



SUSTAINABLE CONNECTION

LIST OF ABBREVIATIONS

ABBREVIATED	INTERPRETATION
AGM	: Annual General Meeting
App	: Application
BFO	: Business Force One
BOD	: Board of Directors
BOM	: Board of Management
CSR	: Corporate Social Responsibility
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
ERM	: Enterprise Risk Management
FDA	: Food and Drug Administration
FOL	: Foreign Ownership Limit
GDP	: Good Distribution Practice
GLP	: Good Laboratory Practice
GMP	: Good Manufacturing Practice
GPP	: Good Pharmacy Practice
GRI	: Global Reporting Initiative
GSP	: Good Storage Practices
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
JBSL	: Japan Bio Science Laboratory Co., Ltd
JNKA	: Japan NattoKinase Association
JSC	: Joint Stock Company
KPH	: undetected
KPI	: Key Performance Indicators
KQĐ	: unregulated
PIC/s	: Pharmaceutical Inspection Co-operation Scheme
PMDA	: Pharmaceuticals and Medical Devices Agency
QC	: Quality Control
QCVN	: Vietnamese standards
R&D	: Research and Development
ROA	: Return on Assets
ROE	: Return on Equity
ROS	: Return on Sales
VND	: Vietnamese Dong
WHO	: World Health Organization

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**Dear Shareholders, Customers
and all Employees!**

In recent years, Corporate Social Responsibility (CSR) is not simply restricted to the extent of compliance but has gradually evolved to the awareness to take initiative for actions in most countries since this functions as a solid foundation for the sustainable development of companies as well as the glue to bond the companies with the community and create long-term values. As such, DHG Pharma has always been dovetailed its business development alongside with its responsibility to protect the environment and creating more benefits to relevant parties. DHG Pharma clearly defines that sustainable development strategy is not merely as complying with international standards and meeting external requirements but rather as the internal key factors that help DHG Pharma maintain its stable growth over the years.

In order to further enhance the brand reputation in the domestic and international pharmaceutical markets as well as to catch up with the global trend in the context of the strong development of the industrial revolution 4.0, in 2018, DHG Pharma actively organized many activities aiming to improve its management capacity, technology investment, building and developing corporate culture, etc. In particular, the Company has successfully enhanced a sense of responsibility towards the environment, society and striving for the community health with a sincere and loving heart. Along with this meaningful message are practical activities, contributing to a profound impact on the improvement of community's awareness in joining hands to care, protect health, and spreading good values for development and build a healthier and nicer life. Thereby, DHG Pharma strives to realize the pioneering aspirations by building a systematic and professional system for managing environmental and social issues; proactively set standards of responsible actions and a commitment to serious compliance.



Nearly half a century has passed, DHG Pharma's sustainable development strategy has always been implemented on the principle of harmonizing the interests of all stakeholders. The values brought has always met the expectations of customers, investors and shareholders on the principle of mutual benefits and development. Especially, its bonding with the community has always been accomplished by the honest hearts of all the white-shirted soldiers who whole-heartedly work towards a healthier life with 3 core criteria: **"Advanced science – Considerate care – Loving and Sharing."** DHG Pharma expects to convey and promote the spirit of sustainable development from the highest-ranked leaders to each employee, from which further spreading to the whole society.

Today, more foreign competitors with strong potentials in terms of capital, human resources, technology, as well as strong competitive edge in the application of technology and artificial intelligence and distribution system have entered the market. In such a context, it is critical for DHG Pharma to understand the importance of promoting its long-existing strong historical values, connecting and expanding investment relations with other domestic and foreign cooperation, so as to constantly develop and expand to reach further in the continental markets. DHG Pharma is well aware that without support from the customers, businesses cannot develop sustainably, so customers are always the focus in all activities of the Company. DHG Pharma aims to meet customers' satisfaction with continuous efforts to improve the quality of its products and services; create and develop new values; apply flexible and dynamic customer care mechanisms; and enhance flexibility in its market information sharing activities to raise public awareness about health.

With its determination and steadfastness of the sustainable development model that DHG Pharma has been building together with the unanimous cooperation of all employees and the enthusiastic support of shareholders, partners, and customers, we firmly believe that DHG Pharma will continue to successfully implement its sustainable development goals and retain its long-term commitment on the journey of building **"For a more beautiful and healthier life"**.

We wish you success, health and happiness.

Best regards,

DOAN DINH DUY KHUONG
Interim General Director



DHG Pharma at a glance

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Accumulating VALUES



2018 marked a critical milestone for DHG Pharma to look back on itself before moving on to the journey of building and accumulating historical values to get ready to reach further in the continental market. DHG Pharma is committed that at whatever stage, its will, intellect, identity and people will always be nourished and shined towards the longevity of DHG Pharma's brand "For a more beautiful and healthier life" and its humane symbol will always be well inherited generation to generation today and tomorrow.



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VISION - MISSION - CORE VALUES

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



OUR HIGHEST COMMITMENTS ARE
QUALITY, SAFETY, & EFFECTIVENESS



OUR FOUNDATION FOR DEVELOPMENT
IS KNOWLEDGE & CREATIVITY



OUR WAYS OF DOING BUSINESS ARE WITH
RESPONSIBILITY, COOPERATION, & PROMOTION



OUR PRIDE IS DHG PHARMA'S
CULTURES AND IDENTITY



OUR LONG-TERM GOAL IS MUTUAL
PROSPERITY WITH PARTNERS



OUR COMPETITIVE ADVANTAGE
IS THE SUPERIOR DIFFERENTIATION



OUR ACTIVITIES ALL CENTERED AROUND
THE BENEFITS OF THE COMMUNITY





GRI
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DHG PHARMA AT A GLANCE



DHG PHARMACEUTICAL JOINT-STOCK COMPANY

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
Telephone	: (+84) 2923 891 433
Fax	: (+84) 2923 895 209
Email	: dhgpharma@dhgpharma.com.vn
Website	: www.dhgpharma.com.vn
Certificate of business registration and tax code	: 1800156801

1,307,460,710,000

VND

Charter capital (31 Dec 2018)

3,144,262,109,231

VND

Owner's equity (31 Dec 2018)

1974

Established the Company which was formerly known as the 2/9 pharmaceutical SOE factory.



2004

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

2006

DHG Pharma's stocks were listed on HOSE.

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".

2014

Celebrated 40th years of establishing DHG Pharmaceutica Joint Stock Company and 10 years of equitization.



2017

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

2019 MARKS THE 45-YEAR JOURNEY "FOR A MORE BEAUTIFUL AND HEALTHIER LIFE", A MEMORABLE MILESTONE AND GREAT PRIDE OF DHG PHARMA AS THE COMPANY CONTINUES TO MAINTAIN ITS LEADING POSITION AND STRENGTHENS ITS DEDICATION FOR THE HEALTH-CARE JOURNEY WITH HIGH QUALITY PRODUCTS AND SERVICES.

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.

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.

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.



2018

FOL Lifting at DHG Pharma from 49% to 100% of the charter capital.

Production lines were granted PIC/s – GMP and Japan – GMP standards.



GRI
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AWARDS IN 2018



01 OUT OF 03
VIETNAM REPRESENTATIVES
WERE AWARDED

BEST CORPORATE GOVERNANCE IN ASEAN

EVALUATED BY ASEAN CAPITAL MARKETS FORUM (ACMF)

07 CONSECUTIVE
YEARS
TOP 50
VIETNAM'S BEST
PERFORMING COMPANIES
ORGANIZED BY VIETNAM INVESTMENT
REVIEW MAGAZINE

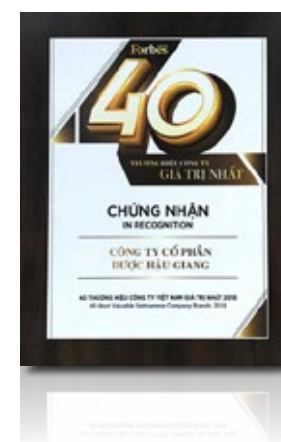
03 CONSECUTIVE
YEARS
TOP 5
BEST
SUSTAINABLE DEVELOPMENT
REPORTS

11 CONSECUTIVE
YEARS
TOP 10
LARGE CAP
BEST
ANNUAL REPORTS

TOP 5
LARGE CAP
BEST CORPORATE GOVERNANCE
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23 CONSECUTIVE YEARS
VIETNAMESE
HIGH-QUALITY GOODS
VOTED BY CONSUMERS

RANKED 1ST IN
TOP 10
PRESTIGIOUS PHARMACEUTICAL
COMPANIES IN 2018
IMPLEMENTED BY VIETNAM ASSESSMENT REPORT JSC (VIETNAM REPORT)
AND VIETNAMNET ONLINE NEWSPAPER



03 CONSECUTIVE YEARS
THE SOLE PHARMACEUTICAL
COMPANY IN
TOP 40
MOST VALUABLE BRANDS
IN VIET NAM
VOTED BY
FORBES VIETNAM



05 CONSECUTIVE
YEARS
TOP 50
BEST
LISTED COMPANIES
VOTED BY
FORBES VIETNAM



**NATIONAL
BRAND
VIETNAM VALUE**

01 OUT OF 97 TYPICAL BRANDS
OF VIETNAM WERE HONORED AS
NATIONAL BRAND IN 2018



01

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

Precursor of DHG Pharma is the 2/9 Pharmaceutical SOE Factory, founded on 02 Sept 1974. Despite bundles of shortages, difficulties and hardships at the beginning, DHG Pharma has now grown to become one of the largest pharmaceutical companies in Vietnam. Moreover, DHG Pharma has risen and continues to rank 1st in Vietnamese pharmaceutical industry in terms of revenue, profit and production capacity over the past 22 years.



02

ACHIEVED **PIC/S - GMP** STANDARD

In Oct 2018, DHG Pharma was granted PIC/s - GMP Certificate, issued by the National Pharmaceutical Regulatory Agency (NPRA) of Malaysia for the effervescent tablets and effervescent powder. This PIC/s - GMP Certificate is a license for DHG Pharma's products to be exported to developed countries as well as enhancing the brand value and DHG Pharma's image in the market, creating trust of consumers for the Company's products.



03

ACHIEVED **JAPAN - GMP** STANDARD

On 6 Mar 2019, Drug Administration of Vietnam (DAV) announced Japan - GMP certificate for the tablet line of Non-Betalactam plant. Japan - GMP is a Good Manufacturing Practices of Japanese drugs (equivalent to EU - GMP, US - FDA of the USA, etc). Granted with this certificate, DHG Pharma will export strategic products that meet Japan - GMP standards to Japanese and Southeast Asian markets through the current global distribution network of Taisho.



04

STRENGTHENING **COOPERATION** IN RESEARCH AND DEVELOPMENT

On 22 Mar 2018, DHG Pharma and Vinamilk organized "Strategic Co-operation Ceremony" with the goal of researching and developing scientific and quality products, aiming to best meet consumers' needs of healthcare, and to bring new values to the community, reaching out for a more beautiful and healthier life. DHG Pharma also cooperates with Can Tho University, Vietnam Academy of Science and Technology (Institute of Biotechnology, Institute of Medicinal Materials, etc) to research and develop new products.



05

LIFTING THE FOREIGN **OWNERSHIP** LIMIT (FOL) FROM 49% TO 100%

The foreign ownership limit of DHG Pharma shares has been officially adjusted to 100% since 04 July 2018. DHG Pharma expects that this FOL lifting will create more opportunities for cooperation with foreign investors who have potential in capital, experience, technology, research, development and high-quality human resources.



06

INFORMATION TECHNOLOGY **APPLICATION**

The application of science and technology has brought many advantages in internal communication, sales management and humanity activities. Customers can control information related to trading, transaction, payment, and promotion with DHG Pharma anytime, anywhere. Moreover, information technology not only functions as an effective bridge for communication between leaders and employees, but also as an internal channel that helps employees when purchasing products.



07

DEVELOPING DISTRIBUTION AND EXPORT CHANNEL

In addition to Pharmacy and Hospital channels, DHG Pharma has invested in modern channels and witnessed a significant growth both in size and quality in 2018. Export activity has also experienced a dramatic increase over the same period with revenue of VND 62 billion, up 25% y.o.y. Two production lines granted PIC/s – GMP (Malaysia) and Japan – GMP (Japan) standards are expected to bring a great leap forward for export and bidding activities for DHG Pharma's Hospital channel in the coming years.



08

RETAINING THE BRAND VALUE

In early Aug 2018, DHG Pharma prided itself for being the sole pharmaceutical company voted in Top 40 Most Valuable Brands in Vietnam for 3 consecutive years. DHG Pharma's values are aimed at customers, shareholders, consumers, local authorities, employees, as well as the community and society with a transparent vision of "For a more beautiful and healthier life".



09

NEAR HALF OF THE CENTURY FOR THE MISSION OF IMPROVING PEOPLE'S HEALTH

For over half a century, DHG Pharma has developed and launched more than 300 products for healthcare, created jobs for over 3,000 employees, provided free medical examination and medicine for over 600,000 poor people and supported billions of medical equipment for needy areas.



