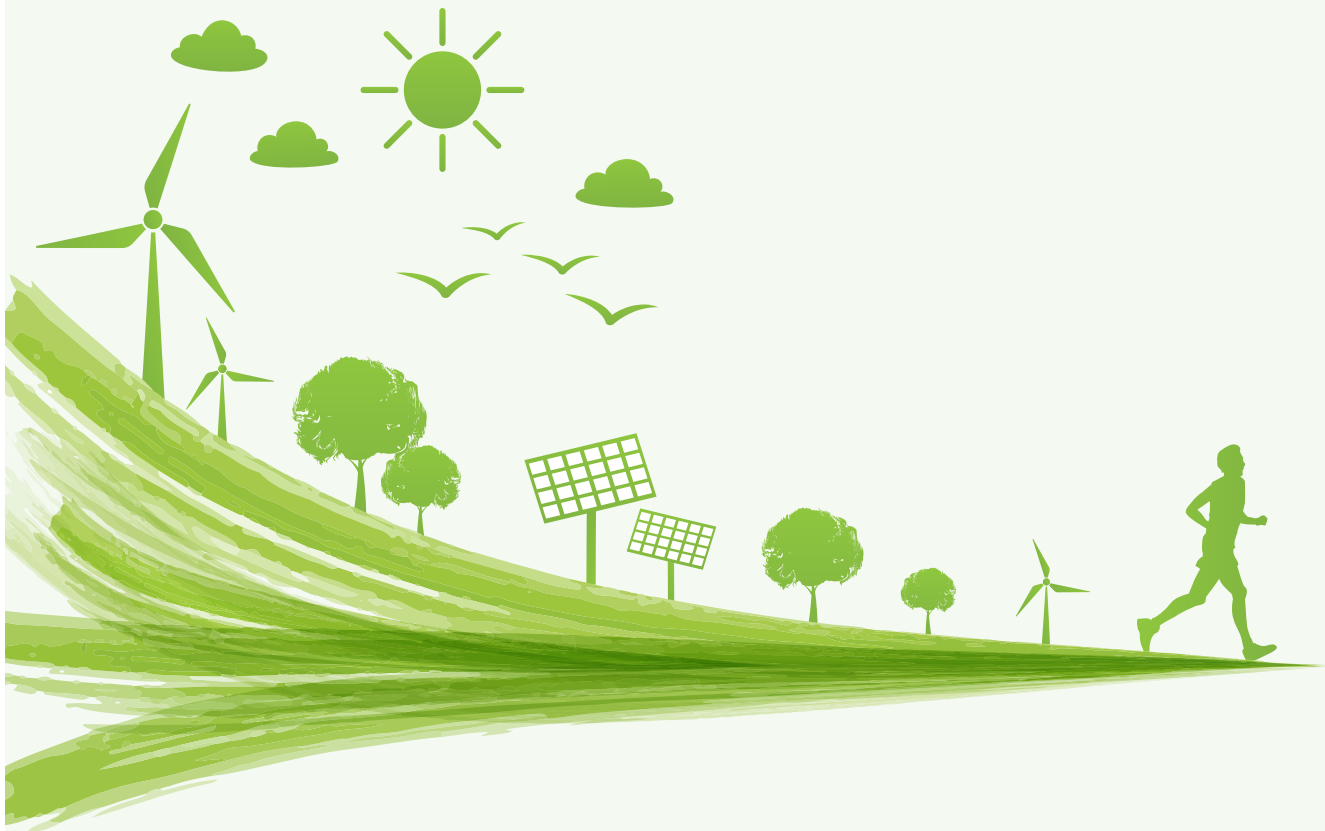


RAW MATERIALS MANAGEMENT

SUPPLIER EVALUATION STEPS

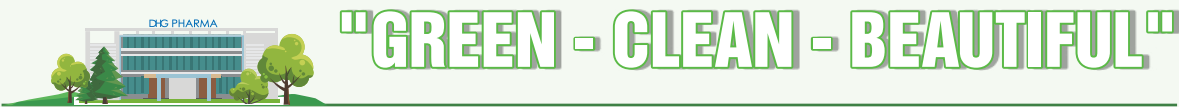


ENERGY CONSUMPTION



ENVIRONMENTAL PROTECTION IS THE RESULT OF ENERGY SAVINGS ACTIONS.

IT IS AN ORIGINAL ACTION TO SHOW RESPONSIBILITIES TO THE COMMUNITY, AND THIS IS NOT ONLY A CULTURAL BEAUTY, BUT ALSO THE MOST PRACTICAL AND EFFECTIVE WAY TO PROTECT THE ENVIRONMENT



Furthermore, energy costs affect the Company's operating costs, thus energy-saving is the primary principle of manufacturing leading to higher profits. The Company always reminds its employees to comply with regulations on energy usage such as using electricity at the right time, in the right place, turning off when not in use, applying science and technology to adjust energy consumption in refrigeration and transportation, etc.

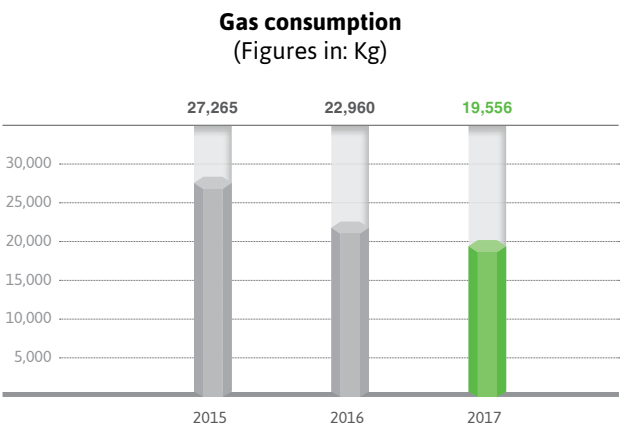
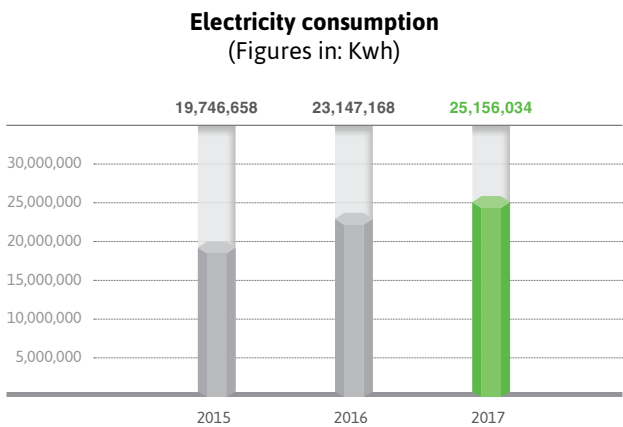


ENERGY CONSUMPTION

Electricity Consumption for production and daily living

Contents	Figures in	2015	2016	2017
Productivity	Millions of units	4,156	4,414	3,948
Electricity consumption	Kwh	19,746,658	23,147,168	25,156,034
Intensity	Kwh/Millions of units	4,751	5,244	6,372
Total electricity bills	VND Billion	32.02	36.80	40.66
Gas consumption	Kg	27,265	22,960	19,556
Total gas bills	VND Million	387	296	314

(The electricity and gas consumption are measured in accordance with total monthly electricity and gas bills).



Technical story inside a DHG Pharmaceutical Factory .

The total electricity consumption in 2017 is 25,156,034 Kwh/year, higher than that of 2016 and 2015 due to the operation of Betalactam Plant since Oct 2016. The Betalactam Plant contributed only 9% in productivity, but 30% in value. Therefore, the intensity in electricity consumption per product unit in 2017 witnessed an increase of 21.5% compared to 2016.

To reduce the pressure on electricity costs, DHG Pharma is investing in a steam boiler system, which shall be put into operation in the coming time. Investing in the steam boiler system will help the Company save costs. In addition to cost savings, the steam boiler system shall reduce impacts on the environment such as the amount of dust generated by operating the steam boiler system, which is thoroughly treated through the dust cleaning process and exhaust stack system. The system must ensure its emission requirements approved by management authorities.

WATER RESOURCES

SUPPLIERS

DHG Pharma’s water resources are clean water sources supplied by Water Supply and Sewerage Company in Cantho City and Hau Giang Province, for the purpose of

production (RO water use, distilled water for eye drops, cleaning machines and factories) and daily living (cooking, washing, cleaning, watering plants),...

Volume and intensity of water consumption

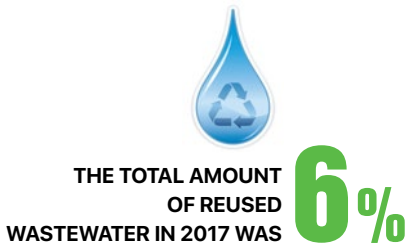
Contents	Figures in	2015	2016	2017
Productivity	Millions of units/ year	4,156	4,414	3,948
Water usage	m³/year	268,023	211,046	240,568
Intensity	m³/Millions of units/ year	64	48	61
Total water bills	VND Billion/year	2.1	1.7	2.1
% water recycle/total waste water	%	10	6	6

Assessment method: The water consumption is measured in accordance with monthly water bills and monthly detailed productivities.

The Beta-lactam plant has come into operation since Oct 2016. In order to meet water amount supplied to the air conditioning system and the HVAC (Heating, Ventilation & Air Conditioning), water consumption experienced an increase compared to 2016.

RECYCLED AND REUSED WATER

Faced with saltwater intrusion, drought occurred across the country, the water shortages for normal living and production is a big concern for social community interests, therefore, water resources currently are extremely valuable. DHG Pharma recognized this matter early and had prepared for the recovery and reuse of wastewater after treatment to meet the prescribed standards. Thus, when constructing the wastewater treatment system, the Company also built a reservoir of treated water to reuse, as well as using rainwater for irrigation instead of tap water.



WATER-SAVING SOLUTION IN 2017

- 1 In order to use and save water efficiently, DHG Pharma standardized its water pipes, installed new water meters certified by the City Water Suppliers at all units using water. Monthly statistics are supervised, switching on/off in using water for the right purpose is reminded and water conservation awareness is educated.
- 2 The Company is on track to set norms for water uses on each production line and factory.
- 3 In the coming years, the Company shall continue to arrange a production plan in a logical manner, a batch size expansion and a continuous production plan. It is projected to reduce cleaning time, water consumption and sanitary waste-water as well as to increase labor productivity, which shall result to a reduction in water consumption/units of product. Simultaneously, DHG Pharma uses water efficiently by designing a complete water supply system and ensuring no leakage, easy control and easy repair in case of incidents.



EMISSIONS, EFFLUENTS AND WASTE

“The Company complies with regulations on anti-pollution 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 assessments and commitments to comply with regulations. Annually, the Company conducts environmental monitoring 4 times. Environmental monitoring results are evaluated in accordance with current Vietnamese standards (QCVN).



REGULAR EMISSIONS MONITORING

DHG Pharma regularly monitors environmental production at least twice a year and the monitoring results are within the allowable limits, ensuring production activities of DHG Pharma have little impact on the surrounding environment.

Limits on air quality

No.	Target	Unit	Decision 3733/2002/QĐ-BYT (maximum each)	QCVN 24/2016/ BYT (noise contact in 8 hours)	QCVN 26/2016/ BYT (average)	QCVN 26: 2010/ BTNMT (from 6:00am to 9:00pm)	QCVN 27:2010/ BTNMT (from 6:00am to 9:00pm)	QCVN 05: 2013/ BTNMT (Average 1 hour)
1	Noise	dBA		85		70		
2	Dust	µg/m³	8,000					300
3	SO <sub>2</sub>	µg/m³	10,000					350
4	NO <sub>2</sub>	µg/m³	10,000					200
5	CO	µg/m³	40,000					30,000
6	Temperature	°C			18-32			
7	Vibration	dB					75	

Implementation period for environmental monitoring in 2017

No.	Monitoring area	Co-ordinate	Monitoring period in 2017	Limitation in line with
I. DHG PHARMA PLANT IN CAN THO				
1	KK1: Production zone	UTM: X = 0583940, Y = 1110654	Periodic monitoring 4 times/year • Apr 2017 • June 2017 • Sept 2017 • Dec 2017	• Decision 3733/2002/QĐ-BYT; • QCVN 24/2016/BYT; • QCVN 26/2016/BYT.
2	KK2: Testing zone	UTM: X = 0583872, Y = 1110610	Periodic monitoring 4 times/year • Apr 2017 • June 2017 • Sept 2017 • Dec 2017	• Decision 3733/2002/QĐ-BYT; • QCVN 24/2016/BYT; • QCVN 26/2016/BYT.
3	KK3: Office area and security gate	UTM: X = 0583983, Y = 1110589	Periodic monitoring 2 times/year • June 2017 • Dec 2017	• QCVN 26: 2010/BTNMT; • QCVN 27: 2010/BTNMT; • QCVN 05: 2013/BTNMT.
4	KK4: Areas below the main wind direction	UTM: X = 0583925, Y = 1110501	Periodic monitoring 2 times/year • June 2017 • Dec 2017	• QCVN 26: 2010/BTNMT; • QCVN 27: 2010/BTNMT; • QCVN 05: 2013/BTNMT.
II. DHG PHARMA PLANT IN HAU GIANG				
1	KK1: The factory gate	UTM: X=1100849 Y=0579700	Periodic monitoring 2 times/year • 1 <sup>st</sup> time: 23 Mar 2017 • 2 <sup>nd</sup> time: 24 Aug 2017	• QCVN 26:2010/BTNMT; • QCVN 05:2013/BTNMT.
2	KK2: Location 50m below the wind direction	UTM: X=1100779 Y=0579668	Periodic monitoring 2 times/year • 1 <sup>st</sup> time: 23 Mar 2017 • 2 <sup>nd</sup> time: 24 Aug 2017	• QCVN 26:2010/BTNMT; • QCVN 05:2013/BTNMT.