16
YEARS
ESTABLISHMENT OF
DHG PHARMA'S
POOR PATIENTS FUND

>600,000
people were given free
medical examination and medicine

2,200
poor patients were supported
with hospital fees

225
poor patients were provided
heart surgery support

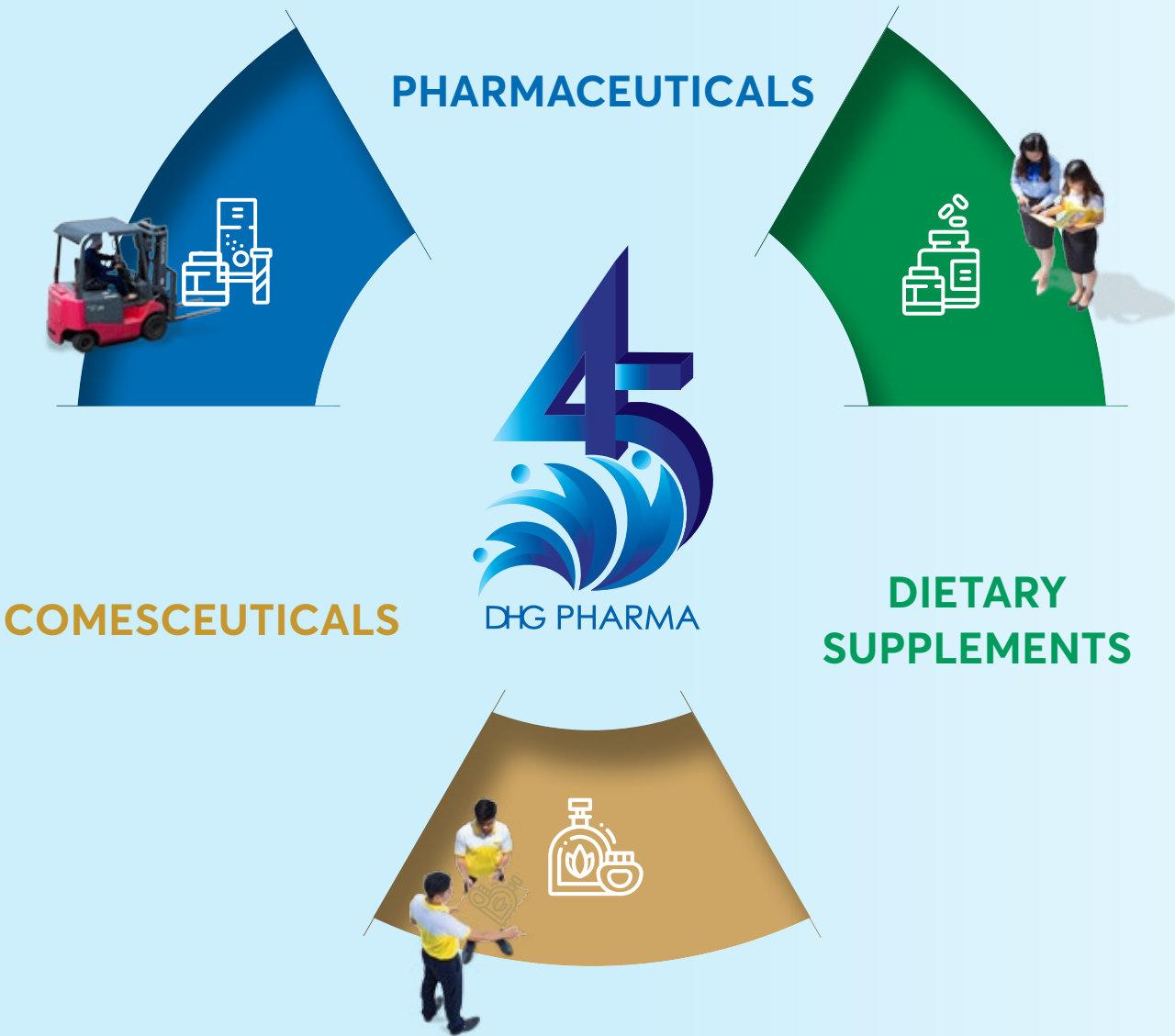
1,000
children were given warm
clothes and medical treatment

3,000
units of blood
donated to save lives

BUSINESS LINES

KEY BUSINESS LINES

WITH A SPIRITUAL MISSION OF IMPROVING THE PUBLIC’S HEALTH, FOR OVER HALF A CENTURY, DHG PHARMA HAS NOT ONLY FOCUSED ON INVESTING IN HUMAN RESOURCES, TECHNOLOGY, RAW MATERIAL SOURCES, PRODUCTION CONDITION, CONTINUOUSLY IMPROVEMENT QUALITY MANAGEMENT SYSTEM, IT HAS ALSO APPLIED THE MOST MODERN EQUIPMENT AND SCIENTIFIC RESEARCH INTO PRODUCTS TO BRING THE BEST VALUE FOR CONSUMERS.



MARKET REGIONS

DOMESTIC MARKET

Domestic market accounts for

98% OF SALES VOLUME

Through 45 years operating in Vietnamese pharmaceutical market, DHG Pharma is considered an enterprise with the most widespread and largest distribution network, with:

>27,000 CUSTOMERS

DHG Pharma's products are distributed to customers through the following channels:



PHARMACY CHANNEL

Including agents, private pharmacies, hospital pharmacies, distribution companies and retail stores, etc.



HOSPITAL CHANNEL

Including hospitals, clinics and medical centers, etc.

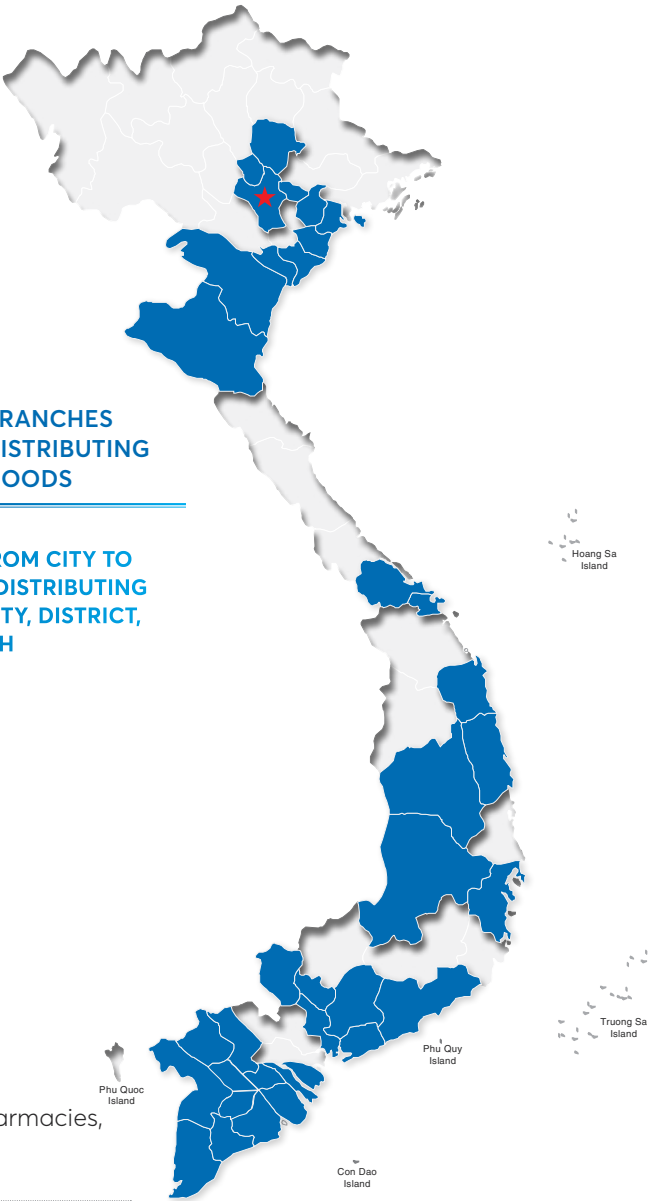


MODERN CHANNELS AND E-COMMERCE CHANNELS

DHG Pharma also distributes products through modern channels such as supermarkets, pharmacy chains, etc and e-commerce channels such as lazada, tiki, TV home shopping, etc.

36 BRANCHES DISTRIBUTING GOODS

NATIONWIDE FROM CITY TO COUNTRYSIDE (DISTRIBUTING TO 3 STAGES: CITY, DISTRICT, COMMUNE) WITH



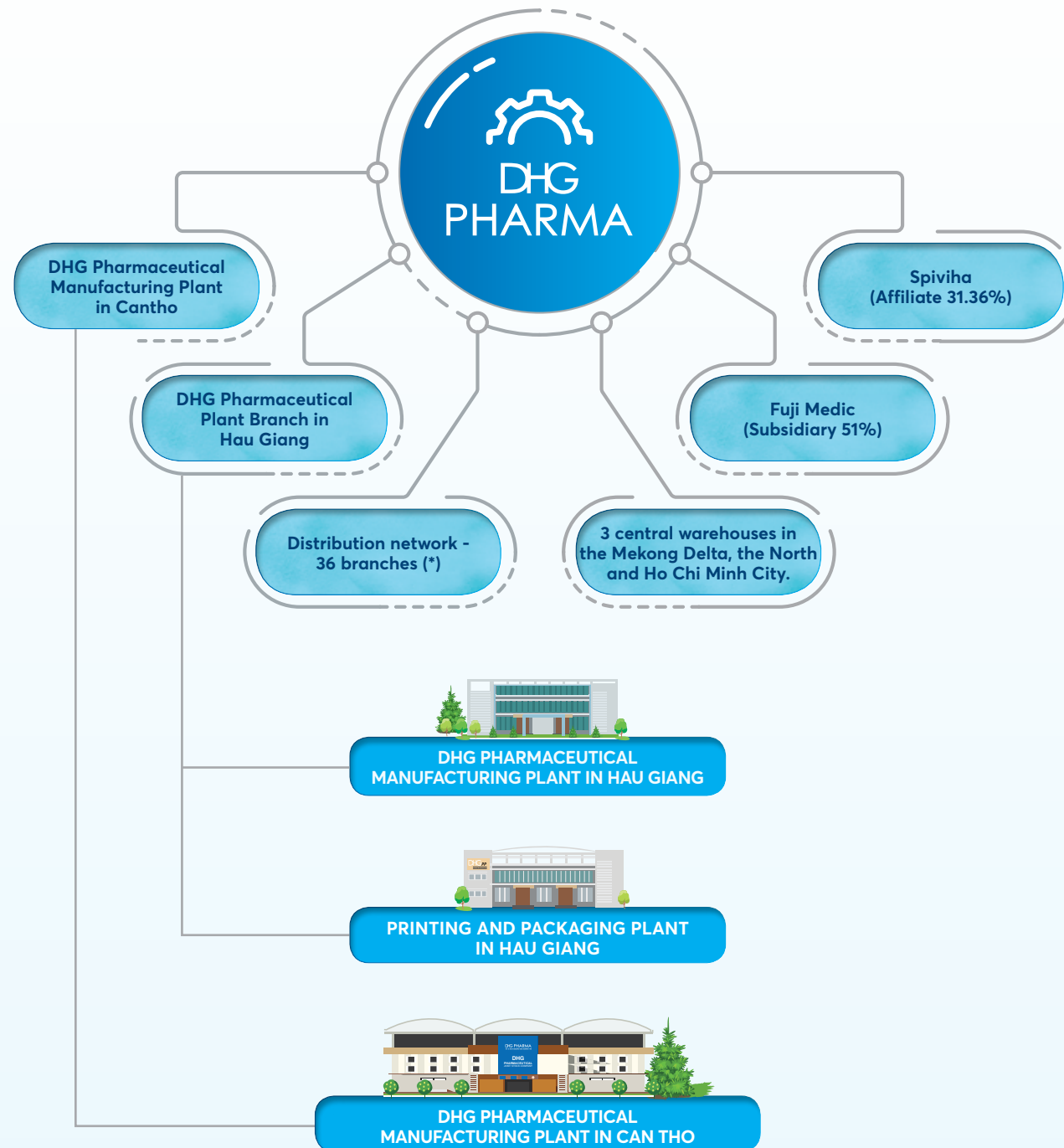
EXPORT MARKET

DHG Pharma has developed its sales network in export markets such as Singapore, Cambodia, Laos, Myanmar, Moldova, Mongolia, Nigeria, Yemen, Indonesia and etc with about 100 registered visa numbers.

In the future, the roadmap to improve quality standards and strategies to develop export markets and international cooperation will bring many advantages for DHG Pharma's products when exporting to foreign markets, which together re-affirm its leading brand and the largest exporter of Vietnam.

EXPORT SALES INCREASED BY 25% FIGURES IN: VND B





Note: This model has been applied since 01 April 2018

CHANGES OF CORPORATE MODEL IN 2018

- On 28 Mar 2018, the General Meeting of Shareholders approved the plan of merging DHG PP1 and DHG Pharma Ltd. into DHG Pharma. On 1 Apr 2018, DHG Pharmaceutical Plant and Printing and Packaging Plant operated as DHG Pharmaceutical Plant branch in Hau Giang. Dissolution procedures of DHG PP1 and DHG Pharma Ltd. were completed.
- On 16 Mar 2018, DHG Pharma purchased shares of Song Hau Pharmaceutical Joint Stock Company (SH Pharma),

increasing the proportion of ownership interest from 51% to 100% and dissolved SH Pharma in order to transfer all activities of SH Pharma into Vi Thanh Branch under DHG Pharma

- On 10 May 2018, the Board of Directors approved the establishment of 03 Central Warehouse in Can Tho (Central Warehouse in Mekong Delta), Ho Chi Minh City (Central Warehouse in Ho Chi Minh City and the East) and Hanoi (Central Warehouse in the North). The purpose of establishment include reasonable

cargo rotation, separate the logistic functions of regional central warehouse system and sales/ delivery tasks of distribution branch system

- On 25 July 2018, the Board of Directors approved the dissolution of DHG Pharma's Branch - Artichoke Paste Boiling/Procurement/Purchasing Establishment. The dissolution procedures have been completed. Reason for dissolution: Restructuring the organization in accordance with the strategy.

SUBSIDIARIES AND AFFILIATES (AS 31 DEC 2018)

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

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

DHG Pharma's capital contribution: 51%

AFFILIATE

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: Manufacturing and trading of Spirulina Algae

DHG Pharma's capital contribution: 31.36%



This organizational apparatus has been applied since 01 April 2019.

SUSTAINABLE DEVELOPMENT MODEL

THE SUSTAINABLE DEVELOPMENT MODEL OF DHG PHARMA IS TARGETED TO CREATE POSITIVE EFFECTS FOR **3** GROUPS
COMPANY - MARKET - SOCIETY

- Stable business growth.
- Offering promotions and benefits to employees.
- Positively investing in human resources development.
- Risk management and compliance monitoring.
- Information transparency.



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



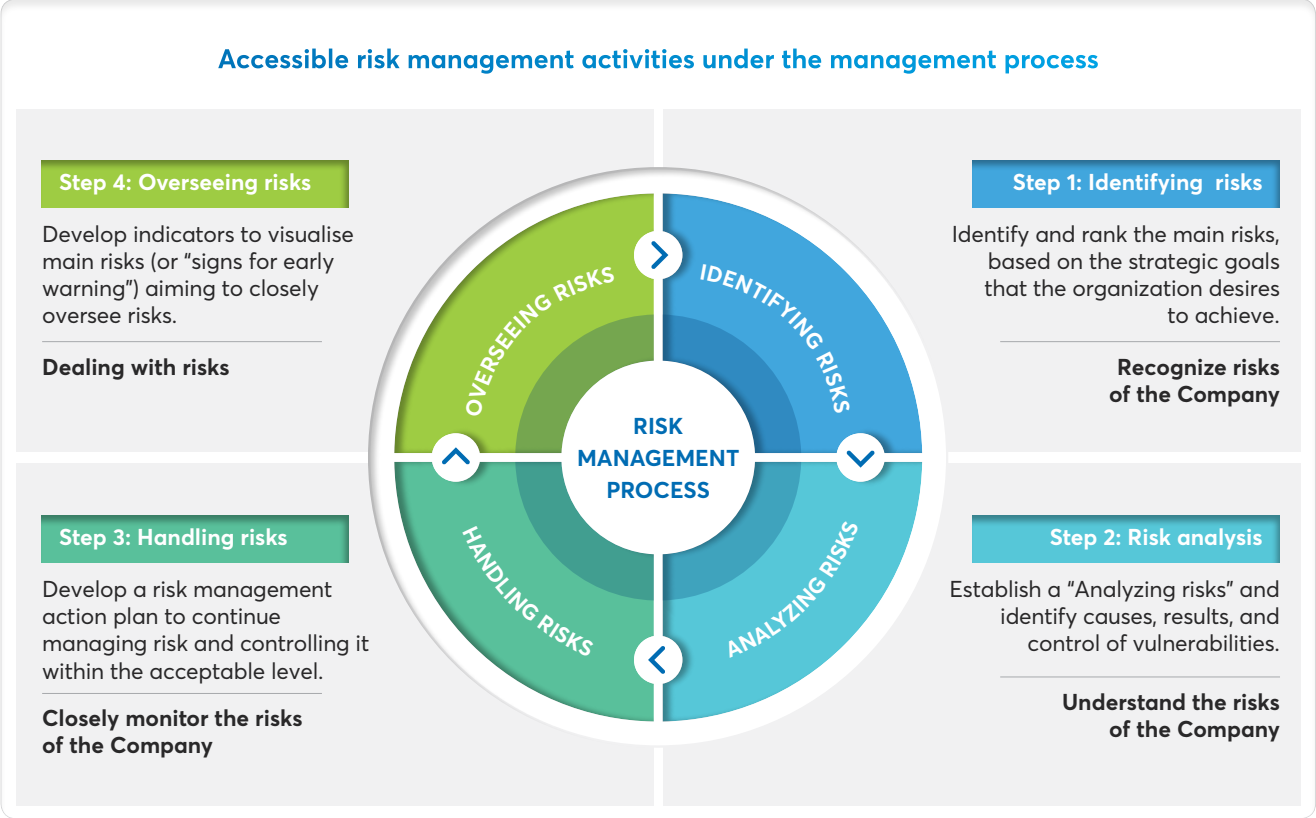
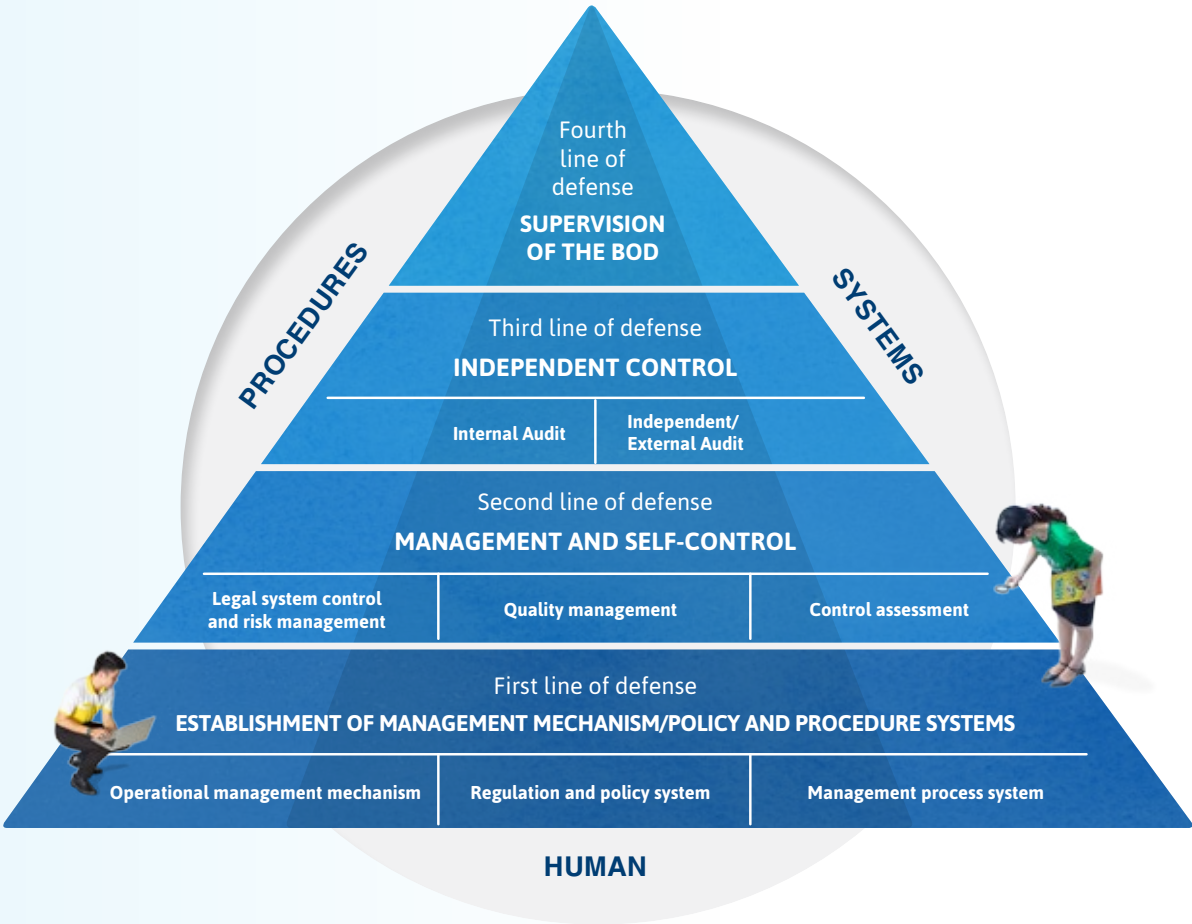


Enterprise risk management is a systematic process aiming to identify, assess the impact, likelihood and manage risks effectively.

Risk management is a process implemented by the BOD, BOM, all management levels and employees. It is also applied in setting up the strategy for the entire business, designed to detect the potential problems that can affect businesses and to manage risks in the acceptable level and ensure the realization of business goals.

In 2018, with the changes in regulations related to the pharmaceutical industry, the pharmaceutical enterprises, though enjoying opportunities grabbed in their strategic plan, still faced many difficulties due to changes in the legal and business environment. It is also challenging to implement and achieve the goals set by the organization. To ensure the achievement of the strategic objectives, DHG Pharma increasingly focuses on risk management activities. Main duties of risk management refer to the process of identifying, evaluating, managing and controlling incidents or situations that likely occur in order to ensure the achievements of the Company's goals.

The Risk management structure at DHG Pharma operates with 3 lines of defense: Establishment - Execution - Supervision.



The regulation framework applied for internal audit at the Company

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

- Its effectiveness and productivity.
- Trust with the reporting procedure.
- Compliance with regulations and laws.

ASPECTS	PRINCIPLES
Controlling environment	① Integrity and ethical values.
	② Figures that support the BOD perform their managing tasks.
	③ The Company's organizational structure and power and responsibility allocations.
	④ Procedure for attracting, developing and retaining talented staff.
	⑤ Ensuring the reporting responsibility: solutions for effective measuring, preferential and rewards.
Risk assessment	⑥ Suitable and specific objectives.
	⑦ Identify and analyze risks.
	⑧ Assess risk of frauds.
	⑨ Identify and analyze important changes.
Controlling activities	⑩ Select and develop controlling activities.
	⑪ Accurate application and procedures
Information and public relations	⑫ Use information appropriately.
	⑬ Internal public relations activities.
	⑭ External public relations activities
Supervision	⑮ Constant and separate evaluation.
	⑯ Assess communication between sets of information.

RISK CATEGORIZATION



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



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. In 2018, legal and compliance risks were strictly controlled. Also in the year, DHG Pharma did not acknowledge any violation of internal regulations and current laws.

SOLUTIONS FOR LEGAL AND 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:

- Reviewing, developing and improving the system of internal regulations and procedures of the Company in accordance with laws and the Company's activities.
- 100% of contracts and agreements signed are reviewed by legal specialists.
- Updating legal changes related to the Company's activities as well as disseminating to each department and specialized functions.
- 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. In 2018, DHG Pharma always ensured its compliance with the State's regulations on exhaust fumes, emission, and waste (for further presentation, please refer to page 142).

SOLUTIONS FOR ENVIRONMENTAL RISK MANAGEMENT

- 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.
- 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.
- 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.



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 exchange rates, 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.
- The Company continuously 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 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 In 2018, DHG Pharma researched 5 off-patent products, 02 invitro products were sent for bioequivalent testing. The Company manufactured 14 new products including 13 pharmaceutical products and 1 cosmeceutical product. DHG Pharma also launched 9 new products with many different dosage forms, especially 1 sustained-release product and 1 solid dispersion tablet. Before being launched into the market, these products have undergone extensive analysis, investigation, research, testing and evaluation of the competent authorities.



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.
- New regulations on utilization of e-invoice, ETC management in pharmacies, special control items, review of registration numbers of pharmaceuticals, functional foods, approval of advertising tools, and so forth have become increasingly tight and difficult. These involve 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:

- 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.

Implementing 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.

Upgrading the factory to meet PIC/s-GMP, Japan-GMP standards to introduce doctors in hospitals, clinic rooms, communication to pharmacy customers along with internal consumers.

Enhancing the development of new technology-transfer product portfolios to increase the choice for customers, infusing a fresh spirit into DHG Pharma's products as well as increasing motivation for the sales team.

Taking cognizance of the opportunities and importance of the industrial revolution 4.0, DHG Pharma pioneered the application of technology to increase productivity. In 2019, DHG Pharma has proactively utilized an application on mobile devices for customers such as App DHG Co-Prosperity. In 2019, the Company will apply QR Code technology and continuously upgrade App DHG Co-Prosperity, DHG Family in product management, communication programs, promotion programs, training programs, preferential purchase programs, etc. to bring customers and employees a new experience of modernity, convenience as well as manage costs and train human resources more effective and professional. In addition, specialized departments learn modern technologies for application of communication at the point of sale and product introduction meetings.



RISKS IN PRODUCTION

Product quality is a key factor to create success for an enterprise. Therefore, DHG Pharma always places itself in the position of customers and consumers to provide products with the best quality. To do this, DHG Pharma products before being launched to the market must go through a difficult journey with a lot of "firewalls" in the

stage of quality assurance. The Company has 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. The Company has paid great attention to investment in machinery, technology innovation, factory upgrade to international standards, incident prevention, inspection of working environment, improving working conditions, periodical training on safety, and fire prevention.



RISKS OF COUNTERFEIT AND FAKE GOODS

Currently, the low-quality goods and goods infringing intellectual property rights, which exit everywhere, in every sector including in the pharmaceutical industry. 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, DHG Pharma 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.



REPUTATION RISKS

Reputation risks are the risk arising from related parties such as customers, shareholders, investors, suppliers, partners, local authorities, media, communities, etc. when they have negative reactions about products, published information, internal information, staff and activities of the Company.