EMISSIONS, EFFLUENTS AND WASTE

Parameters and monitoring results of air quality

Monitoring results of air quality at DHG Pharma Plant in Can Tho

No.	Target	Measurement method	Unit	2015				2016				2017			
				KK1	KK2	KK3	KK4	KK1	KK2	KK3	KK4	KK1	KK2	KK3	KK4
1	Noise	TCVN 7878-2:2010	dBA	69.9	67.1	66.2	64.8	69.7	64.9	65.7	66.8	67.2	66.3	65.2	60.1
2	Dust	TCVN 5067:1995	µg/m³	293.7	218.7	218.2	252.8	191.1	184.3	273.6	259.9	177.7	102.2	151	198.8
3	SO <sub>2</sub>	TCVN 5971-1995	µg/m³	15.4	15.2	13.9	15.9	15	KPH (LOD=8)	9.8	9.1	17.7	15.1	14.5	16.8
4	NO <sub>2</sub>	TCVN 6137-2009	µg/m³	15.7	13.4	11.7	15.1	16.1	KPH (LOD=3)	12.7	13.3	15.6	14.7	14.8	21.2
5	CO	HD 5.4 HLb 28.1	µg/m³	847	5,985	1,355	2,146	1,355	1,073	1,371	1,544	1,524	1,565	1,487	1,710
6	Temperature	QCVN 46:2012/BTNMT	°C	30.5	30.6			30.6	30.8			30.9	30.1		
7	Vibration	RIOVIBRO Vm-63a	dB	26.7	26.7			53.3	53.3			53.3	53.3		

(Note: Sampling time 03 Dec 2015, 08 Dec 2016 and 07 Dec 2017 measured by the Environment Monitoring Center of Cantho Department of Natural Resources and Environment)

Monitoring results of air quality at DHG Pharma Plant in Hau Giang

No.	Target	Measurement method	Unit	2015		2016		2017	
				KK1	KK2	KK1	KK2	KK1	KK2
1	Noise	EXTECH/TCVN 7878-2:2010	dBA	63	65	56	55	68	69
2	Dust	TCVN 5067 - 1995	µg/m³	167.1	193.4	155	188	102.02	182.48
3	SO <sub>2</sub>	TCVN 5971 - 1995	µg/m³	115	126	124.0	107.1	187	191.2
4	NO <sub>2</sub>	TCVN 6137 - 1996	µg/m³	50.9	57.2	74.1	91.8	127.1	138.6
5	CO	52TCN352-89/HDPT - 10	µg/m³	680	420	6,704	7,066	5,597	5,825

(Source: Sampling time 16 Sept 2015, 16 Aug 2016 and 24 Aug 2017 measured by the Natural Resource and Environmental Monitoring Center - Department of Natural Resources and Environment in Hau Giang and Quality Assurance and Testing Center - Department of Science and Technology in Can Tho)

“The monitoring results have shown that all the parameters at key areas of the two factories are very good and are within the limits of Decision 3733/2002/QĐ-BYT, QCVN 24/2016/BYT, QCVN 26/2016/BYT, QCVN 26:2010/BTNMT, QCVN 27:2010 BTNMT and QCVN 05:2013/BTNMT”.



## EMISSIONS, EFFLUENTS AND WASTE

### MITIGATION MEASURES FOR EXHAUST FUMES, EFFLUENTS, WASTE, NOISE AND VIBRATION

#### EXHAUST FUMES

**SOURCES:** Emissions from production processes are mainly dust.

**MITIGATION MEASURE:** The Company's emissions are mainly from production, QC Department, generators, waste water treatment system, dust, and exhaust fumes from means of transport.



**Emissions from QC Department** are processed through a fume hood system, which does not cause any environmental impact.



#### Emissions from generators

As a manufacturing company, DHG Pharma has preferential treatment on power supply. Typically, the Company only uses generators under extraordinary circumstances in case of electrical problems or power outages. As days of power outages are often announced in advance, the Company re-schedules its production plan in order to suspend production activities, avoiding using generators, that are costly and affect the environment. Besides, the Company also installed an exhaust stack system to avoid accumulation of exhaust fumes, to enhance diffusion of fumes and to avoid local pollution. As a result, the amount of fumes generated by actual generators is negligible.



#### Emissions 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 an easy control, using both energy saving and emission minimalization.



#### Emissions from means of transport:

Complying with technical requirements such as car maintenance, usage of right fuel, etc. Trucks, which 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.



#### Emissions 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 emissions from pharmaceutical production

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

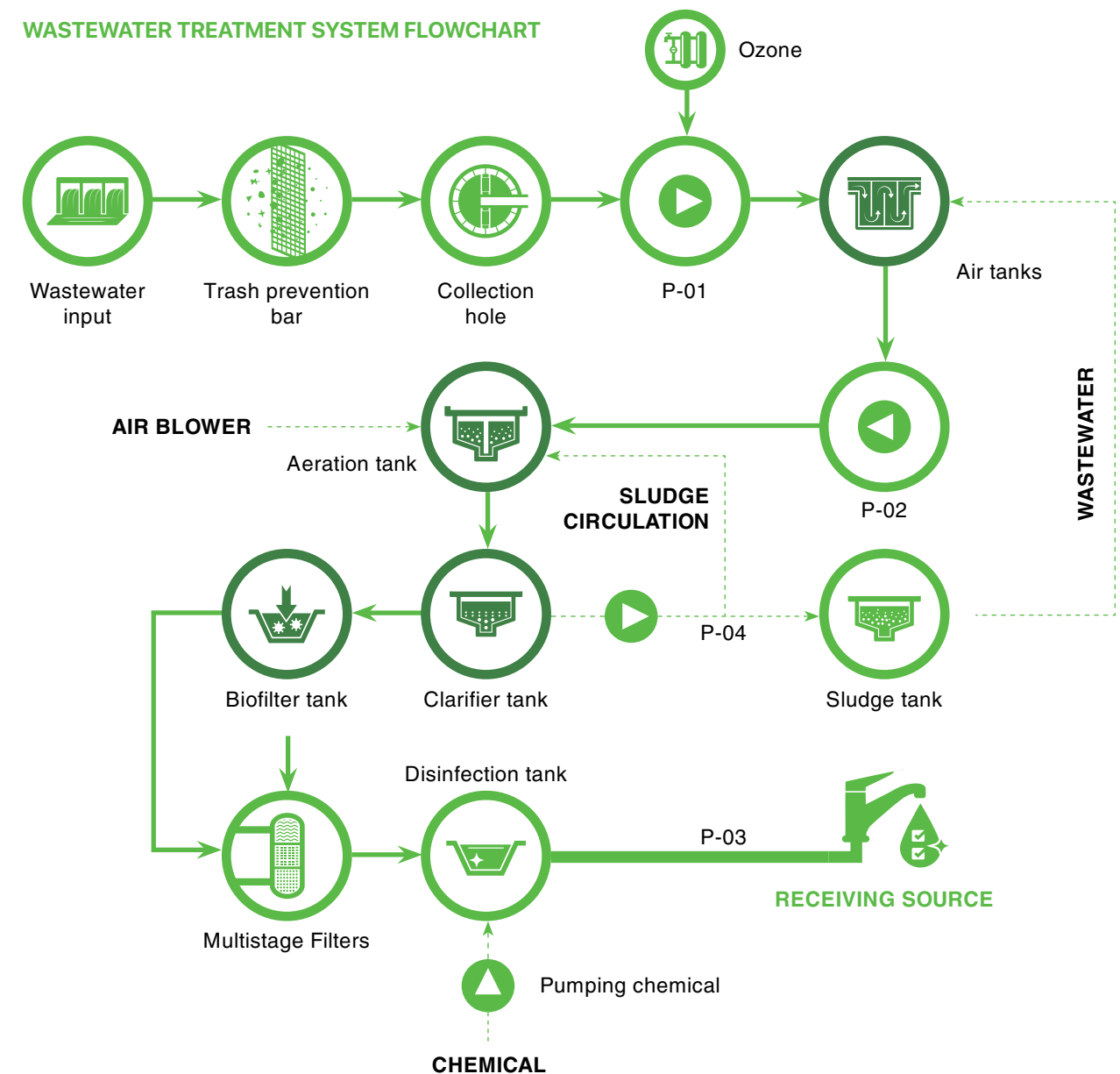
**Wastewater treatment system:** The plant was installed an activated carbon adsorption system in combination with spraying NaOH solution and planting trees to limit odor emission to surrounding area in accordance with the approved Environmental Impact Assessment.

#### EFFLUENTS

##### DHG PHARMA PLANT IN CANTHO

- Production wastewater is mainly generated from stages such as pharmaceutical production, machine, equipment and factory cleaning, approximately 8,952 m<sup>3</sup>/month.
- Wastewater from daily activities of employees is about 1,741 m<sup>3</sup>/month.
- Total spending on wastewater treatment: Approximately VND 1.43 billion in 2017.
- The water quality of DHG Pharma plant are periodically monitored 4 times/year (03 Apr 2017, 16 June 2017, 08 Sept 2017 and 07 Dec 2017 by the Natural Resource and Environmental Monitoring Center - Department of Natural Resources). All of the monitoring results are within acceptable limits of QCVN 40: 2011/BTNMT (column B), ensuring that DHG Pharma's production activities have little impacts on the surrounding environment.

##### WASTEWATER TREATMENT SYSTEM FLOWCHART





EMISSIONS, EFFLUENTS AND WASTE

MITIGATION MEASURES FOR EXHAUST FUMES, EFFLUENTS, WASTE, NOISE AND VIBRATION



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

No.	Parameter	Unit	Measuring method	QCVN 40:2011/ BTNMT (column B)	2015	2016	2017
1	pH		TCVN 6492:2011	5.5 - 9	6.72	7.79	7.04
2	BOD <sub>5</sub> 20°C	mg/l	TCVN 6001-1:2008	50	26	20	17
3	COD	mg/l	SMEWW 5220 COD-C:2012	150	40.4	45.4	48.3
4	SS	mg/l	TCVN 6625:2000	100	54.5	25	13.5
5	Total Nitrogen	mg/l	TCVN 6638-2000	40	9.2	5.3	7.6
6	Total Phosphoric	mg/l	SMEWW 4500-P B&E:2012	6	2.5	3.7	0.2
7	Chloride (Cl <sup>-</sup> )	mg/l	TCVN 6194:1996	1,000	99.4	161.9	71
8	Color	Pt-Co	SMEWW 2120 C:2012	150	25	<15	10
9	Phenols	µg/l	Internal method (EHC-TP1-039)	0.5 x 10 <sup>3</sup>	KPH (LOD=0.47)	KPH (LOD=0.00002)	KPH (MDL=0.2)
10	Xyanua	mg/l	ISO 6703-1:1984 (TCVN 6181:1996)	0.1	KPH (LOD=0.002)	KPH (LOD=0.02)	KPH (LOD=0.002)
11	Ammonium (calculated according to N)	mg/l	SMEWW 4500-NH <sub>3</sub> -B&F:2012	10		5.83	0.62
12	Chromium VI	mg/l	SMEWW 3500 Cr B:2012	0.1		KPH (LOD=0.02)	KPH (LOD=0.01)
13	Mn	mg/l	SMEWW 3111B:2012	1		KPH (LOD=0.05)	KPH (LOD=0.05)
14	Fe	mg/l	TCVN 6177:1996	5		0.92	0.17
15	Excess Chlorine (Cl <sub>2</sub> )	mg/l	SMEWW 4500 G:2012	2		KPH (LOD=0.05)	KPH (LOD=0.3)
16	Sulfide (S <sup>2-</sup> )	mg/l	EPA 376.2	0.5		KPH (LOD=0.02)	KPH (LOD=0.1)
17	Coliform	VK/100 ml	TCVN 6187-2-1996	5,000		4.6x10 <sup>3</sup>	28
18	Mineral oil	mg/l	TCVN 5070:1995	10		KPH (LOD=0.1)	0.6
19	Arsenic (As)	mg/l	SMEWW 3113B:2012	0.1			KPH (LOD=0.001)
20	Mercury (Hg)	mg/l	SMEWW 3112B:2012	0.01			KPH (LOD=0.0003)
21	Lead (Pb)	mg/l	SMEWW 3113B:2012	0.5			0.004
22	Cadmium (Cd)	mg/l	SMEWW 3113B:2012	0.1			0.0027

Note:

- Samples were taken on 03 Dec 2015, 08 Dec 2016 and 07 Dec 2017 and measured by the Environmental Monitoring Center of Cantho Department of Natural Resources and Environment.
- "KPH": undetected, "KQĐ": unregulated.