In order to manage reputation risks, the Company constantly strives to build and protect reputation through the following form:

- Conducting surveys to measure the satisfaction and feedback of related parties such as customers, shareholders, investors, suppliers, etc.
- Regularly updating and monitoring reports on mass media.
- Regulations on information security and conduct with related parties in DHG Pharma's Cultural Identity.

In 2018, the Company well controlled the reputation risk. There is no event that negatively affects the organization's reputation and the decline of stakeholder confidence.



LONG-TERM STRATEGY TO 2020 DHG PHARMA

IMPLEMENTING A COMPREHENSIVE RISK MANAGEMENT FRAMEWORK BASED ON ERM (ENTERPRISE RISK MANAGEMENT) MODEL UNDER THE FOLLOWING PRINCIPLES:

1

SYNCHRONIZING WITH THE SYSTEM AND
ADVANCED INDUSTRY PRACTICES SUCH
AS ISO 31000, COSO.

2

CONSIDERING THE MAIN
“LEVERAGE FACTOR” SUCH AS PEOPLE,
PROCESSES, TECHNOLOGY AND DATA.

3

FOCUSING ON CONNECTING RISK MANAGEMENT
TO SUPPORT THE CURRENT ORGANIZATIONAL
STRUCTURE WITH RISK MANAGEMENT STRATEGIES.

4

CREATING CONDITIONS TO ASSIGN RISK
ROLES AND RESPONSIBILITIES AT ALL
LEVELS OF THE ORGANIZATION TO HELP
BUILD STRONG DEFENSE BARRIERS.

5

CONNECTING RISK MANAGEMENT IN DEPARTMENTS/
DIVISIONS THROUGHOUT THE COMPANY AND ELIMINATING
THE IMPLEMENTATION OF “SINGLE” RISK MANAGEMENT.

Overview of the sustainable development

40	Overview of the sustainable development report
42	Strategies for sustainable development
48	Ethics and integrity
56	Code of conducts with stakeholders
64	Stakeholder engagement
72	Determination of key aspects

UPHOLDING ITS Commitments

As a leading domestic enterprise in Vietnam's pharmaceutical industry, DHG Pharma always pays close attention to development through assessing possible impacts of business activities on the quality of corporate governance, the economy, the environment and the whole society. DHG Pharma understands the increasing concerns of shareholders and investors for sustainable development. Through this report, a closer look at DHG Pharma's activities in the aspect of sustainability will be provided.





OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT

SUSTAINABLE DEVELOPMENT REPORT (SDR) OF DHG PHARMA IN 2018 IS PREPARED TO PROVIDE AN OVERALL PICTURE OF ISSUES RELATED TO SUSTAINABLE DEVELOPMENT IN THE YEAR. THE CONTENT OF THE REPORT DEMONSTRATES DHG PHARMA'S APPROACH TO SUSTAINABLE DEVELOPMENT ISSUES SUCH AS COMMITMENT TO STAKEHOLDERS, MEDIUM AND LONG-TERM SUSTAINABLE DEVELOPMENT STRATEGIES, PRODUCT COMMITMENT, ETC.



ECONOMY



SOCIETY



ENVIRONMENT

As a leading company, DHG Pharma always focuses on sustainable development by assessing the possible impacts of business operations on the quality of corporate governance, the economy, the environment, and society. At DHG Pharma, we understand that the concern of shareholders and investors for sustainable development are significantly increasing. Therefore, DHG Pharma's SDR accounts for a large part in the annual report as well as it is separately implemented from the annual report, aiming to help investors, shareholders and related parties have a closer look at the operations of the Company in a sustainable aspect.

METHODS OF DEFINING REPORT CONTENTS

In 2018, DHG Pharma develops the sustainable development report based on the latest standard - GRI Sustainability Reporting Standards of Global Report Initiative (GRI). The report is presented specifically for each area of the Economic - Environmental - Social category. Simultaneously, we further refer to the Guidebook for Environmental and Social Information Disclosure conducted by the State Securities Commission (SSC) in collaboration with IFC (International Finance Corporation). In addition, the Company's development strategy is also triangulated with the National Action Plan in the Agenda 2030 adopted by the United Nations General Assembly in Sept 2015 with 17 sustainable development goals.

Principles for defining report contents

Stakeholder engagement > The context of sustainable development > Materiality level > Sufficiency level

Principles for defining report quality

Accurate > Balanced > Clear > Comparable > Reliable > Timely

SCOPE OF THE REPORT

Reporting period: The sustainable development report 2018 is prepared in accordance with the accounting year, starting from 01 Jan to 31 Dec.

Reporting cycle: Every year.

Scope of the report: This report was prepared within the scope of operation of DHG Pharma in Vietnam's territory in the field of pharmaceutical production and trading. It is made up of DHG Plant under the parent company, DHG Pharmaceutical Plant Branch in Hau Giang, and subsidiaries/branches in provinces and cities across the country. The report excludes Vinh Hao Algae Processing Affiliate (DHG Pharma owned 31.36%) 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 (Contact section)
- Tel: 0292 3891 433 (Ext: 242), Finance Department
- Ms. **Le Thi Hong Nhung** (hongnhung@dhgpharma.com.vn) - Finance Director, the Company's Secretary.
- Ms. **Duong Kim Loan** (duongloan@dhgpharma.com.vn) - Head of Investor Relations Team - Finance Department.

PURSUANT TO

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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.

ECONOMIC GROWTH

THE UNITED NATIONS' GOALS	DEVELOPMENT ORIENTATION UNTIL 2020	REFERENCE IN ACTIVITIES
 Decent Work and Economic Growth	<ul style="list-style-type: none"> Improving brand value, maintaining Top 50 most valuable brands in Vietnam 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. 	<ul style="list-style-type: none"> Economic performance. Indirect economic impact. Anti-corruption. Anti-competitive behavior.
 Responsible Consumption and Production		

PERFORMANCE INDICATORS IN 2018				
Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all				
	3,882 VND BILLION NET REVENUE	651 VND BILLION PROFIT AFTER TAX	292.1 VND BILLION CONTRIBUTIONS TO THE STATE BUDGET	457.6 VND BILLION DIVIDENDS IN 2018
Ensuring sustainable consumption and production patterns				
	318 PRODUCTS GRANTED NATIONAL REGISTRATION NUMBERS	286 BRANDS GRANTED TRADEMARK PROTECTION	14 NEW PRODUCTS PRODUCED DURING THE YEAR	37 PRODUCTS ACHIEVED BIOEQUIVALENCE
				4 % RESEARCH BUDGET/PAT IN 2018



THE UNITED NATIONS' GOALS

DEVELOPMENT ORIENTATION UNTIL 2020

REFERENCE IN ACTIVITIES

- No Poverty
- Zero Hunger
- Good Health and Well-being
- Quality Education
- Gender equality
- Industry, Innovation, and Infrastructure
- Reduced Inequality

- 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 an 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, etc.) and Call Center.
- Promoting the application of information technology in management.
- Training human resources with expertise, skills, adapting to changes in science and technology.
- Employment.
- Occupational health and safety.
- Training and education.
- Diversity and equal opportunity.
- Freedom of Association & Collective Bargaining.
- Child labor.
- Local communities.
- Customer health safety.

STRATEGIES FOR SUSTAINABLE DEVELOPMENT



PERFORMANCE INDICATORS IN 2018

Ending poverty in all its forms everywhere. Ending hunger, achieving food security and improving nutrition and promoting sustainable agriculture



600
VND MILLION SUPPORTING FOR THE POOR PATIENTS FUND IN CANTHO CITY AND HAU GIANG

> 25,000
PEOPLE WITH 51 PROGRAMS OF FREE MEDICAL EXAMINATIONS AND MEDICINE

>3,000
EMPLOYEES

Ensuring healthy lives and promote well-being at all ages



100 %
OF EMPLOYEES RECEIVED A PERIODIC MEDICAL EXAMINATION

18.9
VND MILLION/PERSON/MONTH AVERAGE INCOME

1,294
EMPLOYEES BEING TRAINED IN FOOD HYGIENE & SAFETY AND LABOR PROTECTION

Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all



205,596
TRAINING HOURS

2.7
VND BILLION TRAINING BUDGET

68
TRAINING COURSES

28,970
TURNS OF PARTICIPANTS

Building resilient infrastructure, promoting inclusive and sustainable industrialization and foster innovation



2
PRODUCTION LINES REACHING HIGH STANDARDS (PIC/S - GMP, JAPAN - GMP)

100 %
OF INFRASTRUCTURE IS ANNUALLY ASSESSED AND CHECKED

233
IDEAS AND INNOVATIONS

Achieving gender equality and empower all women and girls



40 %
THE PROPORTION OF FEMALE EMPLOYEES

21 %
THE PROPORTION OF FEMALE EMPLOYEES IN CHARGE OF MANAGERIAL POSITIONS/TOTAL NUMBER OF MANAGERS

100 %
BENEFITS, REGIMES FOR MATERNITY, WOMEN RAISING CHILDREN UNDER 12 MONTHS OLD, ETC ARE GUARANTEED

Reducing inequality within and among countries



273
VND MILLION SUPPORTING FOR VIETNAMESE HEROIC MOTHERS, AGENT ORANGE VICTIMS, THE ELDERLY, ORPHANS, ETC..

1.227
FEMALE EMPLOYEES CREATING EQUALITY, PROMOTION OPPORTUNITIES FOR FEMALE EMPLOYEES

11,4
VND BILLION CONTRIBUTION TO THE COMMUNITY





GRI
102

STRATEGIES FOR SUSTAINABLE DEVELOPMENT



ENVIRONMENTAL PROTECTION

THE UNITED NATIONS' GOALS	DEVELOPMENT ORIENTATION UNTIL 2020	REFERENCE IN ACTIVITIES
 Clean Water and Sanitation	<ul style="list-style-type: none"> The Company's activities are always associated with environmental protection, raw materials savings, clean-technology machinery and equipment. 	
 Affordable and Clean Energy	<ul style="list-style-type: none"> Ensuring safety in production: Compliance with labor safety rules; occupational safety training as planned; Testing, evaluating the effectiveness of training and workers' awareness. 	<ul style="list-style-type: none"> Raw materials management. Energy. Water.
 Climate Action	<ul style="list-style-type: none"> Efficient energy use at factories. Periodic evaluation of waste disposal in order to take timely measures and minimize environmental pollution. 	<ul style="list-style-type: none"> Emissions, effluents, and waste. Environmental compliance.

PERFORMANCE INDICATORS IN 2018

Ensuring availability and sustainable management of water and sanitation for all.
 Ensuring access to affordable, reliable, sustainable and modern energy for all.
 Taking urgent action to combat climate change and its impacts.



4 TIMES/YEAR
PERIODICALLY COLLECTING SAMPLES
OF WASTEWATER TREATMENT SYSTEMS

6.7 %
RATIO OF
WASTEWATER RECYCLE

4 TIMES/YEAR
PERIODIC SAMPLING
OF EMISSIONS MONITORING

>2 VND BILLION/YEAR
WASTEWATER TREATMENT COSTS

9.34 %
REDUCING OVER THE SAME PERIOD
THE INTENSITY OF ELECTRICITY USE



WITH A PROFOUND AWARENESS THAT TODAY'S ACTION WILL AFFECT FUTURE GENERATIONS, DHG PHARMA ALWAYS COMMITS TO IMPLEMENT AND COMPLIES WITH POLICIES ON ENVIRONMENT AS WELL AS CONTRIBUTE TO COMMUNITY HEALTH...



CORE VALUES - CODE OF CONDUCT

WITH THE MOTTO

LET DHG PHARMA ESSENCE BE THE COMPANY PRIDE

DHG PHARMA 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.



4.

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; with purposes as:
- Enhancing the values: **"Quality - Efficiency - Innovation - Loyalty - Discipline - Professionalism"** in all activities of each individual and collective.
- All the staffs are proud of the corporate culture on the basis of a system of ethical standards and spirit based on the specific characteristics of the company, aimed 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 Pharma's identity** as the inner strength, as one of the management solutions coordinate between tradition and modernity, between history and development; as a priceless asset passed from generation to generation.
- Caring and implementing social responsibility with staffs; balancing among health, work and family so that employees can be responsible for both their families and their work to contribute to long-term development.



5.

OUR LONG-TERM GOAL IS MUTUAL PROSPERITY WITH PARTNERS

- On the principle of cooperation and mutual benefit, DHG Pharma maintains and develops relationships with partners on the basis of equality, healthiness, law-abiding and mutual development.
- Considering customers as the ones who bring benefits to the company. Therefore, long-term and utmost objectives are to satisfy every customers' demands, strengthening DHG Pharma product differentiation in customers' minds.
- Complying with all 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.



OUR ACTIVITIES ALL CENTER AROUND THE BENEFITS OF THE COMMUNITY

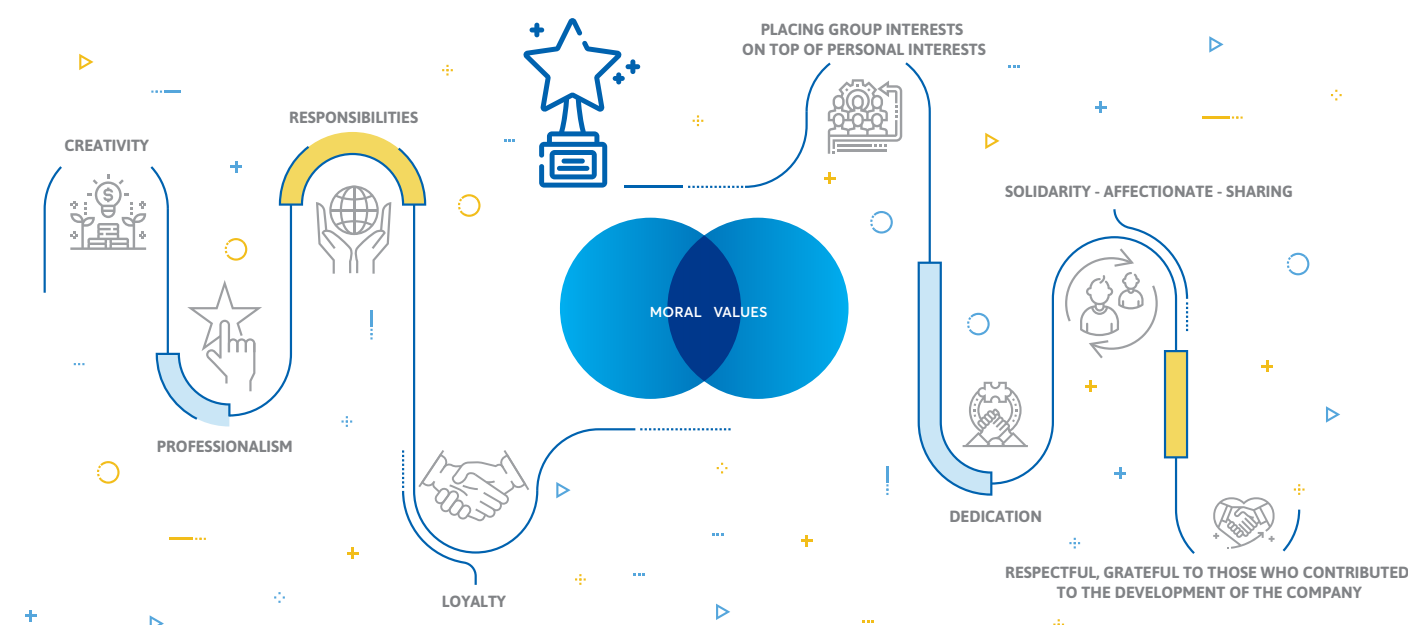
- DHG Pharma is a member of the community, working with the community to develop. DHG Pharma's community activities are more effective when attached to the commitment of the high-quality products and services to its building the foundation for society.
- Promulgating and adhering to the positive measures related to environment, 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.

- 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.

HONORED MORAL VALUES OF EMPLOYEES



CULTURE OF COMPLIANCE
AND RESPONSIBILITY



CULTURE OF COMPLIANCE

STAY COMMITTED TO THE

3 FOLLOWS

REGULATIONS
PROCESSES
STANDARDS

AVOID BEING A

3 NOT EXPERT

DO NOT KNOW
HOW TO EXECUTE
CANNOT EXECUTE
DO NOT CARE

IN ALL CASES,
KEEP ABIDING BY

3 PRINCIPLES

TRUTH
HONESTY
USEFULNESS



CULTURE OF RESPONSIBILITY

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

QUARTERLY, WE CONDUCT NATIONWIDE CUSTOMER SURVEYS TO MEASURE THE LEVEL OF CUSTOMER SATISFACTION WITH THE COMPANY'S SERVICES, PRODUCTS, CUSTOMER FEEDBACK IS THE MOST SPECIFIC AND COMPREHENSIVE MEASURE THAT HELP THE COMPANY CONTINUE TO IMPROVE AND FURTHER ENHANCE THE QUALITY OF SERVICE TO MEET THE FUTURE NEEDS OF CUSTOMERS".

WITH 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.





CODE OF CONDUCTS WITH STAKEHOLDERS

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

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

Furthermore, DHG Pharma is committed to 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.



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.

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

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.



WITH THE STATE

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.



CODE OF CONDUCTS WITH STAKEHOLDERS



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.



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.

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 longlasting 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 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:



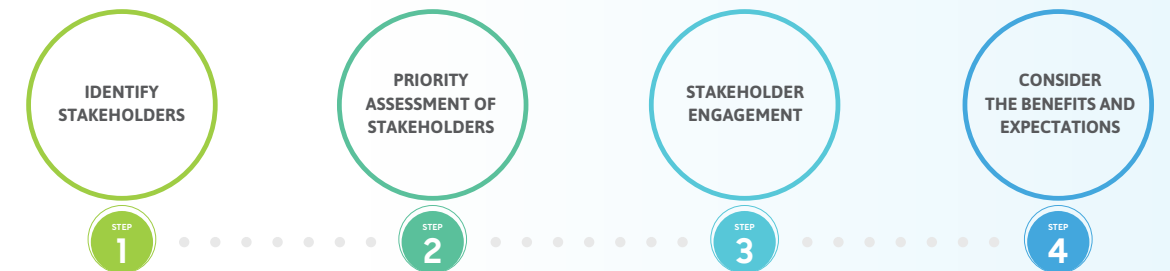
GENERAL MANAGEMENT METHOD

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.

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
 <div>Customers - Consumers</div>	Face to face meetings, information exchange via mobile/email with sale staffs, consultants and service providers.	<ul style="list-style-type: none"> Product quality provided. 	Frequently
	Organization of seminars, conferences, health care talk shows.	<ul style="list-style-type: none"> The level of safety and impact associated with users' health. 	At an event
	Customer care unit and hotline of related departments.	<ul style="list-style-type: none"> Side effects. Reasonable price policy. 	24/7
	DHG Pharma's website, social network: facebook, forum, etc.	<ul style="list-style-type: none"> Maintaining and improving the loyalty of consumers. 	Frequently
	Market research.		Frequently
 <div>Customers - Agents, distributors, hospitals, medical centers, etc.</div>	Face to face meetings, information exchange via mobile/email with sale staffs, consultants and service providers.	<ul style="list-style-type: none"> Product and service quality. 	Frequently
	Organization of annual seminars, customer conferences in order to honor outstanding agents and distributors.	<ul style="list-style-type: none"> Safe and effective for patients. Customers' satisfaction. 	At an event
	Customer care unit and hotline of related departments.	<ul style="list-style-type: none"> Pricing policy, promotion programs and post-sale programs. 	24/7
	DHG Pharma's website, social network: facebook, forum, etc.	<ul style="list-style-type: none"> Maintaining and improving the loyalty of agents, distributors, hospitals, medical centers, etc. 	Frequently
	Market research.		Frequently
 <div>Shareholders, investors</div>	Quarterly face to face meetings or as requested.		Quarterly/ At an event or as requested
	Via email.	<ul style="list-style-type: none"> Business results. The Company's operation and applicable regulation and policies. 	Frequently/ As requested
	Annual general meeting, extraordinary general meeting, general meeting by solicitation of shareholders.	<ul style="list-style-type: none"> Development orientation and strategies. 	Annually/ as it is arisen
	IR news.		Quarterly
	DHG Pharma's website.		Frequently

STAKEHOLDERS	INTERACTIVE CHANNELS	MAIN CONTENTS	FREQUENCY
 <div>Employees</div>	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"> Work efficiency is commensurate with salary, bonus and welfare. Available regimes and policies. 	Annually/ At an event or as requested
	Internal training programs.	<ul style="list-style-type: none"> Occupational health and labor safety. Tight relationships with colleagues. 	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"> Comfortable, respected working environment & training job development skills. Enhancing employees' loyalty. 	Frequently
	Carry out employee's surveys on the working environment.		Annually
 <div>Suppliers & Partners</div>	Face to face meetings, information exchange via mobile and email.	<ul style="list-style-type: none"> Reasonable pricing policy. Product quality provided. 	Frequently
	Transparently disclose information in paper such as bidding price, raw materials cost.	<ul style="list-style-type: none"> Ensuring stable raw material sources. 	Frequently
	Organization of conferences & programs connecting & improving relationships with suppliers.	<ul style="list-style-type: none"> Researching suppliers meeting production environment and employee safety. 	At an event
 <div>The State</div>	Factory visits and checks.		At an event
	Report and require for instructions.	<ul style="list-style-type: none"> Topics in terms of laws and State management. 	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"> Market and industry trends. Difficulties the enterprise is facing in the progress of implementing policies and regulations. 	At an event
	Participation in relevant organizations and associations.		Frequently
	Information disclosure, press conference.		At an event
 <div>The media & press</div>	Interview, press release when an event takes place.	<ul style="list-style-type: none"> Transparently disclose annual operation and production results. 	At an event
	DHG Pharma's website.	<ul style="list-style-type: none"> Disclose information when an important event takes place. 	Frequently
	Social media: facebook, youtube, etc.		Frequently
	DHG Pharma's newsletter.		Frequently
 <div>Community</div>	Face to face meetings.		Frequently
	Organization of seminars, medical examinations.	<ul style="list-style-type: none"> Implementing health care for people. Supporting disadvantaged people. 	At an event
	Coordination with local authorities.	<ul style="list-style-type: none"> Creating jobs. 	At an event
	Press.		At an event

STEP 04

CONSIDER THE BENEFITS AND EXPECTATIONS

Stakeholder engagement in the policies and operations of DHG Pharma

STAKEHOLDERS	CONCERN	DHG PHARMA'S ACTION	VALUE ADDED
 <div>Consumers</div>	<ul style="list-style-type: none"> Quality, product efficiency, safety level for consumer health. A diversified product portfolio that meets the needs of different customer groups. Products are sold at reasonable prices, easy to access to all kinds of customers. Good customer service. 	<ul style="list-style-type: none"> Continuously improve the technology, modern production lines to bring high-quality products, strictly controlled by the closed process of product safety. Promote research and development of products in order to create products of high efficiency and better meet the needs of consumers. Expand distribution channels nationwide so that consumers can easily access products of DHG Pharma. Be willing to answer questions from customers and actively organize conferences, seminars, etc. Consulting to improve knowledge about health protection and use the product in the most effective way. 	<ul style="list-style-type: none"> The production lines reach PIC/s - GMP and Japan - GMP standards. Guarantee the quality of products - 23 consecutive years as "Vietnamese high-quality goods" voted by consumers. Help the consumers easily access and purchase products through the distribution network, wholesale and retail stores nationwide and e-commerce channels. Answer all inquiries of consumers through the customer service department, the company hotline or related departments.
 <div>Agents, distributors, hospitals, medical centers, etc.</div>	<ul style="list-style-type: none"> Brand prestige and product quality. Diversified, high-quality products, bring a high therapeutic effect. Sales policy on the principle of win-win. Dedicated, caring customer service. IT application in supporting sales. 	<ul style="list-style-type: none"> Ensure the sustainable development of the enterprise with the commitment to relentlessly improve product quality. Enhance brand prestige through prestigious awards in Vietnam and abroad. Promote the research and development of new products with high-quality and effective treatment. Implement the sales policy on the principle of mutual development in a win-win spirit. Integrate information technology in the distribution process, managing the number of products sold and the inventory in all distributors, agents and pharmacies nationwide. Apply IT by releasing the DHG Co-Prosperity mobile app. 	<ul style="list-style-type: none"> Make the brand prestige become more well-known, ranking in Top 50 of Vietnam's most effective companies. Provide high-quality products and a high therapeutic effect. Voted Vietnamese High-Quality Goods by consumers for 23 consecutive years. Deliver products to more than 27,000 customers (agents, distributors, hospitals, medical centers, supermarkets, shopping centers, Guardian convenience stores, etc.) nationwide, with a strict and modern management system, to bring high value, and serve the customers demand faster. 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. Ensure fast delivery, quantity and quality of goods delivered to agents, distributors, hospitals, medical centers, etc.
 <div>Shareholders, investors</div>	<ul style="list-style-type: none"> Business performance achieved. Effective use of invested capital. Management capability of the business. Information transparency to secure the interest of investors. The market value of stocks and the value of the business. Dividend payment to investors. 	<ul style="list-style-type: none"> Use effectively the invested capital. Complete management model, tight risk control, improve the efficiency of production and business. Disclose information properly, sufficiently, promptly, openly and transparently. Maintain the stock price at a high level. Ensure high and fair dividends for shareholders and investors. 	<ul style="list-style-type: none"> 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. Disclose information promptly, openly and transparently, ensuring equal investment opportunities for shareholders and investors. Provide a high dividend rate to investors: approximately 30% - 35% of annual PAT. Particularly in 2018: advanced dividend payment 30% of dividend, remaining 5% of the dividend.
 <div>Employees</div>	<ul style="list-style-type: none"> A comfortable working environment without discrimination. Training policies and development opportunities. Bonus, welfare policies and labor conditions. Achievements and contributions are properly assessed and recorded. Activities concerning labors' physical and mental wellbeing. Methods for assessing labors equally, objectively and scientifically with KPI. 	<ul style="list-style-type: none"> 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". Organize internal and external training to improve the professional level of staff, create the best conditions for capacity development and promotion opportunities. Offer weekly training to 100% of the leaders, sales force and other staff members on Magic Mirror App. Properly execute compensation and welfare policies for every position, role and responsibility of the staff. Evaluate the dedication of employees and reward worthy of achievements. 	<ul style="list-style-type: none"> Always maintain a comfortable, equal and safe working environment. Continue to promote education and training for staff in 2018. The total duration of training for the whole Company: 67.9 hours/person/year. 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.

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 45 years.