EMISSIONS, EFFLUENTS AND WASTE

MITIGATION MEASURES FOR EXHAUST FUMES, EFFLUENTS, WASTE, NOISE AND VIBRATION



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

No.	Parameter	Unit	Measuring method	QCVN 40:2011/ BTNMT (column B)	2015	2016	2017
1	pH		TCVN 6492:2011	5.5 - 9	7.03	7.48	7.27
2	BOD <sub>5</sub> 20°C	mg/l	TCVN 6001-1:2008	50	22	24	10
3	COD	mg/l	SMEWW 5220 COD-C:2012	150	34.4	40.9	18.9
4	SS	mg/l	TCVN 6625:2000	100	47.5	27.5	11
5	Total Nitrogen	mg/l	TCVN 6638-2000	40	5	5.6	2.6
6	Total Phosphoric	mg/l	SMEWW 4500-P B&E:2012	6	2.5	3.8	1.1
7	Clorua (Cl <sup>-</sup> )	mg/l	TCVN 6194:1996	1,000	98	159.8	44.4
8	Color	Pt-Co	SMEWW 2120 C:2012	150	27.5	15.2	10
9	Phenols	µg/l	TCVN 7874:2008	0.5 x 10 <sup>3</sup>	KPH (LOD=0.47)	KPH (LOD=0.00002)	KPH (MDL=0.2)
10	Xyanua	mg/l	ISO 6703-1:1984 (TCVN 6181:1996)	0.1	KPH (LOD=0.002)	KPH (LOD=0.005)	KPH (LOD=0.002)
11	Ammonium (calculated according to N)	mg/l	SMEWW 4500-NH <sub>3</sub> -B&F:2012	10		5.21	0.39
12	Chromium VI	mg/l	SMEWW 3500 Cr B:2012	0.1		KPH (LOD=0.02)	KPH (LOD=0.01)
13	Mn	mg/l	SMEWW 3111B:2012	1		KPH (LOD=0.05)	KPH (LOD=0.05)
14	Fe	mg/l	TCVN 6177:1996	5		0.79	0.06
15	Excess Chlorine (Cl <sub>2</sub> )	mg/l	SMEWW 4500 G:2012	2		KPH (LOD=0.05)	KPH (LOD=0.3)
16	Sulfide (S <sup>2-</sup> )	mg/l	EPA 376.2	0.5		KPH (LOD=0.02)	KPH (LOD=0.1)
17	Coliform	VK/100 ml	TCVN 6187-2-1996	5,000		2.4x10 <sup>3</sup>	9
18	Mineral oil	mg/l	TCVN 5070:1995	10		KPH (LOD=0.1)	0.4
19	Arsenic (As)	mg/l	SMEWW 3113B:2012	0.1			KPH (LOD=0.001)
20	Mercury (Hg)	mg/l	SMEWW 3112B:2012	0.01			KPH (LOD=0.0003)
21	Lead (Pb)	mg/l	SMEWW 3113B:2012	0.5			KPH (LOD=0.001)
22	Cadmium (Cd)	mg/l	SMEWW 3113B:2012	0.1			KPH (LOD=0.001)

Note:

- Samples were taken on 03 Dec 2015, 08 Dec 2016 and 07 Dec 2017 and measured by the Environmental Monitoring Center of Cantho Department of Natural Resources and Environment.
- "KPH": undetected, "KQĐ": unregulated.

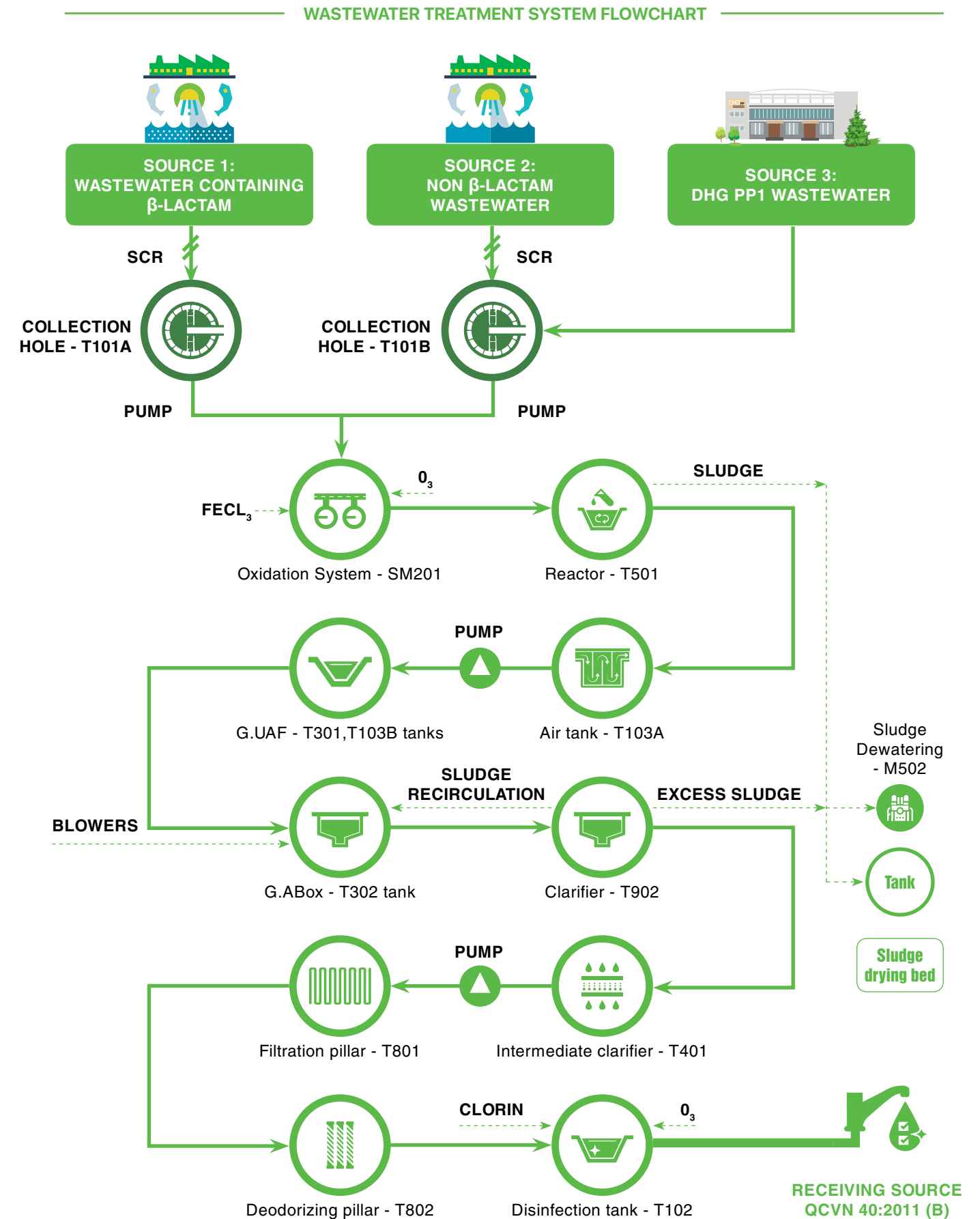


## EMISSIONS, EFFLUENTS AND WASTE



## DHG PHARMA PLANT IN HAU GIANG

- Production wastewater is mainly generated in the phases of factory, machine and equipment cleaning, etc. approximately 2,164 m<sup>3</sup>/month.
- Wastewater from daily activities of workers and securities is about 1,115 m<sup>3</sup>/month.
- Total spending on wastewater treatment: approximately VND 853 million in 2017.
- Treatment method: chemical physics + microbiology.
- Periodic water quality monitoring at DHG Pharma Plant in Hau Giang is conducted 04 times per year (23 Mar 2017, 17 May 2017, 24 Aug 2017 and 24 Oct 2017) and the monitoring results are within acceptable limits of QCVN 40: 2011/BTNMT (column B), ensuring that the production of DHG Pharma has little impact on the surrounding environment.





EMISSIONS, EFFLUENTS AND WASTE

MITIGATION MEASURES FOR EXHAUST FUMES, EFFLUENTS, WASTE, NOISE AND VIBRATION



MONITORING RESULTS OF WASTEWATER QUALITY

No.	Parameter	Unit	Measuring method	QCVN 40:2011/ BTNMT (*)	2015	2016	2017
1	Temperature	°C	SMEWW 2550B:2012	40	28.5	29.2	29.9
2	pH	-	TCVN 6492:2011	5.5 to 9	6.92	7.1	7.16
3	Saturation	Pt - Co	SMEWW 2120B:2012	150	47	36	24.29
4	TSS	mg/l	TCVN 6625:2000	110	26	14	15
5	BOD <sub>5</sub> 20°C	mg/l	TCVN 6001-1:2008	55	14	13	18
6	COD	mg/l	SMEWW 5220C:2012	165	21	17	30
7	Total Nitrogen	mg/l	TCVN 6638:2000	44	7.4	1.68	22.98
8	Total Phosphoric	mg/l	TCVN 6202:2008	6.6	0.28	0.34	2.5
9	Total Coliform	MPN/100ml	TCVN 6187-2:1996	5,000	<3	4x10 <sup>1</sup>	KPH
10	Mineral oil	mg/l	SMEWW 5520 B&F:2012	11	0.6	1.2	0.8
11	Fe	mg/l	TCVN 6177:1996	5.5	0.12	0.11	0.41
12	Excess Chlorine	mg/l	SMEWW 4500-Cl B:2012	2.2	0.07	KPH (LOD=0.04)	KPH (LOD = 0.2)
13	As	mg/l	EPA 200.7	0.11	KPH (LOD=0.005)	KPH (LOD=0.0005)	KPH (LOD = 0.008)
14	Zn	mg/l	EPA Method 200.7	3.3	KPH (LOD=0.006)	KPH (LOD=0.01)	0.03
15	Pb	mg/l	EPA Method 200.7	0.55	KPH (LOD=0.07)	KPH (LOD=0.01)	KPH (LOD = 0.01)
16	Cd	mg/l	Epa Method 200.7	0.11	KPH (LOD=0.01)	KPH (LOD=0.01)	KPH (LOD = 0.01)
17	Hg	mg/l	SMEWW 3112B:2012	0.011	KPH (LOD=0.005)	KPH (LOD=0.0005)	KPH (LOD = 0.0005)
18	Cu	mg/l	US.EPA Method 200.7	2.2	KPH (LOD=0.01)	KPH (LOD=0.01)	KPH (LOD = 0.003)
19	Cr <sup>3+</sup>	mg/l	US.EPA Method 200.7	1.1	KPH (LOD=0.02)	KPH (LOD=0.02)	KPH (LOD = 0.02)
20	Xyanua	mg/l	TCVN 6638:2000	0.11	KPH (LOD=0.002)	KPH (LOD=0.04)	KPH (LOD = 0.002)
21	Phenols	mg/l	TCVN 7874:2008	0.55	KPH (LOD=0.001)	KPH (LOD=0.00047)	KPH (LOD = 0.00047)

Notes:

- Samples were taken on 29 Oct 2015, 26 Oct 2016 and 24 Aug 2017 and measured by the Environmental Monitoring Center of Hau Giang Department of Natural Resources and Environment, HCMC Institute of Environmental Technology - School of Environmental Science and Technology, Quality Assurance and Testing Center - Cantho Department of Science and Technology in 2017.
- "KPH": undetected, "KQĐ": unregulated.



EMISSIONS, EFFLUENTS AND WASTE

MITIGATION MEASURES FOR EXHAUST FUMES, EFFLUENTS, WASTE, NOISE AND VIBRATION

WASTE

NON-HAZARDOUS SOLID WASTE

The source of non-hazardous solid waste including domestic waste (at DHG Pharma: approximately 74.4 m³/month, at DHG Pharma Ltd.: approximately 92 m³/month), and recycle waste (scrap) including scrap and carton packaging; The amount of waste (at DHG Pharma: approximately 3,040 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 delivered to the concentrated area of domestic solid waste in line with regulations.
- Every day, Trading and Service MT 69 Company gathers about 2.5 m³/day at DHG Pharma, Hau Giang Water Supply and Sewerage - Project Urban Joint Stock Company collects 3 m³/day of domestic waste and 100kg/day of recycle waste 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 contracts, 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: 8.4 tons/month, at DHG Pharma Ltd.: approximately 5.2 tons/month).

Mitigation measures

Strictly complying with regulations on environmental management guidelines at the Company and applicable laws.

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.

Treatment Cost

In 2017, the total cost of hazardous waste treatment is about VND 821 million, of which VND 504 million is from DHG Pharma and VND 317 million is from DHG Pharma Ltd.

No.	Name of Waste	Code of hazardous waste	2015 (Kg/year)	2016 (Kg/year)	2017 (Kg/year)
1	Waste ink containing hazardous constituents	08 02 01	85	131	82
2	Waste ink cartridges contain hazardous constituents	08 02 04	47	134	4
3	Waste engine oils	17 02 04	27	60	46
4	Wipes contaminated with hazardous constituents	18 02 01	831	1,052	186
5	Chemical waste in Laboratories	19 05 02	2,455	4,896	5,324
6	Waste soft packages	18 01 01	3,500	7,976	3,694
7	Used active coal	02 11 02	536	1,471	562
8	Waste sludge from wastewater treatment	03 05 08	22,725	32,717	73,664
9	Waste fluorescent bulbs	16 01 06	218	297	209
10	Waste batteries and accumulators	16 01 02	66	83	13
11	Waste electrical equipment and components	16 01 13	9	55	25
12	Saturated or used ion-exchanging plastic	12 06 01	-	300	-
13	Solid waste substances containing hazardous constituents	03 05 09	121,897	171,190	79,609

NOISE AND VIBRATION

**Sources** arise mainly from the operation of machinery in the production area and wastewater treatment system area.

**Mitigation measures:** Supplying noise-cancelling earplugs for employees, who work under 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.







GRI 307

# ENVIRONMENTAL COMPLIANCE

AS A LEADING COMPANY IN THE INDUSTRY, BESIDES CONCENTRATING ON EFFECTIVE BUSINESS SOLUTIONS, INCREASING THE PRODUCTION CAPACITY AND BUSINESS PRESTIGE IN THE MARKET, DHG PHARMA ALWAYS ENVIRONMENTAL PAYS ATTENTION TO PROTECTION Aiming to being an environmentally friendly enterprise and ensuring health and safety of workers.

DHG Pharma has a department specialized in the environment with appropriate professional qualifications. All staff of the Company, especially factory workers, are regularly disseminated about waste and garbage classification, regulations on economical use of electricity and water, etc. in production and office activities as well as regulations on environmental sanitation and labor safety.

All factories at DHG Pharma conduct environmental impact assessments and commitments to protect the environment before going into operation. In the process of operation, the factories strictly comply with environmental laws, conduct environmental measurements and monitoring and report to relevant competent authorities every quarter.

To further standardize sustainable values in the Company’s activities, DHG Pharma has made the specific steps in 2017 as follows:



## FACTORIES

- Promoting propagandas on environmental protection, minimizing the amount of waste and exhaust fumes into the environment, classifying waste before treatment.
- Strengthening factory cleaning and regular maintenance of equipment and machinery.
- Propagating awareness of energy, electricity and water savings.

### IMPLEMENTATION

- Through internal communication and factory briefings.
- The factory Management Board issues strict control procedures on environmental protection.
- Saving electricity and water, utilizing rainwater to water plants, etc.



## OFFICE

- Raising awareness of minimizing office waste, using emails to forward information in case of non-printing information.
- Propagating awareness of electricity and water savings.
- Classifying waste before treatment.

### IMPLEMENTATION

- Prioritizing using emails to forward information, minimizing using printing paper and discharges into the environment.
- Notifying office staffs about water and electricity savings. Turning off electricity and air conditioning when not in use and leaving offices.
- Equipping trash cans to classify recyclables, inorganic waste, organic waste, and etc before treatment.
- Launching a movement to create a healthy and beautiful environment through the “Green, clean and beautiful working corners” activity. Departments have improved their working corners in accordance with “5S” criterion, which are **Sort - Set in order - Shine - Standardize - Sustain**.

In 2017, the Company did not record any violations on environmental laws:

- Number of fines: 0 time.
- Amount of fines: VND 0.

“ In 2018, DHG Pharma will continue to actively join and encourage employees to participate in environmental movements such as planting trees at factories, walking for the environment and etc. Besides, the Company will continue to study and improve machinery and equipment in production to minimize impacts and discharges into the environment as well as to raise the spirit of anti-wastefulness throughout the Company”.

## SOLUTIONS FOR CONTINUOUS IMPROVEMENT OF ENVIRONMENTAL INITIATIVES

- 1 Operation and regular inspection of wastewater treatment systems to ensure that wastewater meets QCVN 40:2011/BTNMT standard.
- 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.



Joining hands for A MORE  
**BEAUTIFUL**  
LIFE

DECENT JOBS  
(EMPLOYEES)

3,205



TRAINING HOURS  
(HOURS/PERSON/YEAR)

75.2



FREE MEDICAL  
EXAMINATIONS  
& MEDICINE  
(TURNS)

45,800



COMMUNITY  
CONTRIBUTIONS  
(VND BILLION/YEAR)

6.1

An everlasting enterprise cannot separate its interests from those of the society. Taking cognizance of this principle, DHG Pharma, on its development path, has always taken the benefits of the community as a starting point for all activities. It has always been an ultimate goal for the Company to promote DHG Pharma brand as a symbol of humanity in relation to contributing to improving the quality of life.

SOCIAL STANDARDS



118	Employment	GRI 401
130	Occupational health and safety	GRI 403
134	Education and training	GRI 404
138	Diversity and equal opportunity	GRI 405
140	Freedom of association and collective bargaining	GRI 407
141	Child labor, forced or compulsory labor	GRI 408 - GRI 409
142	Local community	GRI 413
152	Customer health and safety	GRI 416



HUMAN RESOURCES

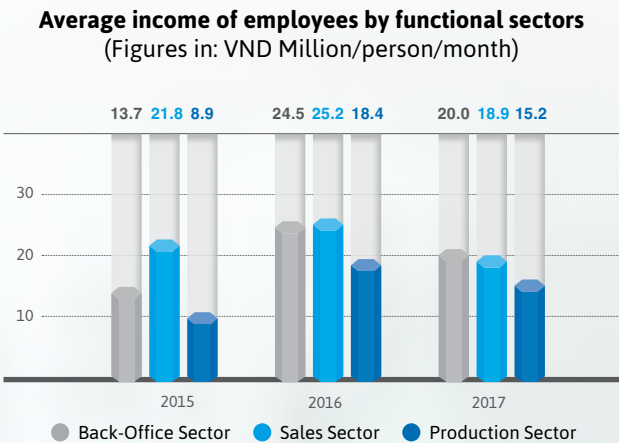
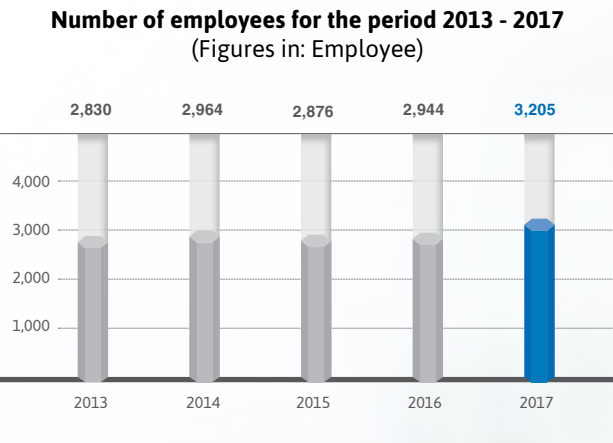
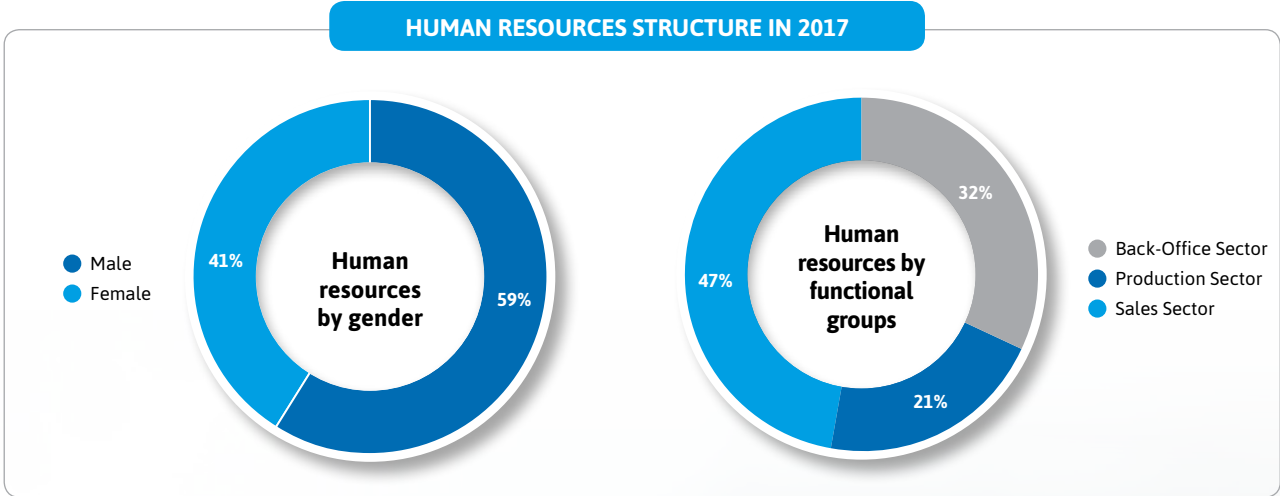
“ In collaboration with E&Y, DHG Pharma has issued & implemented “Competency Dictionary of DHG Pharma”, which forms the foundation for evaluating employees, designing training programs and developing career development roadmap for all staff”.

As an enterprise with over 3,000 employees, extensive distribution channels, and turnover of over VND 4,000 billion etc., DHG Pharma places its core value on human resources. All activities of the Company are planned and conducted on the basis of the key principles of “responsibility, cooperation, and incentives”, which also functions as the main foundation for the building of its manpower as well as for attracting and retaining its talented staffs.

On these bases, DHG Pharma’s employees have been increasingly creative, fulfilled their skills, and mastered and confidently taken control of technology. It is these young generations’ creativity and enthusiasm with the thought of “dare to think, dare to do” that has greatly contributed to the Company’s success in building trust from consumers, customers and investors. These achievements have enabled DHG Pharma to maintain its leading position in the pharmaceutical industry in terms of revenue, profitability, scale, and production capacity for many consecutive years.



Weekly Flag and National Anthem Ceremony at DHG Pharma Factory in Tan Phu Thanh Industrial Zone - Hau Giang Province.



SELECTING, RECRUITING FOR REPLACEMENT, DEVELOPING HIGH-QUALITY HUMAN RESOURCES BASED ON THE COMPANY’S COMPETENCY FRAMEWORK & DEVELOPMENT ORIENTATION; IMPROVING THE TRAINING OF SKILLED STAFFS TO BOOST PRODUCTIVITY.





EMPLOYMENT

The competency framework incorporates core, behavioral and professional competencies that have been comprehensively and consistently built in accordance with the business development orientation and its operation, which is in alignment with the general development trend of the sector and international practices.



PERSONNEL CHANGES IN TERMS OF MANAGERIAL TITLES APPOINTED BY THE BOD

1	19 Jan 2017	Appointment of Mr. Ho Buu Huan as Chief Accountant	BOD's Decision No.002/2017/QĐ.HĐQT
2	03 May 2017	Appointment of Ms. Le Thi Hong Nhung as Finance Director	BOD's Decision No. 020/2017/QĐ.HĐQT
3	03 May 2017	Approved the establishment of the Internal Audit Committee under the BOD that has come into official operation effectively from 03 May 2017	BOD's Decision No. 023/2017/QĐ.HĐQT
4	01 Sept 2017	Removal of Mdm. Pham Thi Viet Nga as General Director and Legal Representative of DHG Pharma	BOD's Decision No.049/2017/QĐ.HĐQT
5		Appointment of Mr. Doan Dinh Duy Khuong as Legal Representative and Acting General Director of DHG Pharma within 6 months	BOD's Decision No.055/2017/QĐ.HĐQT
6	28 Feb 2018	Continuous appointment of Mr. Doan Dinh Duy Khuong as Legal Representative and Acting General Director of DHG Pharma until 31 Dec 2018.	BOD's Decision No.027/2018/QĐ.HĐQT
7	01 Sept 2017	Removal of Ms. Tran Thi Anh Nhu as HR Director and member of the Nomination and Remuneration Subcommittee. <i>Removal reason: reaching mandatory retirement age.</i>	BOD's Decision No. 057/2017/QĐ.HĐQT
8	01 Oct 2017	Removal of Ms. Diep Bich Huong as Production Director. <i>Removal reason: reaching mandatory retirement age.</i>	BOD's Decision No. 058/2017/QĐ.HĐQT
9	25 Oct 2017	Appointment of Mr. Tomoyuki Kawata as Deputy General Director in charge of Production, Supply Chain, Training and Technical Transfer within 1 year	BOD's Decision No. 060/2017/QĐ.HĐQT
10	01 Jan 2018	Appointment of Mr. Atsushi Toyoshima as Supply Chain Director of DHG Pharma within 1 year	BOD's Decision No. 065/2017/QĐ.HĐQT
11	01 Jan 2018	Appointment of Ms. Le Thi Hong Nhung as the person in charge of corporate governance	BOD's Decision No. 066/2017/QĐ.HĐQT



EMPLOYMENT

HUMAN RESOURCES DEVELOPMENT



OVERVIEW OF THE WORKFORCE

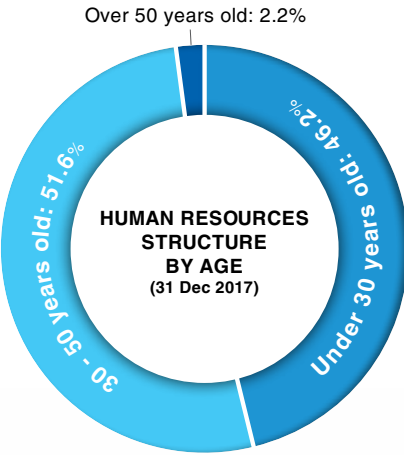
“Taking cognizance of human resources as the most precious property that determines the Company’s sustainable development, DHG Pharma focuses on building a team of employees with **experience - responsibility - effectiveness - ethics**, which is viewed as one of the long-term strategies of the Company. Therefore, it is necessary to have a working environment that nurtures and promotes unity and solidarity of the entire staff, in which the code of conduct, professional training, ethical standards and DHG Pharma’s culture plays the role of the cornerstone”.

3,205



THE NUMBER OF EMPLOYEES IN 2017

(Figures in: employees)



As at 31 Dec 2017, the number of employees of DHG Pharma was 3,205 people. Employees’ average salary is VND 17.8 million/person/month. The average salary of each sector is as follows: Sales sector (VND 18.9 million/person/month), Back-office sector (VND 20 million/person/month), Production sector (VND 15.2 million/person/month).