STEP 04

CONSIDER THE BENEFITS AND EXPECTATIONS

Stakeholder engagement in the policies and operations of DHG Pharma

STAKEHOLDERS	CONCERN	DHG PHARMA'S ACTION	VALUE ADDED
 <div>Suppliers & partners</div>	<ul style="list-style-type: none"> Cooperate for mutual development. Use materials effectively, save the energy. Set strict requirements about the quality of raw materials suppliers. Enact specific requirements for projects invested by the Company and the environmental, social issues, especially in the place where the factories are located. Establish criteria for suppliers about their environmental and social responsibility. 	<ul style="list-style-type: none"> Implement principles in the spirit of mutual development. Use materials efficiently, operating modern production systems and processes to ensure the best product quality. Ensure a large and stable demand for raw material suppliers. Prioritize the selection of suppliers that meet the requirements of management, progress, compliance with law, commitment to environmental and social responsibility. 	<ul style="list-style-type: none"> Be a considerable and trustworthy partner of many suppliers and partners. Provide training and transferring technology, planting process to farmers to grow herbal materials, and form the value chain from input to output. Supplement the environmental and social assessments when evaluating suppliers.
 <div>The State</div>	<ul style="list-style-type: none"> Comply with the laws. Fulfill tax obligations to the State budget. Carry out business activities responsible for consumer health, environment and society. 	<ul style="list-style-type: none"> Strictly comply with the regulations in the laws. Fully implement of annual tax payments to the State. Provide high-quality products and commit to the ethics, business principles. Resolve employment issues and support the local economic improvement. Direct corporate governance towards sustainable development, minimize the impact on the environment and society. 	<ul style="list-style-type: none"> Create jobs and stable income for employees, contributing to stabilizing the lives of local people. Enforce effectively the energy and materials saving policies. Lead in the adoption and implementation of sustainable development policies. For instance, won Top 5 for the Sustainable development report in 03 consecutive years.
 <div>The media & press</div>	<ul style="list-style-type: none"> Disclose information in accordance with regulations, promptly and transparently. Exchange information with the news agency clearly, accurately about the activities of the Company and the industry. Support the production of the "Special White Blouse Mission" Show focused on the humanistic values. 	<ul style="list-style-type: none"> Take the initiative in information disclosure through conferences, news conferences, articles, newsletters, press releases, etc. Increase the amount of information sent to the press through press releases and sending in-depth analysis articles to the press. 	<ul style="list-style-type: none"> Stay committed to information published accurately, truly to the actual production and business activities of the Company. Actively publish important information that directly or indirectly influences the decision of the investor, ensuring fair and transparent investment opportunities. Provide valuable, useful information for the community on public health care, alert about poor quality counterfeit goods to enter the market. "Special White Blouse Mission" Show 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.
 <div>Community</div>	<ul style="list-style-type: none"> Create jobs and raising income for local people. Offer consultancy activities to improve public health. Carry out methods to minimize the impact on the environment. 	<ul style="list-style-type: none"> Support the local economy, contributing to improve the lives of local people. Contribute to the local community in various forms: support victims of natural disasters, free medical examination and medicines for the disadvantaged, etc. Organize many activities, consultation conferences on health care during the year. Strictly follow environmental regulations, especially in the place where factories are located. Make sustainable development become an operating target. 	<ul style="list-style-type: none"> Provide knowledge of disease prevention, safe and effective use of products through the media. Visit and send Tet gifts for the elderly, orphans, disabled children in Can Tho City. 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.

PRINCIPLES AND PROCESS OF DETERMINING KEY ASPECTS

PRINCIPLES

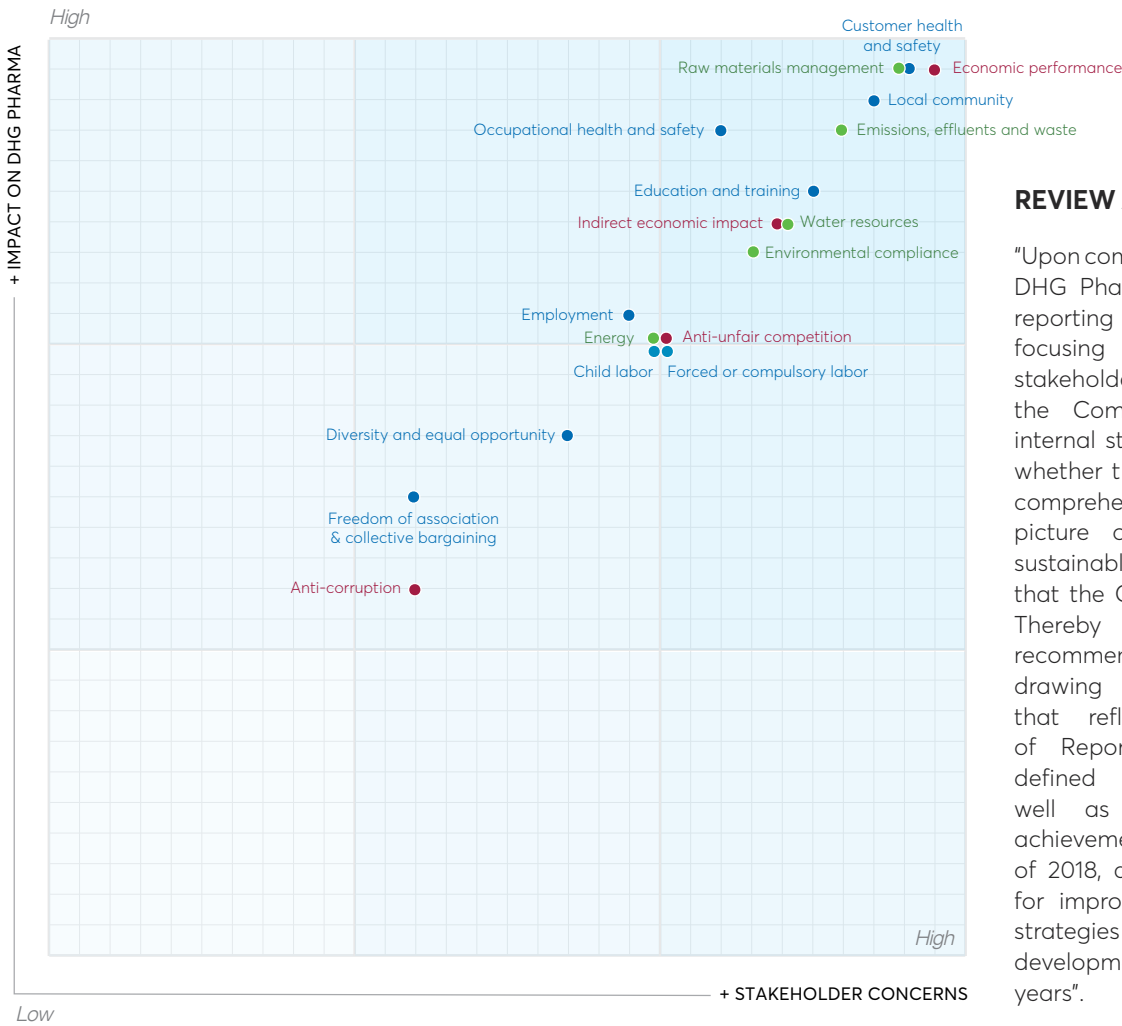
Based on the context of the domestic and international pharmaceutical industry, feedback and concerns of related parties, DHG Pharma identifies key aspects in the relationship between the economy, society, environment and the Company's business.

PROCEDURES TO IDENTIFY KEY ASPECTS



KEY ASPECTS

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 2018, creating the premise for improving the goals and strategies for sustainable development in the coming years".

ECONOMIC SECTOR	SOCIAL SECTOR	ENVIRONMENTAL SECTOR
<div>0</div> <div>12</div>	<div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div> <div>9</div> <div>10</div>	<div>6</div> <div>7</div> <div>13</div>
<div>Economic performance</div> <div>Indirect economic impact</div> <div>Anti-corruption</div> <div>Anti-unfair competition</div>	<div>Employment</div> <div>Occupational health and safety</div> <div>Education and training</div> <div>Diversity and equal opportunity</div> <div>Freedom of association & collective bargaining</div> <div>Child labor</div> <div>Forced or compulsory labor</div> <div>Local community</div> <div>Customer health and safety</div>	<div>Raw materials management</div> <div>Energy</div> <div>Water resources</div> <div>Emissions, effluents and waste</div> <div>Environmental compliance</div>



Creating sustainable value

76	Enterprise value
80	Shareholders and investors
84	The State
90	Customers
100	Employees
124	Suppliers and partners
128	Community

Increasing & BENEFITS



Along with the motto "Maximizing business values and increasing the interests of stakeholders", DHG Pharma's sustainable development strategy aims to balance benefits for all parties. Therefore, the values that DHG Pharma creates is not simply its revenues and profits but also many others: job creation; contributions to the local economy; health safety for consumers and transparency in all activities.







BUSINESS RESULT IN 2018

BASIC FINANCIAL INDICATORS (VND BILLION)	2014	2015	2016	2017	2018
Income statement					
Net revenue	3,913	3,608	3,783	4,063	3,882
Gross profit	2,131	1,413	1,713	1,783	1,717
Profit before tax	722	701	757	719	732
Profit after tax	534	593	689	642	651
Profit of shareholders of the parent company	533	589	686	642	653
Balance sheet					
Total assets	3,483	3,363	3,945	4,087	4,206
Current assets	2,386	2,221	2,746	2,939	3,148
Non-currents assets	1,096	1,142	1,199	1,148	1,058
Liabilities	1,189	842	1,076	1,328	1,062
Owner's equity	2,294	2,521	2,870	2,759	3,144
Charter capital	872	872	872	1,307	1,307

In the context the economy still has many challenges, DHG Pharma has always retained its position with positive profitability indicators. DHG Pharma can achieve it thanks to the effective management of production and operation costs.

TARGET	2014	2015	2016	2017	2018
Gross profit margin	54.5%	39.2%	45.3%	43.9%	44.2%
Pre-tax profit margin	18.5%	19.4%	20.0%	17.7%	18.9%
ROS	13.6%	16.4%	18.2%	15.8%	16.8%
ROA	16.3%	17.3%	18.8%	16.0%	15.7%
ROE	25.0%	24.6%	25.5%	22.8%	22.1%

INCREASING THE BENEFITS OF STAKEHOLDERS

STAKEHOLDERS	CONTENT	2016	2017	2018
 <div>Customers</div>	Net revenue	3,783 VND BILLION	4,063 VND BILLION	3,882 VND BILLION
 <div>Shareholders</div>	Dividend	305.1 VND BILLION	392.2 VND BILLION	457.6 VND BILLION
 <div>Employees</div>	Income of employees	21.8 VND MILLION/ MONTH/PERSON	17.8 VND MILLION/ MONTH/PERSON	18.9 VND MILLION/ MONTH/PERSON
 <div>Suppliers and Partners</div>	Total value of transactions during the year	6,293 VND BILLION	8,179 VND BILLION	6,603 VND BILLION
 <div>Community</div>	Contributing to the community and society	5.6 VND BILLION	6.1 VND BILLION	11.4 ^(*) VND BILLION
 <div>The State</div>	Contributing to the State budget	241.6 VND BILLION	306.6 VND BILLION	292.1 VND BILLION

(*) Including Special White Blouse Mission

OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Climate change is becoming a threat to human health around the world in general and Vietnam in particular. Vietnam is one of the countries affected by the impacts of climate change such as sea-level rising, salt-water intrusion, as well as the abnormalities of rainfall and other weather patterns. The change significantly affects the temperature, living environment, living habits, etc. of the citizen. This is also the main reason leading to an

increase in infectious diseases over the years, especially gastrointestinal diseases, respiratory diseases and so on. To satisfy the needs of the treatment of the inhabitants, DHG Pharma has constantly improved the quality of existing products and promoted R&D on new products. Simultaneously, when natural disasters occur, DHG Pharma is always willing to help people quickly overcome the consequences and re-settle their daily life promptly.



SHAREHOLDERS AND INVESTORS

REPORT MEASURING INDICATOR



ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE



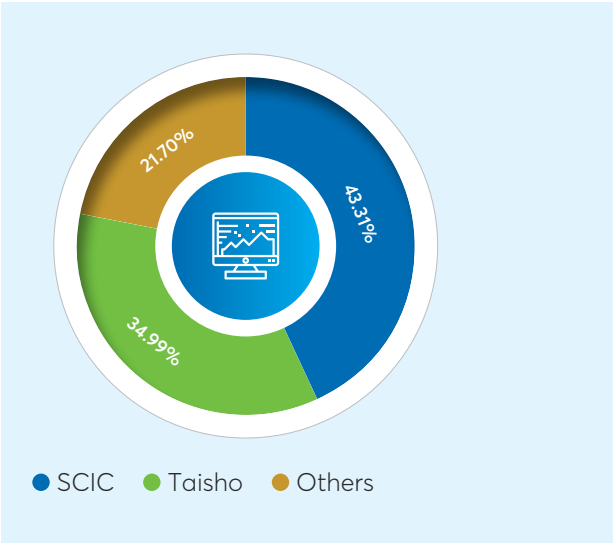
SHARE INFORMATION AND SHAREHOLDER STRUCTURE

Share name: Share of DHG Pharmaceutical JSC
 Share sticker: **DHG**
 Share exchange: Ho Chi Minh City Stock Exchange
 Charter capital: VND 1,307,460,710,000
 Number of outstanding shares: 130,746,071 shares

SHAREHOLDER STRUCTURE

NO.	SHAREHOLDER NAME	NUMBER OF SHARES	RATIO
1	● SCIC	56,626,237	43.31%
2	● Taisho	45,761,086	34.99%
3	● Others	28,358,748	21.70%

Source: List of shareholders finalized on 14 Mar 2019



DIVIDEND PAYMENT POLICY

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 BOD expects to submit to the Annual General Meeting of Shareholders 2018 dividends 2018 of 35% of par value. It is 5% higher than the original plan.