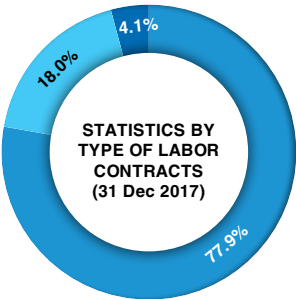


EMPLOYMENT

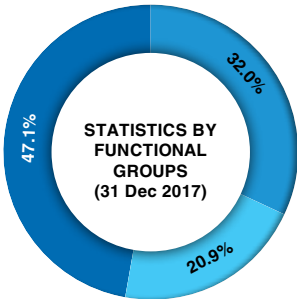
THE OVERVIEW TABLE ON PERSONNEL STRUCTURE (2015 - 2017)

Employees	2015		2016		2017	
	Number (Employee)	%	Number (Employee)	%	Number (Employee)	%
Statistics by gender	2,876	100	2,944	100	3,205	100
Male	1,641	57.1	1,709	58.1	1,899	59.3
Female	1,235	42.9	1,235	41.9	1,306	40.7
Statistics by type of labor contracts	2,876	100	2,944	100	3,205	100
Indefinite term	2,386	83.0	2,400	81.5	2,496	77.9
Definite term of 1 to 3 years	429	14.9	469	15.9	577	18.0
Seasonal and short-term contracts	61	2.1	75	2.5	132	4.1
Statistics by functional groups	2,876	100	2,944	100	3,205	100
Back-office sector	760	26.4	867	29.4	1,026	32.0
Production sector	735	25.6	714	24.3	669	20.9
Sales sector	1,381	48.0	1,363	46.3	1,510	47.1
Statistics by educational level	2,876	100	2,944	100	3,205	100
Post-graduate	60	2.1	67	2.3	79	2.5
University	694	24.1	753	25.6	910	28.4
College, Vocational school	1,365	47.5	1,430	48.6	1,503	46.9
Technical worker	29	1.0	29	1.0	27	0.8
Druggist	148	5.2	142	4.8	170	5.3
High school	580	20.2	523	17.8	516	16.1
Statistics by age group	2,876	100	2,944	100	3,205	100
Under 30 years old	1,416	49.2	1,080	36.7	1,480	46.2
30 - 50 years old	1,403	48.8	1,797	61.0	1,653	51.6
Over 50 years old	57	2.0	67	2.3	72	2.2

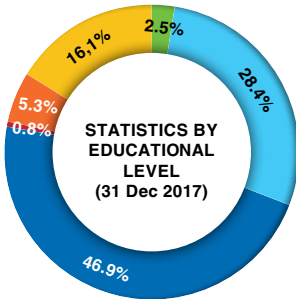
- Indefinite term
- Definite term of 1 to 3 years
- Seasonal and short-term contracts



- Back-office sector
- Production sector
- Sales sector



- Post-graduate
- University
- College, Vocational school
- Technical worker
- Druggist
- High school



STATISTICS ON PERSONNEL FLUCTUATIONS

Target	2015	2016	2017
New recruitments during the year	103	265	419
In which:			
Gender: Male	63	170	298
Female	40	95	121
Age group: Under 30 years old	86	231	328
30 - 50 years old	17	33	84
Over 50 years old	0	1	7
Job-quitting during the year	275	253	263
Retirement	31	2	2
Contract termination (*)	244	251	262
Maternity leave	76	61	78
Returning to work after maternity leave	100%	100%	100%

Target	2015		2016		2017	
	Number	(%)	Number	(%)	Number	(%)
Total managerial employees	85	3.0	84	2.9	99	3.1
In which:						
Gender: Male	62	72.9	60	71.4	73	73.7
Female	23	27.1	24	28.6	26	26.3
Age group: Under 30 years old	2	2.4	1	1.2	4	4.0
30 - 50 years old	66	77.6	64	76.2	71	71.8
Over 50 years old	17	20.0	19	22.6	24	24.2



Year - end ceremony in 2017 - Labor Conference .



## INNOVATIONS IN HUMAN RESOURCES, POLICY & MANAGEMENT

*After more than 40 years wholeheartedly working and leaving the position of General Director in DHG Pharma, Mdm. Pham Thi Viet Nga shares*



**I AM NOW STRONGLY CONFIDENT THAT THESE SUCCESSIVE GENERATIONS CAN CONTINUE TO FULFIL THE TASK OF DEVELOPING DHG PHARMA...**

“After a long process of building, developing, training and planning for subsequent generations to inherit as well as preparing new models, structures for DHG Pharma in the next milestone, I am now strongly confident that I can rest assured and trust that these successive generations that I have devoted on training over the time could confidently continue to develop the Company. I believe that this is the best time for pass on the duties to them so that they can continue to fulfil the task of developing DHG Pharma on the basis of its established vision, mission, core values and cultural features of the Company.”



### CHANGES IN HUMAN RESOURCES

In recent years, DHG Pharma has changed its models, new factories, and new business strategies with the decentralised organization and new duty distributing system. As such, DHG Pharma needs to have a new successive system with competence, good vision for managing and operating the Company in a confident manner. On 01 Sept 2017, MA Doan Dinh Duy Khuong - the Deputy General Director of the Company was assigned to be in charge of Acting General Director position. He is a member of the subsequent generations that have been continuously trained in 17 years, who will continue to develop DHG Pharma for sustainability based on its existing vision, mission, core values and cultural features of the Company.

At the same time, the Company has also, to fit in better with the new model, reassigned and rotated staff to ensure each member is placed in a position that suits their ability, role and level to guarantee that the Company's activities are executed in an increasingly effective and professional manner.

### CHANGES IN SALARY POLICY

DHG Pharma, working with consultancy companies, has constructed the new salary system based on positions and evaluation of duties which helps identify the complexity of the work in each position. Salary, as such, is paid in accordance with the roles, responsibility, the extent of devotion and working ability. In particular, DHG Pharma has implemented the following steps for the new work management system:

- Updating the KPI list for the remaining positions in the Company, after EY has reviewed the KPI list for the BOM and the functional director.
- Allocating KPI proportions and establishing KPI targets.
- Keeping track of the statistics periodically and supporting staff to achieve the set objectives.
- Collecting feedback and information relevant to the working process and outcomes of each staff member.
- Evaluating each staff's working effectiveness. Returning to step 1 - adjusting the KPI for appropriateness and step 2 - allocating the proportion and set objectives for the next evaluation round.



## EMPLOYMENT

### CARE FOR EMPLOYEES



A swimming competition at DHG Pharma's pool.

### WELFARE FOR EMPLOYEES

In order to share with the employees the contributions they have made to the Company, from the Bonus and Welfare Fund accumulated over many years, the Company has built works and implemented welfare activities for the employees as follows:

- Built a swimming pool and soccer field to create a playground that also serves that goal of training physical health for employees.
- Built Company's dormitories or residential accommodation for employees who are still renting houses and have no stable accommodation.
- Built kindergartens to take care of children so that parents can concentrate on their work, especially shift workers.
- Built a sports hall, a bio-zone with a spacious green space and a hall which can be used as a resort for relaxation, staff training, meetings and event organising.
- The Company organizes a shared kitchen to provide breakfasts, lunches and shift-break meals to all

employees at the head office, subsidiaries and all branches. The meals are always nutritious and ensure food hygiene and safety.

- Arranged transportations for employees to commute to work daily at Hau Giang Pharmaceutical Plant (Tan Phu Thanh IZ, Hau Giang province).
- With a desire to create a cool and clean space for employees to gather and relax after work, the Company has improved the service quality of its canteen and built a learning corner for employees.



An outdoor activity at DHG Pharma.

### CARING ACTIVITIES FOR EMPLOYEES AND THEIR FAMILIES



The Spring Festival with the theme "Loving Tet" at DHG Pharma.

- The Company supported staff with loans when repairing, building houses, purchasing household items or confronting with difficulties. In addition, the Company's Poor Patients Fund supports staff and their families when hospitalized with surgery and suffering from long-term treatment.
- The Company also supports part of renting cost and child care cost as a way to improve employees' concentration at work.
- At the end of the year, the Company paid visits and presented gifts to 50 retired employees as a way of showing gratitude to previous generations who significantly contributed to the development of the Company.
- Regular check out is also implemented annually for employees. Each employee is further supported with VND 1,000,000 for their family members' health check per year.
- On the occasion of the 86<sup>th</sup> birthday of the Youth Union, the Executive Board of the Company's Youth Union held "**Sports Competition**" to welcome the foundation day of the Youth Union with more than 200 competitors and 500 spectators.
- On the occasion of Children Day (01 June), the Executive Board of the Youth Union organised programs for employees' children such as "**Experiencing Summer**" at DHG Pharma's Sports Hall as well as in Phan Thiet and Thanh Hoa; a summer program at the Snow Town and "**Once Upon a Time**" in HCM City; the program named "**The army of adventurous crickets exploring Funny Land City**" at the playground Funny Land in Cantho City.
- Awards were also presented to 78 of employee's children who have excellent achievements at various levels.
- DHG Pharma fulfilled all social insurance, health insurance and unemployment insurance for employees. Moreover, the Company also purchased accident, sickness and hospitalization insurance for staff, and premium medical insurance scheme for senior management and excellent employees.
- The Company also paid close attention to sales employees working away from home and supports them typical southern Vietnam foods that remind them of their homeland.
- To express gratitude and caring to the employees' parents, DHG Pharma celebrated the program called "Vu lan Bao hieu" and the contest "Parents' Sweats".
- The Company organized the Spring Festival 2017 with the theme "Loving Tet" to create opportunities for family reunion among DHG Pharma's families.



Rewarded children of DHG Pharma's staff for passing University exams.



Organized programs for employee's children in Ho Chi Minh City.



Photo displays on the International Women Day at DHG Pharma.



OCCUPATIONAL HEALTH AND SAFETY



“To ensure long-term health and create a safe working environment that reassures employees when working, DHG Pharma has always complied strictly to legal regulations in relation to work-related health and safety. Such regulations are also sufficiently and frequently imparted to all employees when participating in the production process in factories”.

At DHG Pharma, all employees are equipped with high quality work security tools. The Company also provides these employees with social insurance, health care insurance, and emergency insurance. They are also eligible for enjoying policies in relation to toxic reimbursement schemes and frequently visited for regular health check to minimize risks as well as discover and provide timely treatment for those work-related sicknesses. In addition, all factories, warehouses and offices are equipped with the automatic fire alarming system, CO<sub>2</sub> fire extinguishers, and fire hoses, etc. so that emergency cases can be dealt with timely and effectively.

Annually, the Company provides training sessions with respects to work safety for all employees in general and all workers in factories in particular with a focus on first aids in work safety, safety in using chemicals, radiation safety and fire prevention and fighting, etc.

No.	Content	Counts	Note
1	Occupational health examination	294 people/ 294 people	
2	Health check for employees working under hard and harmful environment	412 people/ 412 people	
3	Periodic health examination	100%	Subjects: Employees are signed labor contracts with definite term and indefinite term as well as seasonal contracts with working time over 12 months.
4	Specialized health examination for female	832 people/949 people	Voluntarily registered by employees

Statistical results in 2017

No.	Indicators in the reporting period	Figures in	2017
1	Occupational accidents		
	Total number of occupational accidents	Case	None
	Total number of people suffering from occupational accidents	Person	None
	Number of days that employees are dismissed due to occupational accidents	Day	None
	Total number of deaths due to occupational accidents	Case	None
2	Occupational diseases		
	Total number of people suffering from occupational diseases in 2017	Person	None
	Total number of occupational diseases cumulative at the time of reporting	Person	None
3	Results of classification of workers' health		
	Type I	%	1.3
	Type II	%	45.0
	Type III	%	34.8
	Type IV	%	16.9
	Type V	%	2.0

(\*) The result of health check is type V due to missing teeth or myopia.

MEASURES TO PREVENT OCCUPATIONAL ACCIDENTS AND OCCUPATIONAL DISEASES IN 2017

During the meetings and early reports on occupational health and safety, the Company developed the annual labor protection plan, conducted statistical work, and analyzed the results of 2017. The Company concurrently considered the causes and proposed effective solutions to

be implemented in 2018. Thanks to this, 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 and construction, the Company eliminates potential causes leading to occupational accidents and occupational diseases in the production process such as:

- Providing shielding and warning in dangerous areas.
- Providing ventilation and/or air conditioners for high temperature areas.
- Dust, toxic chemicals and toxic gas must be processed through a fume hood system, vacuum systems etc..
- Building a soundproofing room for noisy areas; Installing pedestals to reduce noise and vibration of machinery.

- Providing sufficient lighting, preferably using natural light.
- Creating good working space for comfortable working posture and good performances.
- Strictly implementing periodic checks on machinery and equipment in accordance with the Company's plans.
- Measurement of microclimatic factors is implemented in a timely manner to ensure the health and safety of workers.



## OCCUPATIONAL HEALTH AND SAFETY



### MEDICAL MEASURES

- Employees, especially workers must have full health records by the time of recruitment.
- Perform periodic health check for early and timely detection and treatment of occupational diseases.
- Properly implementing the regime of toxic fostering and on-the-spot antidote for employees having direct contact with chemicals, raw materials and uncovered products.
- Arranging separate medical rooms at the factory, working 24/24 to best care for the health of employees.
- Depending on the toxicity of the working environment, the Company shall hire functional units to conduct quarterly and annual inspections.



### 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 staff, especially factory workers.
- Providing training on basic first aid for the Company's first-aid team.
- Organizing rehearsals in response to chemical leaks, asphyxiation incidents...
- Printing and hanging panels, banners and propaganda about safety - labor health.
- Regularly reminding and urging the inspection on compliance with the Company's regulations on occupational health and safety.



### 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 gas, dangerous hazards,... DHG Pharma always ensures to provide sufficient personal protective equipment, to keep records and organize monthly cross-checks among units, and specifically report to relevant levels in order 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.
  - Employees, who are equipped with personal protective equipment must use it properly while on duty.



### WORK SAFETY

- Distribution of works must be appropriate to health, gender and age of employees.
- Arranging, locating equipment and production lines so as to minimize contact with 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. The team checks on fire extinguishers monthly, 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, renovating fire hydrants and fire extinguishers for warehouses.
- Quarterly, 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 appropriate locations for fire-extinguishers.
- Making signage for explosion-prone areas: chemical storage area, drying areas, etc.
- Building evacuation diagrams, and emergency exit in case of incidents.
- Smoking is prohibited in the Company, in public and in smoke-free zones.
- Stocking goods in a neat and clear manner, paying attention to exits.
- Not storing flammables/explosive with other goods.
- Concerned firms must regularly inspect electrical safety, equipment safety. Self-repair of electricity and uncontrollable uses of electricity are prohibited. Electrical appliances are turned off when not in use.
- In 2017, DHG Pharma conducted 3 times of fire prevention rehearsals as follows:
  - » 01 on site fire prevention rehearsal at the Company;
  - » 01 fire prevention rehearsal in collaboration with Fire Fighting and Prevention No. 1 - Cantho Department of Fire Fighting and Prevention at the Company;
  - » 01 fire prevention rehearsal in collaboration with Fire Fighting and Prevention No. 3 - Cantho Department of Fire Fighting and Prevention at the warehouse in Cach Mang Thang 8.



### MEASUREMENT & TESTING OF THE WORKING ENVIRONMENT

**MEASURING METHOD** is in accordance with technical standards of the Institute of Occupational and Environmental Hygiene 2015 - Ministry of Health. The method is designed to measure climate data, lightning intensity, noise, vibration, ionizing radiation, dust concentration, toxic gas concentration, electric field, magnetic field and microorganism at employees' sites.

#### MEASURING DEVICES

- Microclimate measuring machine: Air Velocity, TSI 9545 - USA.
- Light measuring machine: Lux meter, Minolta - 106 589 - Japan.
- Noise measuring machine: Sound Level Meter, Rion NL - 21, Japan.
- Breathing dust measuring machine: HD - 1100, the Environment Devices Corporation, 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:

- Regularly maintaining the lighting system, installing more light bulbs at appropriate location to ensure sufficient light for employees to work.
- Areas with high temperature will be implemented heat treatment methods, shielding the heat source, using fumes hoods.
- Regularly maintaining machinery, using new generation making less noise, shielding noise sources using sound insulation materials, etc. 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 area 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.
- All persons entering the production area must comply with the regulations on occupational health and safety, fully equipped with personal protective equipment and the scope of responsibility.
- Employees must be instructed to work and train safety before engaging in production.
- Usage of machinery and equipment without permission and performances of work outside the scope of work assigned are prohibited.



EDUCATION AND TRAINING



**In 2017, DHG Pharma continues to effectively promote its education and training programs for its employees. The total unplanned costs for education and training 2017 reached VND 3.3 billion.**

**The total number of training hours (hours)**

**184,833**

Sales teams(hours)

**115,107**

New employees (hours)

**17,607**

The total number of training hours for leaders, key personnel and employees is 184,833 hours (averagely 75.2 hours/person/year). Trainings provided to sales teams accounted for 115,107 hours (averagely 75.2 hours/person/year). Trainings provided to new employees accounted for 17,607 hours (averagely 128.5 hours/person).

Especially, the Company has applied a quiz App called "the MagicMirror", which has achieved its initial effectiveness in continuous training, which helps the employees refine their understanding of the Company's cultural values and clearly understand the regulations, rules and policies in relation to employees. It also advances the employees' knowledge, skills, especially for the sales team employees. During the period the App is applied, DHG Pharma has administered 122 examinations with the total number of 10,400 of turns of employees taking exams. Among these, 1,220 employees' names are listed on the board of honors.

The Company also periodically organized seminars and workshops that promote the development of such skills as teamwork, thinking, communication, and problem solving skills. Through these activities, the employees accumulated essential skills for their work and easily settling in with the community.

100% of the employees attended all information and education sessions focusing on legal issues with knowledge and laws relevant to employees including: Employment Law, Union Law, Social Security Law and other laws in relation to prevention of social problems such as betting,

gambling, and drugs, etc. Such information and training sessions promote the employees' understanding of laws and educate them in terms of self-awareness about their own lives, aiming for a healthy and not luxurious life. Such programs enable them to improve their material and mental life as well as absorb great values from different cultures.

A training program was also provided to the nationwide salesteams, focusing on professional knowledge and skills. External trainers were invited to provide indepth training sessions to sale employees, targeting the team leaders of the national sale system. The training content focused on knowledge of products, sale channels, pharmacy categorizations, working principles, working processes, planning, and finalizing sales targets. These training programs reinforced team leaders' confidence in planning and presenting their planning and content. The training program called "DHG Pharma's team leaders' spirit" provided to managers and more than 500 sales staff nationwide was also implemented.

The Company also frequently organized training sessions for all sales staff in the whole country through the training program in which they experienced physical activities and games in Ha Tien, Quy Nhon and Thanh Hoa.

The Youth Union leaders also initiated and sustained the English speaking club once a month, which attracts many English-loving employees to participate and helps them improve their English levels.

The employees are also actively involved in suggesting proposals for innovation at work. In total, 321 ideas and suggestions for innovations has been made with 179 feasible ideas and new products. Among these, two new products have been put into production and the production processes for 12 products have been adjusted and innovated.

**321**

**ideas and suggestions for innovations**

**with**

**179**

**feasible ideas and new products**





No.	Contents	Objects
3	<b>KNOWLEDGE OF GMP, GLP AND GSP - WHO</b> <ul style="list-style-type: none"> <li>• Basic knowledge of GMP, GSP and GLP - WHO</li> <li>• Deep knowledge of GMP in relation to departments <ul style="list-style-type: none"> <li>» Working regulations in special environment and hygiene decentralization environment</li> <li>» Contents related to: <ul style="list-style-type: none"> <li>• Contamination - cross contamination and prevention measures</li> <li>• Anti-confusion, anti - error</li> </ul> </li> </ul> </li> </ul> <p><b>Other contents of GMP</b></p> <ul style="list-style-type: none"> <li>• Requirements of GLP, ISO/IEC 17025: 2005 standards</li> <li>• Requirements of GSP, GDP (WHO) standards</li> </ul>	All departments
4	<b>PROFESSIONAL KNOWLEDGE</b> <p><b>Professional pharmaceutical knowledge related to work and products</b></p> <ul style="list-style-type: none"> <li>• Classification of active substance and excipients. Roles of excipients</li> <li>• Nature of special raw materials</li> <li>• Pharmaceutical dosage form and manufacturing method at factories</li> <li>• Factors affecting the quality of products in the process of production, storage and transportation: raw materials, products and packaging.</li> <li>• Calculation of % concentration, humidity compensation, content compensation, compensation for losses, etc.</li> <li>• Applicable regulations and rules</li> </ul> <p>Other contents depending on particularity of each department</p> <p><b>Specific tasks</b></p> <ul style="list-style-type: none"> <li>• Job description of departments and individuals</li> <li>• Procedures, regulations, working instructions in relation to individual tasks</li> <li>• Understanding the purpose and meaning of: <ul style="list-style-type: none"> <li>» Each manipulation</li> <li>» Guarantee of technical parameters and regulations in the process of production, testing and control of the process</li> <li>» Criteria of quality inspection</li> <li>» Measurement - testing of equipment used in production and quality control</li> </ul> </li> </ul> <p><b>With regards to operators:</b></p> <ul style="list-style-type: none"> <li>• Installation, operation, cleaning and maintenance of machines in research, production and quality control</li> </ul> <p><b>With regards to controllers:</b></p> <ul style="list-style-type: none"> <li>• Explanation: principles of sampling, disintegration testing, integrity testing, etc.</li> </ul>	Factories, Quality Control , R&D, General warehouse




DIVERSITY AND EQUAL OPPORTUNITY

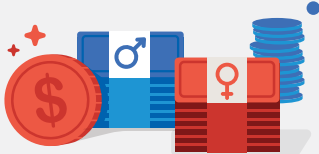
“Equitable treatment to all employees plays an important role in creating a positive working environment that motivates employees, develops their profession and engages them in long-term relationships with the Company”.

The Company has always committed to the main goals of creating equal opportunities in its personnel policy as follows


Employees are fairly treated regardless of their gender, ethnicity, skin color, region, social classes, marital status, creed, religion, health status and participation in union activities at work.




Equality is applied in recruitment, task assignment, working and rest time; employees are fairly paid in accordance with their performance.




The Company respects, listens and responds to employees' questions and concerns. All employees have equal rights to make suggestions and contributions to the building and development of the Company.



All employees have the same opportunities in training, development and promotion.





Target	2017	
	Number	%
Statistics by region	3,205	100%
The North	445	13.9%
The Central	313	9.8%
The South	2,447	76.3%
Statistics by ethnicity	3,205	100%
Kinh people	3,135	97.8%
Cham people	1	0.0%
Hoa people	41	1.3%
Khmer people	20	0.6%
Ethnic minorities	8	0.3%
Statistics by gender	3,205	100%
Male	1,899	59.3%
Female	1,306	40.7%

In particular, gender discrepancy remains one of the most urgent challenges among sustainable development goals of the United Nations (UN). Women are less likely than men to participate in the labor market. Simultaneously, even when women enter the labor market, it is more difficult for them to find a job. Their rights and welfare are also not fully guaranteed and they face more barriers than men at work.



Taking cognizance of the difficulties that women have confronted with, DHG Pharma ensures that all women are treated equally, democratically and fairly as followings:

- All women and men have the same opportunities to be recruited, trained and promoted if they satisfy the standards and requirements of the Company.
- Salary, bonus and welfare policies between female and male is not different. DHG Pharma has paid salary and bonus pursuant to performance of actual work and efficiency.
- The Company shall not dismiss female workers or unilaterally terminate the labor contract of those members due to marriage, pregnancy, maternity leave or breast-feeding a child under 12 months of age; except in case where the term of the labor contract expires or the Company ceases its activities.
- Female workers have the right to unilaterally terminate the labor contract without compensation if they are certified by the hospital or medical examination center at the district or higher level that if they continue to work, it shall have an adverse effect on the fetus or serious health effect. In this case, the period for which a female employee must notify the employer in advance depends on the length of time assigned by the hospital or medical examination center.
- Female workers who are pregnant from 7 months or above or breast-feeding a child under 12 months of age are not permitted to work overtime, at night or on business trips. Female workers who are pregnant from 07 months or above and take in charge of heavy work and in toxic environment are allowed to transfer to positions with less heavy work or to be reduced one working hour per day while still being paid full salary.
- It is also the Company's priority to ensure the pregnancies' health as well as guarantee to have enough labour force in case the pregnancies are unable to work in the 3<sup>rd</sup> shifts. These working deficient cases will be reported to managers so that they can be assigned with suitable jobs and get monthly pregnancy examination; women with children less than 36 months old do not work in the 3<sup>rd</sup> shift. Male workers covered by the social insurance scheme whose wives give birth to children are entitled to a paternity leave in accordance with the law.
- In addition to annual health check, women are also counseled on women-related diseases for effective prevention.
- On the occasion of the 107<sup>th</sup> anniversary of the International Women's Day, many creative and meaningful activities were organized such as the contest "Gift of Love", the photo contest "DHG Charming Women" with the message "Confident - Dynamic - Creative DHG women". The seminar titled "The Secret of Living a Happy Life for Women" was organized and experts were invited to discuss the treatment and prevention of varicose veins for more than 400 women employees on Vietnamese Women's Day on 20 Oct.

In 2017, DHG Pharma did not record any complaints or incidents related to gender discrimination.



FREEDOM OF ASSOCIATION  
AND COLLECTIVE BARGAINING



**“HUMAN RESOURCES ARE THE CRITICAL FACTOR THAT DETERMINES THE DEVELOPMENT OF THE COMPANY. IT IS ALSO TREATED AS THE MOST VALUABLE ASSET OF THE COMPANY. AS SUCH, ALL DHG PHARMA’S ACTIVITIES FOCUS ON THIS RESOURCE”.**

The Company has built up and promoted a fair, dynamic, creative, proactive and energetic working environment. Not only can senior leaders express opinions but rather staff’s voices from all levels are paid attention, listened to so that favorable conditions can be created to maximize their capacity. Accordingly, HR training and development is not viewed as the responsibility of the HR Department, but rather of all members. All employees are involved in the development and planning of personnel and creating the most efficient working environment.

The collective labor agreement, democratic regulations and workplace dialogue regulations have been signed at the annual employee conference to ensure the legitimate rights and interests of employee as well as employer. This agreement is negotiated on the principles of voluntariness, equality and publicity by the representative of the labor collective and the employer.

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

- Organizing a periodic communication channel with employees to listen to their expectations and demands, in order to carry out positive reforms every day aiming towards sustainable development.
- Organizing training courses for Trade Union leaders from leader positions or above to grasp information, implement dialogues, develop their negotiation skills for signing collective labor agreement. This system is also especially designed to help these leaders to timely update difficulties and obstacles of employees at all teams, sectors and clusters and promptly report them to the superiors.
- In order to ensure the employees’ rights, the Labor Union is present in each department who represents to protect the employees’ rights. All comments, complaints and aspirations of employees are encouraged to be shared through various forms: Email, mailbox,

daily exchanges with heads of department or Trade Union, employee conference, etc.

- The Board of Management also clearly explain the process, purpose, meaning of evaluation, classification and rewarding staff.
- All employees are treated equally and received protection from the Company against all discrimination in employment or occupation.
- DHG Pharma commits that all employees are entitled to labor contracts and participate in social insurance contributions, health insurance and unemployment insurance for laborers in accordance with the provisions of Vietnamese law. In addition, the Company also purchases high-level medical insurance for leading positions, key employees and outstanding staff.
- Employees are promoted, paid, and rewarded pursuant to fair evaluation of their ability and performance which is corresponding to the market value.
- DHG Pharma ensures a balance among health, work and family life so that each employee can fulfill their long-term responsibility and dedication to the Company.