The Company paid dividends in 2018 as follows:

- Advance dividend payment Phase 1 at 10%/par value: information disclosed on 14 Jul 2018, closing date 31 Jul 2018, payment date: 31 Aug 2018.
- Advance dividend payment Phase 2 at 20%/par value: information disclosed on 27 Feb 2019, closing date: 14 Mar 2019, payment date: 17 June 2019.
- Dividend of 2018 - 35%/par value. The remaining 5% is projected to make payment after being approved by the AGM.

Dividends of DHG Pharma over the years:

NO.	TARGET	FIGURES IN	2014	2015	2016	2017	2018
1	Dividend per share	VND	3,000	3,500	3,500	3,000	3,500 ^(*)
2	Total dividend value	VND billion	261.5	304.3	305.1	392.2	457.6
3	% dividend/PAT	%	49.0	51.3	44.3	61.1	70.3
4	EPS	VND/share	5,169	5,748	4,485	4,378	4,445

(*) Dividend of 2018 is projected to be submitted to the AGM 2018

INVESTOR RELATIONS



DHG Pharma's Investor Relations Team (IR) fulfills its information disclosure obligation, ensuring that information is disclosed to the public timely, accurately and in compliance with applicable law. Information disclosed by DHG Pharma must be performed in accordance with the following principles:

- Information disclosure must be performed in an accurate, sufficient, clear and timely manner as prescribed on DHG Pharma's website (in Vietnamese and English), State Securities Commission and Ho Chi Minh City Stock Exchange.
- All shareholders and investors have the right to access any information disclosed on DHG Pharma's website under the following link: <http://www.dhgpharma.com.vn/en/investor-relations>

Investor Relations Team interacts with shareholders and investors through various channels such as extraordinary/periodic disclosures on the Company's website, quarterly shareholders and investors meetings, face-to-face meetings or meetings via conference calls and emails and at the AGM.

Investor relations activities maintained a good relationship with shareholders, accessed many potential investors who are financially capable and experienced. These activities also created a positive impression on DHG Pharma trademark in domestic and foreign stock markets through outstanding activities during the year 2018 as followings:

- DHG Pharma performed over 80 times of information disclosure within the prescribed time-limit. Reports on corporate governance, which were periodically carried out 6 months/year provided sufficient information on the AGM, members of the BOD/BOS, meetings and transactions with related parties. Quarterly financial statements were constantly updated to help shareholders capture the latest business results of the Company. Simultaneously, DHG Pharma's website discloses information in English and Vietnamese, providing information for domestic/foreign shareholders and investors.
- The Company was awarded Top 10 LargeCap Best Annual Reports, Top 5 LargeCap Best Corporate Governance Reports and Top 5 Best Sustainable Reports. The reports provided complete and detailed information on the Company's business performance and development strategies, shareholder information, ownership structure, financial and non-financial indicators of the Company, etc. Moreover, DHG Pharma was evaluated as 01 of 03 representative companies of Vietnam implementing the best corporate governance in ASEAN in 2018.
- DHG Pharma networked with nearly 20 domestic/foreign investment funds and securities organizations at the "Emerging Vietnam 2018" conference in Ho Chi Minh City, organized by HSC on 28 Sept 2018.
- DHG Pharma organized 4 meetings with a participation of nearly 120 shareholders and investors. The meetings were organized to update quarterly business performances and to listen to analysts' viewpoints on the Company's operation. In order to improve the quality of shareholder and investor meetings, the IR Team also surveyed satisfaction rates of shareholders and investors on 23 Mar 2019 and 02 Nov 2019. In particular, nearly 90% of shareholders and investors are satisfied with the presentation and information provided.



DHG Pharma was awarded Top 10 LargeCap Best Annual Reports, Top 5 LargeCap Best Corporate Governance Reports and Top 5 Best Sustainable Reports.



DHG Pharma is 01 out of 03 Vietnam representatives who performed best corporate governance in Asean in 2018.



DHG Pharma networked with nearly 20 domestic/foreign investment funds and securities organizations at the "Emerging Vietnam 2018" conference in Ho Chi Minh City, organized by HSC on 28 Sept 2018.



GOVERNMENT

REPORT MEASURING INDICATORS

- GRI

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ECONOMIC PERFORMANCE
- GRI

203

INDIRECT ECONOMIC IMPACTS
- GRI

205

ANTI - CORRUPTION
- GRI

206

ANTI - COMPETITIVE BEHAVIOUR

ECONOMIC PERFORMANCE



CONTRIBUTION TO THE STATE'S BUDGET

 **292.1** VND BILLION
Total contribution to the State's budget in 2018

Paying taxes is the rights and obligations of an enterprise. In 2018, DHG Pharma strictly complied with tax payments in accordance with the provisions of law and the State. The total contribution to the State budget in 2018 was VND 292.1 billion. In particular, the contribution to the State budget in Can Tho City and Hau Giang province is VND 176.7 billion and VND 17.9 billion, respectively.

TARGET	2018
VAT on domestic sales	105,206,180,453
VAT on import sales	48,672,337,496
Import - export duties	21,412,827,454
Corporate income tax	76,742,927,770
Personal income tax	33,882,040,435
Land use tax	5,697,566,442
Other taxes	444,510,235
Total	292,058,390,285

FINANCIAL SUPPORT FROM THE STATE

DHG Pharmaceutical Plant Branch (formerly known as wholly-owned subsidiaries of DHG Pharma including DHG Pharma Ltd. and DHG PP1) was built and established in Tan Phu Thanh Industrial Zone, Hau Giang Province.

The Branch is entitled to corporate income tax exemption for the first 4 years, 50% reduction for the following 9 years (corporate income tax at the rate of 5%) and corporate income tax at the rate of 10% for the 2 remaining years.

Details:

TARGET	CIT EXEMPTION	CIT AT 5%	CIT AT 10%
DHG Pharmaceutical Plant Branch in Hau Giang – DHG PP1 Factory	2014 - 2017	2018 - 2026	2027 - 2028
DHG Pharmaceutical Plant Branch in Hau Giang – DHG Pharma Factory	2015 - 2018	2019 - 2027	2028 - 2029





ANTI-CORRUPTION



DHG Pharma has identified anti-corruption as the focused mission of the Company in 2018 and the following years. The Company has conducted a huge number of methods to prevent and fight against corruption. Accordingly, the main target is to prevent, timely navigate and strictly handle corruptive behaviors. Simultaneously, the Company also abides by the laws on preventing and stopping corruption.

Every quarter, The Company Leading Board holds sessions for informing laws and regulations so that all of the staff in each unit could be fully updated of all the content regarding policies about preventing and fighting against corruption and wastefulness enacted by the State; 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 more public and transparent, double-checking documents so as to ensure its compliance with the laws and to find out those which become no longer appropriate, prioritizing consistency and transparency on working with stakeholders. All of the staff strictly follow labor regulations, enhance the corporate code of conducts and the employees' culture in communication, develop and manage the budget. They also conduct purchases of assets in accordance with Regulation on procurement and asset repair and Regulation on investment management of the Company. Staff are recruited,

trained and appointed on a public and transparent basis. The Company strictly follows regulations on making declarations of assets and income of the obligors according to the Anti-Corruption Law.

Staff who make work-related decisions must aim at the Company's common interests, not for personal or other individuals/organizations' interests. "DHG Pharma Cultural Identity" also specifies the transactions with related persons as follows:

- When carrying out transactions with related persons, the Company must sign contracts in written form on the basis of equality and voluntariness. The contract content must be clear, specific and disclosed to shareholders upon request.
- The Company applies necessary measures to prevent related persons from interfering in the Company's operations and harming the Company's interests through controlling the purchase and sale channels of the Company's goods or price manipulation.
- The Company applies necessary measures to prevent shareholders and related persons from conducting transactions that cause loss of the Company's capital, assets or other resources. The Company must not provide loans or guarantees to shareholders and related persons.
- The legal rights of the parties who have interests related to the Company are ensured.
- The Company must respect the legal rights and interests of all parties related to the Company, including banks, creditors, staff, consumers, suppliers, communities, and others with interests related to the Company.
- The Company positively cooperates with people who have interests related to the Company through:
 - » Providing all necessary information to the bank and creditors to help them assess the operation and financial situation of the Company and make decisions.
 - » Encouraging them to give their opinions on the business, financial situation and important decisions related to their interests through direct contact with the Board of Directors, the Board of Supervisory and Executive Director.

Moreover, the Company effectively facilitates communication between the employer and employees, handles complaints and denunciations; thoroughly tackles denunciations with regard to corruption. The Company also enhances activities of inspecting and checking the implementation of the Anti-Corruption Law. Thanks to the inspection and checking, cases with corruption potentials in some units have been navigated and handled timely. As a result, DHG Pharma witnessed no case of corruption in 2018.

**WITH CLEAR ORIENTATIONS AS MENTIONED,
DHG PHARMA IS DETERMINED TO
BE A COMPANY OF PRESTIGE AND
PROFESSIONALISM,**

**GUIDED BY CORRECT AND APPROPRIATE POLICIES, AND
ORIENTED BY BASIC CODES OF ETHICS WHICH FOLLOW
THE LAWS IN ORDER TO MEET THE EXPECTATIONS OF
PARTNERS, CUSTOMERS, SHAREHOLDERS, ETC.**



ANTI - COMPETITIVE BEHAVIOR



DHG PHARMA HAS GOT **318** PRODUCTS WITH NATIONWIDE VISA NUMBERS (263 PHARMACEUTICALS, 55 DIETARY SUPPLEMENTS, COSMECEUTICALS),

286 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.

- Employ a learning, justified approach and fair competition when accessing and working with competitors.
- Do not get involved in activities harming competitors.
- Do not cooperate with other competitors to ruin another competitor.
- Do not produce and deliver the counterfeits and the imitations of the competitors' products.
- Do not sully the competitors with anyone and do not give unfair evaluations of their products.
- Do not take advantage of the relationships with customers to incite them to have unfair attitudes and behaviors towards the competitors.
- 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 ways.



INDIRECT ECONOMIC IMPACTS

With more than 1,000 staff members at the equitization period in 2004, DHG Pharma has been increasingly growing and developing. The Company has created jobs for more than 3,000 staff nationwide by the end of 2018. The Company has always ensured safe working conditions, created welfare facilities, provided good benefits, regularly trained and developed human resources to contribute to quality improvement, income increase for local workers.

Besides creating jobs and investing in human resources, DHG has always been willing to contribute to the community and society in various forms such as "Fund for the Poor", "Fund of Golden Hearts of Can Tho Trade Union", "Fund for Poor Patients", establishing blood donation clubs, implementing free medical examination and medicine delivering programs for the poor in remote areas across the country, taking care of the elderly, the children at the orphanage center, supporting the production of the "Special White Blouse Mission" Program, propagandizing knowledge about health protection for citizens, and organizing special programs for customers and relatives.





CUSTOMERS

REPORT MEASURING INDICATOR

GRI
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CUSTOMER HEALTH AND SAFETY

GRI
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CUSTOMER HEALTH AND SAFETY



PRODUCT QUALITY IS ONE OF THE RESPONSIBILITIES OF DHG PHARMA TO CUSTOMERS.

DHG Pharma always put itself in the position of customers and consumers to objectively evaluate products in all aspects. DHG Pharma, as such, is remembered as a prestigious and humane brand in bringing customers quality products and services.

With the sacred mission of improving human health, for nearly half a century, DHG Pharma has not only focused on investing in personnel, technology, raw material resources, production conditions, continuous improvement of quality management system but also applied the most modern equipment and scientific research into products to bring the best values to consumers.

To achieve these, DHG Pharma products must go through a strictly controlled journey with many "firewalls" in the quality assurance stage before launching products to the market.



CUSTOMER HEALTH AND SAFETY

Product responsibility measurement indicators



1 STRICT INPUT RAW MATERIAL TESTING

With modern facilities, highly qualified staff who always follow the strict quality regulations and processes, comply with GMP principles in medicine production, DHG Pharma affirms the resource of input materials for each product reaching high quality.

At DHG Pharma, every year, the Company conducts research, evaluation, and use of domestic and oversea raw materials in accordance with the following criteria: raw materials must be clearly identified with their origins and published quality standards; Raw materials manufacturing factories satisfy GMP standard. (If a material standard is a pharmaceutical standard, it must be updated the current pharmacopeia); The warehouses must meet GSP standard; Testing laboratory meets GLP standard. Materials that are delivered to the Company's warehouses are sampled for checking and testing in accordance with the regulated quality standards to ensure that raw materials reach the quality before stock receiving. Even with these reliable sources of input materials, the functional departments of the Company still strictly control the next steps in the material path.

2 STRICT OUTPUT CONTROL

At every stage of the production process, quality assurance continues to be strictly controlled by staff and modern machines.