CHILD LABOR, FORCED  
OR COMPULSORY LABOR

**DHG PHARMA  
has committed to REFRAIN  
FROM CHILD LABOR  
AS WELL AS ABUSE, FORCED  
& COMPULSORY LABOR**

Pursuant to figures disclosed by the United Nations General Assembly, there have been approximately 25 million forced labor and 152 million child labor all over the world in 2016. This is an alarming situation and it is necessary for all enterprises to join hands to fight the oppression. As a leading pharmaceutical Company which has always cared for employees, DHG Pharma is committed to comply with provisions of Vietnamese labor law.



# HEALTH

## IS THE MOST PRECIOUS ASSET OF EVERY HUMAN BEING

IMPROVING PEOPLE'S HEALTH AND QUALITY OF LIFE IS NOT ONLY THE RESPONSIBILITY OF THE STATE AND DEPARTMENTS, BUT ALSO THE CONTRIBUTION OF ENTERPRISES  
ACROSS THE COUNTRY

TO THIS END, DHG PHARMA HAS CONSISTENTLY PERFORMED ITS MISSION IN IMPROVING HUMAN HEALTH WHOLEHEARTEDLY. ACCOMPANYING ITS MEANINGFUL MESSAGE ARE PRACTICAL ACTIVITIES THAT SIGNIFICANTLY IMPACT THE COMMUNITY'S AWARENESS OF COOPERATION FOR CARING AND PROTECTING HEALTH, WHICH SPREADS OUT THE MEANINGFUL VALUES SO AS TO DEVELOP AND BUILD UP A MORE BEAUTIFUL AND HEALTHIER LIFE.



DHG PHARMA **HUMANITY**  
JOURNEY TO BECOME A SYMBOL OF



## FROM ITS **COORDINATION** WITH **VOLUNTEER DOCTORS**

FOR MANY YEARS, DHG PHARMA HAS ALWAYS KEPT ITS PROUD TRADITION IN JOINING HANDS WITH THE HEALTH SECTOR OF CANTHO CITY TO CARRY OUT PROGRAMS TO TAKE CARE OF AND IMPROVE THE HEALTH OF LOCAL PEOPLE. FOR DHG PHARMA, THIS IS NOT ONLY THE RESPONSIBILITY AND SHARING OF A PHARMACEUTICAL ENTERPRISE BUT ALSO A WAY TO EXPRESS ITS SENTIMENT AND CONNECTION WITH ITS COLLEAGUES AS WELL ITS HUMANITARIAN NATURE.

2002



Over the past 16 years, more than  
**500,000**  
people have been examined  
and given free medicine

Dating back on 27 Feb 2002, a team of volunteer doctors for free medical examination and treatment of Cantho City's health sector was established that attracted enthusiastic young doctors who volunteered for no remuneration. Accordingly, Cantho Health Department, in collaboration with DHG Pharma, regularly organized free-of-charge medical examinations for local disadvantaged

people, families of fallen combatants, as well as those who are from remote and poor areas in Cambodia, Laos. Over the past 16 years, more than 500 thousand people have been examined and given free medicine. The health workers in the white blouse have always left a good impression and emotional attachment in the hearts of the public where there is a trace of them.



## TO THE ESTABLISHMENT OF DHG PHARMA'S BRAND AS A SYMBOL OF HUMANITY



SINCE 2016, DHG PHARMA HAS GRADUALLY SHAPED THE NEW STRATEGY FOR THE UPCOMING YEARS, WHICH PROMOTES DHG PHARMA BRANDING AS A SYMBOL OF "HUMANITY". IN ACCORDANCE WITH THIS STRATEGY, A SERIES OF ACTIVITIES ARE ORIENTED TO THE COMMUNITY FROM THE NORTH TO THE SOUTH OF THE COUNTRY.

## CARING FOR THE ELDERLY & CHILDREN



Mdm. Pham Thi Viet Nga - a BOD member is visiting a Vietnamese Heroic Mother.



The Company's Labor Union also organized monthly visits and cared for the elderly at Binh Thuy Nursing Home and provided each with a nutritious portion. Weekly, the Company prepared nutritious food for children at Cantho City Homeless Children Center. Furthermore, the Union visited and donated gifts for these two centers on the occasion of the Lunar New Year with the total value of over VND 65 million.

With the purpose of taking great care of Vietnamese Heroic Mothers, and helping victims of agent orange in Cantho City, the Executive Board of the Company's Youth Union in collaboration with Veterans Association and Executive Board of departments' Youth Union visited and presented gifts to 2 Vietnamese Heroic Mothers and 9 victims of agent orange on a regular quarterly basis and on Lunar New Year 2017. In particular, DHG Pharma supported VND 14 million for each quarter. Especially, in July 2017, DHG Pharma organized a visit, offered presents and rendered a life support for 04 more Vietnamese Heroic Mothers who had not been supported in 04 communes of Thoi Lai District, Cantho City. Also in this visit, the Company visited and presented gifts to 05 children from poor families of fallen combatants in Cai Rang and Binh Thuy Districts with a total value of VND 20 million.



In order to raise fund for disadvantaged children, the Company launched the summer volunteer campaign and a program called the "60 saving days for disadvantaged children" movement, through which each youth union member donated 2 kilograms of paper for each round. In total, 1.4 tons of scrap paper were collected and the whole sum of money raised from the campaigns was contributed to the program.



## JOINING HANDS WITH THE STATE IN THE HEALTHCARE FIELD



DHG Pharma gives free medical examinations and medicine for poor patients.

Most typical is the program called **"Free examination and medicine providing - health care for the public"**. With its advantage as a leading company in both manufacturing and trading in the pharmaceutical field, DHG Pharma successfully cooperated with volunteer doctors from Health Department of other provinces and cities as well as a team called **"Special White Blouse Mission"** to serve our Vietnamese with

free-of-charge medical examinations, medicine offers and health consultancy nationwide. Through these programs, DHG Pharma held 45,800 turns of medical examinations for the poor in remote and rural areas with the total cost of VND 3.3 million. Among these, 2 main programs are those collaborating with Cho Ray Phnom Penh Hospital organized in our neighboring country Cambodia.



For two consecutive years, 2016 - 2017, DHG Pharma pioneered in promoting the image of the health sector through the gameshow titled **"Special White Blouse Mission"**, which helped construct a beautiful image of the health workers in the white blouse.



The Company's Blood Donation Club has developed remarkably with 500 members since it began in 2007. In 2017, 186 staff participated in blood donation with a total of 241 units of blood.



Employees donated VND 600 million to the **"Fund for the poor"** of Vietnam Fatherland Front Central Committee of Cantho City and Hau Giang Province. Moreover, staff contributed VND 123.8 million to the **"Golden hearts fund of Cantho Union"**, and awarded 20 scholarships to poor students in remote areas with the amount of VND 20 million.



To help people proactively prevent dengue fever, DHG Pharma carried out many campaigns on a large scale. The Executive Board of the Youth Union, Hapacol brand in collaboration with the Health Department, Center of Health Communication and Education, Preventive Medical Center and Medical Centers of districts in Cantho City distributed leaflets providing information in relation to dengue fever prevention, carried out inspection of places where larvae breed, cleared the bushes, disposed all water-accumulating items that had larvae, cleared the drainage, put up propaganda posters, banners of dengue fever prevention in front of people's houses, especially concentrated in densely populated areas in Cantho city.



Walking and donating Piggy bank for the Poor.

Staff also participated in the act of raising money for the piggy bank to contribute to Poor Patients Fund of the Company. In addition to a contribution to the Association of Poor Patients, the Company also paid for hospitalized cases including its staff, their relatives and locally disadvantaged people as well as those who are from other provinces. During the year, 255 cases were supported with the amount of nearly VND 2 billion.



RECOVERING THE CONSEQUENCE OF **NATURAL DISASTERS**



DHG Pharma donates medicine for people in the fire at Kwong Lung - Meko Company in Tra Noc Industrial Zone - Cantho.

With a tradition of mutual respect, **"The good leaves protect the worn-out leaves"**, **"A stitch in time saves nine"** and with the motto **"Our activities all centered around the benefits of the community"**, on 25 March 2017, DHG Pharma supported 300 family medical packages to victims of the seriously damaging fire in Kwong Lung - Meko Company situated in Cantho - based Tra Noc Industrial Zone. This is the largest fire with the greatest number of firefighters ever participated in Cantho.



DHG Pharma's representatives offered gifts to their peers, who were affected by storms and floods in Khanh Hoa in 2017.

Given that after every flood, the people face many difficulties, yet with the heart, the mutual respect of compatriots throughout the country, more motivation has been created for people to overcome the tribulation. In particular, DHG Pharma took the lead to create **"differences"** to accompany people locating in naturally disastrous areas by prioritizing to support colleagues working as medical officers in the 8 locations that were affected by storms and floods, especially for Van Ninh District and Ninh Hoa Town in Khanh Hoa Province, the two provinces most severely affected by the disaster. DHG Pharma donated more than VND 1 billion to support colleagues in Khanh Hoa Province. In particular, DHG Pharma offered financial supports and medicine specializing in treating cold, fever, skin infection, and digestion-related diseases. These were practical gifts that DHG Pharma wished, through hospitals, to give to those living in flood-prone areas so that they can have good health and quickly get their work and life back on track.

**CONTINUING THE DEDICATED HUMANITY JOURNEY**

WITH THE TRUST AND SUPPORT FROM CUSTOMERS; GUIDANCE AND FACILITATION OF THE PEOPLE'S COMMITTEE AND HEALTH DEPARTMENT OF CANTHO CITY, THE PEOPLE'S COMMITTEE AND HEALTH DEPARTMENT OF HAU GIANG PROVINCE, AUTHORITIES AND DEPARTMENTS; ALONG WITH THE COMMITMENT OF ALL EMPLOYEES, IN 2018, DHG PHARMA IS DETERMINED TO ACHIEVE AND EXCEED THE SET BUSINESS AND PRODUCTION TARGETS, AS WELL AS CARRY OUT MEANINGFUL AND HUMANISTIC ACTIVITIES FOR THE COMMUNITY.



Preparing medicine for Cambodian patients.



Special White Blouse Mission Gameshow - Season 3.

In 2018, DHG Pharma reserved nearly VND 1.5 billion to support the health sector of Cantho City in health care programs. From this amount, the Company made a VND 1.1 billion contribution to a team of volunteer doctors from Health Department of Cantho City to carry out free medical examination and provide medicines for Vietnamese and Cambodian people. DHG Pharma also donated VND 350 million for purchasing necessary equipment of medical network. As planned, DHG Pharma in collaboration with volunteer doctors from Health Department of Cantho City carried out free medical examinations and treatment, provided medicines, as well as supported preventive health programs to take great care of the public's health.

DHG Pharma is also planning to build a program titled **"Lifting the Dreams"** for elementary students in Ninh Kieu District, and sponsor the topic in the broadcasting contest, develop the idea of promoting the image of the health and education sector of Cantho City, provide medical assistance in cultural programs. In addition, the Company continues to promote the image of doctors through the gameshow **"Special White Blouse Mission - Season 3"**.



GRI 416

## CUSTOMER HEALTH AND SAFETY



“For DHG Pharma, customers are not only partners for business cooperation and long-term distribution but also a companion in the journey to take care of human health, which together brings benefits to community”.

Apart from joining hands to take care of customers' health with high-quality products that have reasonable prices under DHG Pharma brand name, the Company also strengthens communication activities on health education to help people update knowledge to be able to care for and protect the health for themselves and their families. DHG Pharma customers also make donations to DHG Pharma's annual Poor Patients Fund, participate in blood donation to save lives and always accompany with DHG Pharma in many meaningful activities for the community such as free medical examination and treatment, free medicine for people in remote areas, offer gifts to poor and studious students, actively help victims of natural disasters, floods,... DHG Pharma and its customers jointly contribute to the society so as to improve the quality of life.

Wearing a white blouse, he is a pharmacist and also a drugstore owner, one of DHG Pharma's loyal clients in Cantho, who has left a special impression in the hearts of the people. He had a very heartfelt sharing when accompanying DHG Pharma to provide medical examination and offer free medicines for the people.

*"As a drugstore owner, I am always busy running my business every day, so I felt ecstatic when participating in activities for the community, especially in coordination with DHG Pharma to deliver free medicines and consult people on knowledge of health care, prevention of some common diseases. It reminded me of joy, what I have long forgotten in my busy everyday life. As such today, despite being tired from getting up early to move to where the program carried out, when I saw the happy smile of people living in remote areas when being examined by the doctors or accessed to modern medical equipment, all my tiredness just went away".*

Ms. Le Thi Ngoc An - a DHG Pharma's customer in Nha Trang shared the followings when attending the program to support medical officers in the flood-affected areas of Khanh Hoa province.

*"As a loyal customer of DHG Pharma, it seems obvious to me that apart from taking good care of its customers, DHG Pharma is also fully dedicated to community activities. Seeing the sentiment that DHG Pharma has for its colleagues during hard times makes me feel heartwarming and glad to have opportunities to stay closely connected with the Company for many years. I sign up for all community activities of DHG Pharma, because I can feel DHG Pharma's heart when operating and trading in Khanh Hoa Province".*

“Being an enterprise that pays great attention to meaningful and humanistic activities, DHG Pharma is very proud to be supported and loved by customers. DHG Pharma will always strive to be consistent with the vision: **“For a more beautiful and healthier life”**, to ensure prosperity with customers, to take full responsibility for the community and society. These will greatly contribute to DHG Pharma's success in building trust from customers”.



DHG Pharma takes care and creates stable relationship with customers from mindful activities.

DHG Pharma, always putting itself in the position of customers and performing self-assessment of all aspects of its products objectively, commits to bringing out their best products to the society. These products are applied scientific and technological

advances in order to improve the health and life quality for the public. DHG Pharma always strictly complies with the ISO/IEC 17025, GMP-WHO, GLP, GSP, GDP, GPP standards under the process of production, storage and distribution, as well as regulations of the Ministry of Health, and Drug Administration of Vietnam. This is a solid basis for customers and consumers to be more confident in the effectiveness, preventive effects, support of disease treatment when using DHG Pharma's products.

DHG Pharma is fully aware that technology and modern equipment have a crucial impact on product quality. Therefore, the Company has invested and applied the most modern equipment as well as green - clean technology of extracting medicinal plant to bring the best value to consumers.

In addition to this, DHG Pharma is also a pioneer in the application of scientific research into the products. As a result, the Company has set up a long-term orientation to cooperate with the leading scientists in Vietnam to develop products from biotechnology, using natural sources with specific formulas. Most typical is Naturenz - the product produced based on the application of biotechnology in the extraction of enzymes from vegetables, which supports the treatment of liver disease; NattoEnzym helps prevent a stroke, stabilize blood pressure - with the exclusive source of Nattokinase from Japan, certified by Japan Nattokinase Association (JNKA) for quality assurance. Both products, Naturenz and NattoEnzym, along with Eyclight Vita Eye Drops have been certified by the Ministry of Health for **“Results of clinical trial research”** on the effectiveness during the treatment process, as well as prevention for products extracted from naturally sourced ingredients.



CUSTOMER  
HEALTH AND SAFETY

PRODUCTS  
WITH R&D INVESTMENTS

“The application of scientific and technological advances to production lines not only contributes to improving DHG Pharma’s competitiveness in the market but also demonstrates its responsibility to the community. DHG Pharma is the pioneer in applying and investing in the latest technology to develop high quality and specialized formulas”.



NATURENZ



Naturenz is developed from a scientific research project conducted by the Institute of Biotechnology. Naturenz contains enzyme extracting from natural vegetable ingredients such as papaya latex, bitter melon, parsnip, red melon (*Momordica cochinchinensis*), lucuma and garlic that function as detoxifications and strengthening liver functions. Naturenz is produced at a reasonable price, enable any person suffering from liver problems to adapt treatment and prevention.

The product creates a chain linking four parties, which are:



NATTOENZYM

NattoEnzym is produced from Japanese raw material sources exclusively certified by Japan NattoKinase Association (JNKA) in Vietnam that dissolve blood clots and prevent cerebrovascular accidents or stroke. At DHG Pharma, deciding to import high quality Nattokinase raw materials from JBSL and launching NattoEnzym - help prevent cerebrovascular accidents or stroke certified by Japanese standards are considered a “handshake” for the Vietnamese community. DHG Pharma has provided NattoEnzym - a product that surpasses strict standards of JNKA. JNKA is a non-profit organization in Japan, whose mission is to provide scientifically validated and certified facilities as well as safety of products containing nattokinase stroke prevention. NattoEnzym, which is highly rated by the scientific community and its safety and effectiveness are considered as a “natto” food, helping reduce the risk of stroke and become an effective treatment of diseases. NattoEnzym will be a priority choice to protect the health of Vietnamese.



PROMISING COOPERATION WITH TAISHO  
- A STRATEGIC SHAREHOLDER

Moreover, with a support from Taisho - a strategic partner, DHG Pharma is upgrading the effervescent line in accordance with PIC/s standard and is preparing conditions for several strategic products to meet PMDA and EU standards; which aims to promote the Company’s quality system to a more highly standardized and professional level. As a result, the Company’s products will increasingly be consumed at many countries around the world.





CUSTOMER  
HEALTH AND SAFETY

STRATEGIC COOPERATION  
TO R&D PRODUCT



On 22 Mar 2018, Vietnam Dairy Products Joint Stock Company (Vinamilk) and DHG Pharma sign a strategic co-operation agreement on product research and development, aiming to meet consumers’ needs of healthcare and to bring new values to the community and a more beautiful and healthier life.

The cooperation between two of Vietnamese leading companies is expected to bring positive changes in pharmaceutical and nutrition industries, helping to create new products with high nutritional value and reasonable prices. The cooperation is aimed to satisfy international standards and to meet the increasingly diverse demands of Vietnamese.

With the strengths of the two leading companies in the industry, Vinamilk and DHG Pharma will have positive coordination in research and development (R&D), Marketing, distribution and dietary supplements. In addition, the cooperation will be a link for each party to introduce partners, customers as well as scientific researches, looking forward to new values and a more beautiful and healthier life.

Accordingly, DHG Pharma and Vinamilk will sign a strategic agreement based on the following major issues:

- DHG Pharma and Vinamilk will jointly build new co-brand products or develop existing ones to serve the healthcare needs of people from all walks of life.
- The two firms will also coordinate in supplying raw materials to produce dietary supplements, nutritional and healthy products.
- The two companies will utilize the strengths of each other’s distribution capacity to help people easily access and consume nutritional and healthy products.

“ The “join hands” of Vinamilk and DHG Pharma not only bring advanced and quality products, which benefit consumers but also contribute to improving the quality of life, health and nutrition for people and the community. The cooperation is expected to reduce medical costs and pressures on poor health infrastructure in Vietnam”.

PRODUCT RESPONSIBILITY  
MEASUREMENT INDICATORS



No.	Indicators	Contents
1	Testing input raw materials and packaging	Input raw materials and packaging are checked in accordance with the standards regulated by the Company, satisfying quality requirements. Only raw materials and packaging meeting the quality requirements are permitted to be put into production. Raw materials and packaging, which do not meet quality requirements will be treated or returned to suppliers.
2	Testing - Controlling production processes	<p>DHG Pharma’s product quality and the process of production, storing and distribution are strictly complied with ISO/IEC 17025, GMP-WHO, GLP, GSP, GDP, GPP standards, regulations of the Ministry of Health, Drug Administration of Vietnam, Ministry of Food Safety and Sanitation and local health departments.</p> <p>Quality control procedures are applied to the entire production process from input to output. First of all, all materials purchased must be checked to meet standards in order to be stored in a safe environment meeting quality assurance and then put into production.</p> <p>In the process of production, factories’ controllers will check processing stages in accordance with specific instructions of the factories. Subsequently, quality controllers will check the product from tablet compression stage, capsule filling stage, sachet compression stage and further stages. At the end of each stage, samples will be taken and delivered to QC Department for sample testing. Particularly with regards to the form, weight, disintegration and integrity, quality controllers will test samples at the quality control department of the factories. Once the processing has been completed, the management level will sign on batch files to switch to the bottling/blister compression/sachet filling stages. Samples will be randomly collected for testing. If the inspection results are satisfactory, the quality controllers shall carry out exemption procedures as prescribed.</p>



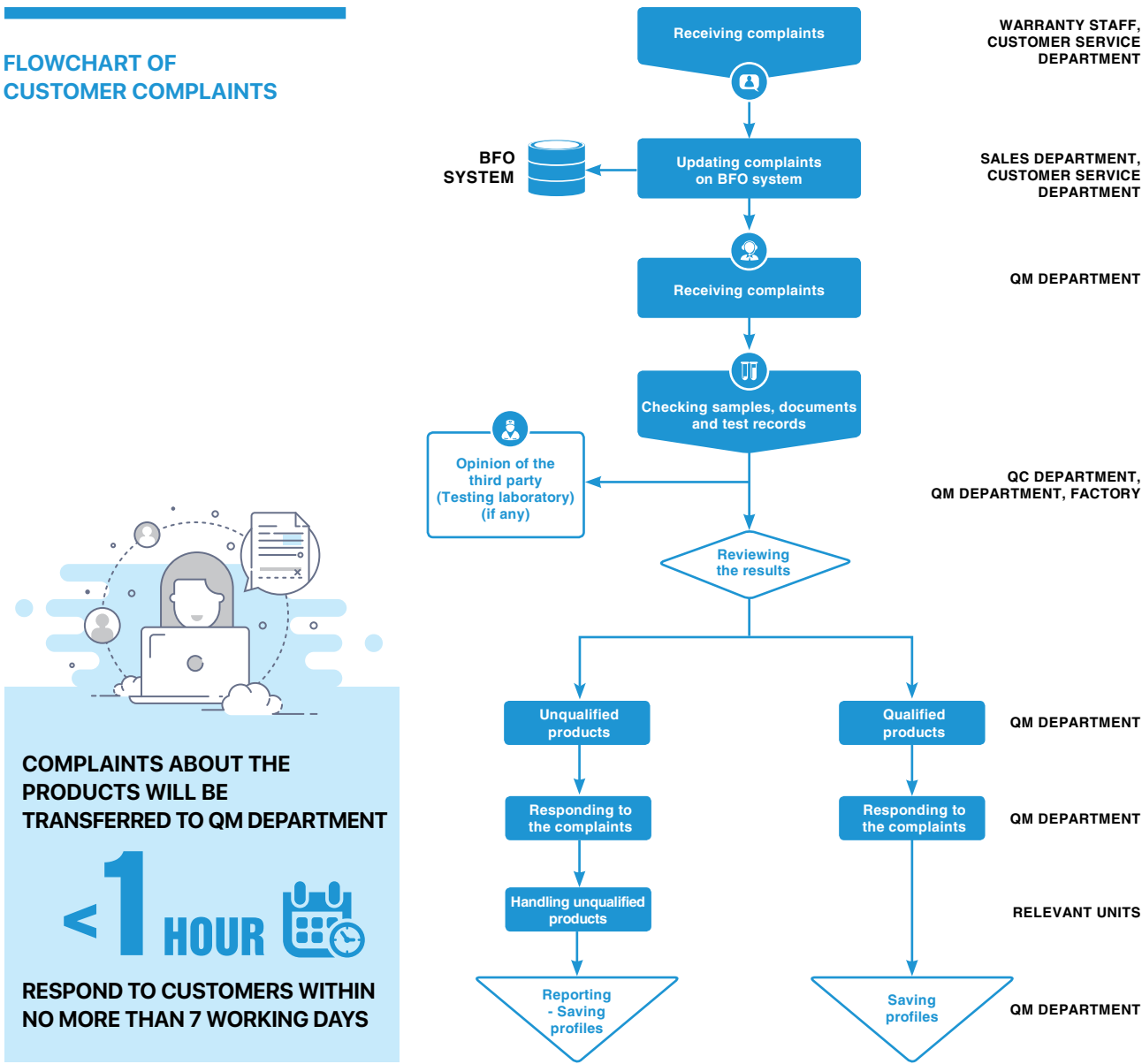
CUSTOMER  
HEALTH AND SAFETY

No.	Indicators	Contents
3	Information on product labelling	<p>To provide the most sufficient product information to consumers, DHG Pharma always concentrates on clear and specific labelling designs for all products such as ingredients, indications, usage, targeted users, storing conditions, etc. Since then, customers are able to understand and use the products easily and properly which result in best performances. Simultaneously, we also encourage patients to ask doctors before use and alert patients several risks they may encounter such as unwanted side-effects, cases for consideration and contraindication, solutions for wrong dosage, etc</p> <p>Furthermore, every year we always try to improve our labels by changing the designs to be detailed and easy to understand as well as updating English contents in parallel with Vietnamese contents.</p>
4	Physical and chemical testing	Batches are checked for physical and chemical properties to ensure that the products meet the quality requirements before reaching consumers.
5	Environmental Safety Testing	Annually, the Company sends samples to test its environmental indicators
6	Pharmaceutical Safety Testing	Pharmaceutical safety is always tested and re-evaluated annually
7	Bioequivalent testing	In order to ensure a safe and effective use of medicine, the Company has implemented bioequivalence testing at the Central Institute for Drug Testing in Hanoi and Ho Chi Minh City. With effective treatments similar to brand-name drugs, DHG Pharma hopes to provide several approaches of good drugs with the best affordable prices.
8	Handling inquiries and complaints	<p>If there are complaints about products, employees will update information on the BFO system and notify Quality Management (QM) Department via telephone in less than 1 hour since the complaints are received. Subsequently, relevant departments will investigate the source of complaints, verify the entire production process, check samples and identify the source. In case of having a quality dispute claim, the QM Department will send the sample to a third party for a confirmation of the analysis result. After receiving the above results, the Company will determine the source and resolve as follows:</p> <ul style="list-style-type: none"><li>• If it is not caused by the Company, the Company will support customers by carrying out investigations.</li><li>• If it is caused by Company, the Company will recommend a product recall and check if other batches having the same problem.</li></ul> <p>In particular, employees, who receive complaints will respond to customers less than 7 working days. With regards to complicated cases taking more time to investigate, QM Department will inform customers via telephone and contact with them as soon as the result is revealed. Employees make monthly, quarterly, and yearly summary sheets, regularly review customer complaints dossiers and timely report to managerial level for remedies and avoidance of repetition.</p> <p>As an experienced and passionate enterprise, who is in cooperation with global strategic partners, DHG Pharma will constantly develop, constantly innovate and improve to provide the best quality products, ensuring health and safety for consumers and meeting the reliability and expectations of domestic and foreign customers.</p>

“ 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  
[T]: (+84) 292 3899 000  
[E]: dhgpharma@dhgpharma.com.vn

FLOWCHART OF  
CUSTOMER COMPLAINTS





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