In the process of production, packing or tablet compression, workers in charge of these stages must regularly take samples to check the volume and timely adjust. The semi-finished products of all stages are controlled to ensure the output reaching the standard before moving to the next stage. After the steps on the actual production line, the finished product will continue to be sampled and tested in accordance with regulations. The requirement of this step is that 100% of the batches satisfy the quality standard. Through this "gate", the product must also be checked by the quality management department. If the quality management department approves, the products are allowed to be stored before being distributed.

Pursuant to DHG Pharma's regulations in the production process, if errors - even the smallest ones are detected, it must be immediately reported to the direct leader to promptly handle, review and check all stages of the production process such as raw materials, punches, dies, nets, compression process and so on. After receiving the review results, only products meeting all the regulated standards of GMP - PIC/s, GMP - WHO, GLP, GSP, GDP, GPP, ISO/IEC 17025, etc. will be launched from the factory to the market. In case the products do not reach 100% of prescribed quality standards, even if the batch size is up to one million or ten million tablets, the Company is willing to accept damage and destroy the product to ensure absolute safety for users. For DHG Pharma, strict control of product quality as well as creating high-quality products that meet the consumers' tastes are not only top priority but also fulfill the responsibilities of the Company with customers.

3

INFORMATION ON PRODUCT LABELLING

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

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.

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

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:





CUSTOMER HEALTH AND SAFETY

- If it is not caused by the Company, the Company will support customers by carrying out investigations.
- If it is caused by the Company, the Company will recommend a product recall and check if other batches having the same problem.

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 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.

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.



COMPLAINTS ABOUT THE PRODUCTS WILL BE TRANSFERRED TO QM DEPARTMENT

NO MORE THAN

1
HOUR

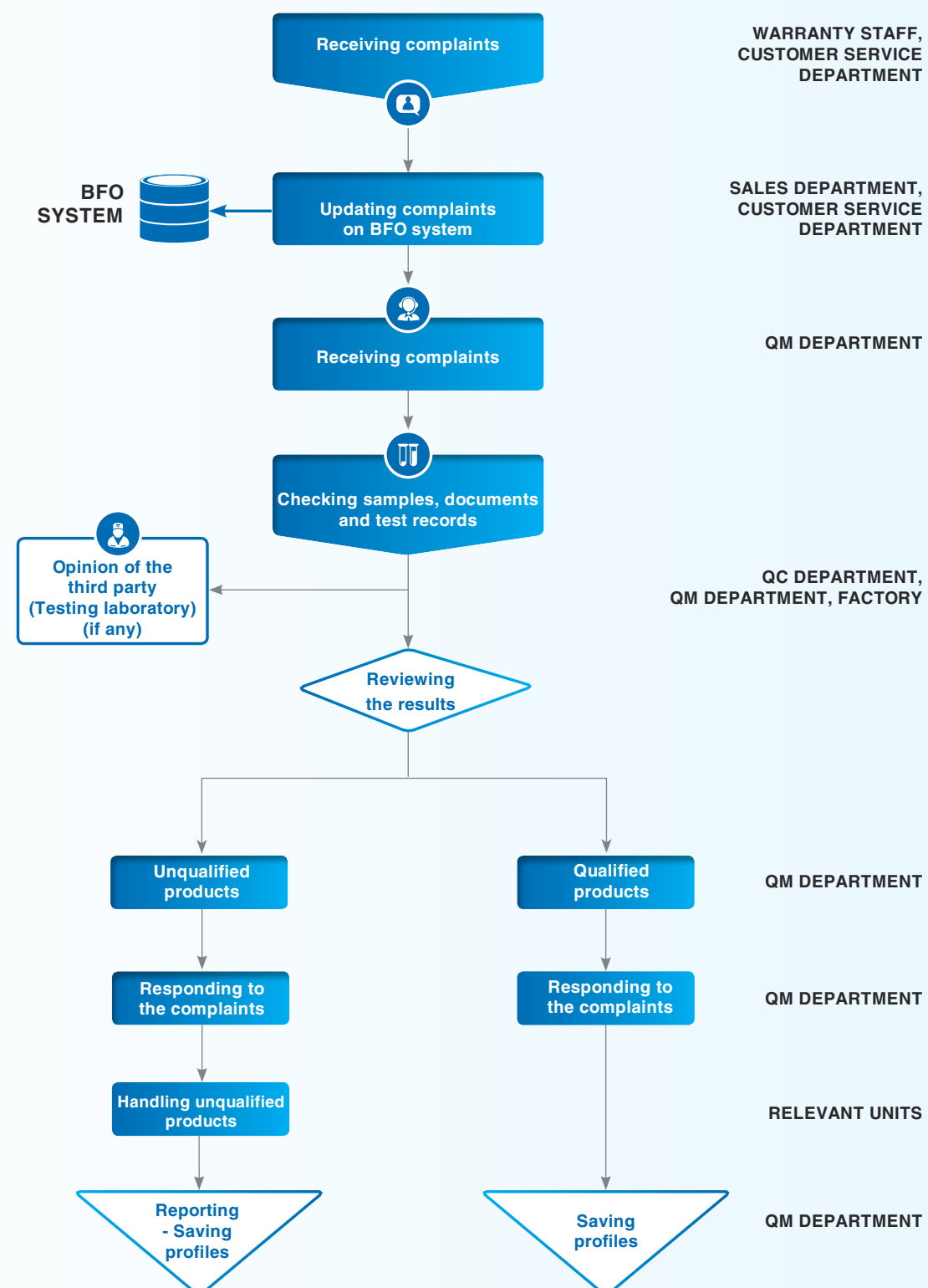
AND RESPOND TO CUSTOMERS WITHIN NO MORE THAN
7 WORKING DAYS

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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CUSTOMER HEALTH AND SAFETY



DHG PHARMA FACTORY STANDARDS

ALL PRODUCTION LINES OF DHG PHARMA SATISFY GMP - WHO STANDARD.

In Oct 2018, DHG Pharma was granted the certificate of PIC/s - GMP standard by National Pharmaceutical Regulatory Agency (NPRA) for effervescent tablets and effervescent powder. On 06 Mar 2019, Drug Administration of Vietnam announced Japan - GMP certificate for tablet production line of Non-Betalactam factory. PIC/s - GMP and Japan - GMP are two high standards in pharmaceutical manufacturing applied in countries including Japan, England, France, USA, Canada, Australia, Germany, Netherlands, Finland, Switzerland, Korea, Malaysia, Singapore, etc. With the ownership of these certifications, DHG Pharma will soon export to developed countries, enhance the value and image of DHG Pharma brand in the market and gain consumers' trust in the Company's products.

PRODUCTS THAT ARE INVESTED IN RESEARCH AND DEVELOPMENT

The application of scientific and technological advances to the production lines not only contributes to improving the competitiveness of DHG Pharma in the market but also demonstrates the responsibility of the enterprise to the community.

DHG Pharma is the pioneer in applying and investing the latest and most advanced technologies to develop high-quality products with specialized and exclusive formulas, etc.

Moreover, DHG Pharma with the support of strategic shareholder Taisho is upgrading the

effervescent production line in accordance with PIC/s standard and is preparing conditions to satisfy PMDA and EU standards for a number of strategic products to help the quality system of the Company become more standardized and professional. Since then, the products of the Company are increasingly consumed in many countries around the world.

STRATEGIC COOPERATION FOR PRODUCT DEVELOPMENT RESEARCH

After nearly 3 years of cooperation with Taisho, DHG Pharma has had several improvements and innovations in all aspects. The integration with Taisho not only promoted strategy reaching out to the world, enhanced brand value and product quality of DHG Pharma, but also created conditions for the young generation to maximize their potential.

Thanks to the support from Taisho, DHG Pharma began upgrading its production line of effervescent tablet from 2016 in order to export to other countries in the region such as Malaysia, Indonesia, and the Philippines. By the end of 2018, DHG Pharma's factory was certified to meet PIC/s - GMP standard, creating a strong momentum when exporting to Southeast Asia market. In addition, Taisho also accompanied with DHG Pharma to upgrade the factory to satisfy Japan - GMP standard (Japan) and EU - GMP standard (Europe). Last February, the Japanese Ministry of Health issued a Japan - GMP certificate for the tablet production line of Non-Betalactam factory.

These certificates were like a ticket that opened up the opportunity for DHG Pharma products to quickly reach out to the world and can be exported to Japan and Southeast Asian countries. Simultaneously, it was an opportunity to provide more medicines in hospitals.

For rapid integration, engineers, pharmacists, researchers, and experts were also sent to Japan for training and improving professional knowledge. Along with expanding the operation scale, the Company expects to promote internal resources and ensures the best benefits for current staff.

The development integration strategy not only helps DHG Pharma

and Taisho to improve their competitiveness in the international market, but domestic users also enjoy added benefits.

Pursuant to Business Monitor International, Vietnamese pharmaceutical market is forecasted to exceed the US\$7 billion by 2020. With a population of over 93 million people, Vietnam is promoting a significant number of policies to support domestic medicine production, reduce its dependence on imports (accounting for more than 50%) and decrease production costs. The proposal of FOL lifting to 100% and the integration step of DHG Pharma were not beyond the general strategy of the domestic pharmaceutical industry.





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CUSTOMER HEALTH AND SAFETY

MEASUREMENT INDICATORS

NO.	CRITERIA	RECOGNITION LEVEL
1	The number of factories meeting GMP	100% of production lines meet GMP - WHO standard. In which, 2 production lines meet Japan – GMP, and PIC/s - GMP standards.
2	Number of violations of food safety and hygiene	
3	Number of product recalls as the quality is not ensured	
4	The total number of violations related to information and trademarks of products and services	
5	Selling prohibited or disputed products	
6	The total number of communication and marketing violations, including advertising, promotion and sponsorship.	No case was recorded.
7	The total number of grounded complaints related to violations of customer privacy	
8	The total number of leaks, steal or loss of customer data	
9	Value of fines and non-monetary sanctions for non-compliance with laws and regulations in the social and economic area	



DHG PHARMA'S

Touch

I, ONE OF THE CUSTOMERS IN THE WESTERN REGION, WHERE DHG PHARMA IS STATIONED. I HAVE BEEN FORTUNATE TO HAVE HAD OPPORTUNITIES TO ATTEND MANY PROGRAMS AND EVENTS WITH DHG PHARMA. THE DEEPEST IMPRESSION LEFT WITH ME FROM THESE PROGRAMS IS THE DEDICATED CARE, ALWAYS CONSIDERING CUSTOMERS AS THE COMPANY'S COMPANIONS IN ALL ACTIVITIES.

To me, the two words "mission" of DHG Pharma sound sacred, more like a unification of a sense of responsibility of each member of the company into a common goal: "Commitment to provide high quality products and services, satisfying the desire for a more beautiful and healthier life".

It was touching to see the DHG Pharma's team in the oath, solemn and meaningful squad. Vision, mission and 07 core values have generalized the entire operation of the company. At the same time, DHG Pharma's people always strive, improve and rise up. DHG Pharma's people are not only knowledgeable in their field but also in others.

As a member of the Western region pharmaceutical organization, I am very proud of DHG Pharma, one of the leading pharmaceutical enterprises in Vietnam, a Company that always ensures that "quality is the highest commitment".

DHG Pharma has been devoted for development, for its motto of actions, its pride, for customers' and investors' benefits, and above all, for the community.

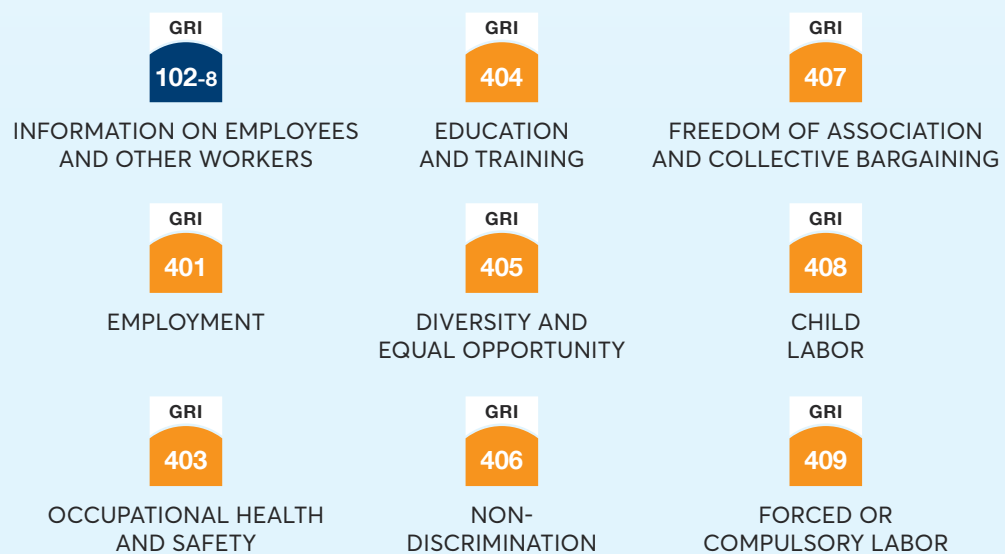
A customer in the Western Region of DHG Pharma





EMPLOYEES

REPORT MEASURING INDICATORS



STATISTICS ON PERSONNEL

At DHG Pharma, we highly appreciate the values created by employees and their contributions to the overall success of the Company. DHG Pharma determines that employees are the main resources and decisive factor for the sustainable development of the Company. Therefore, when developing the Company's development strategy, DHG Pharma always focuses on building and developing professional and highly qualified staff through remuneration and welfare policies associated with its core values and culture.

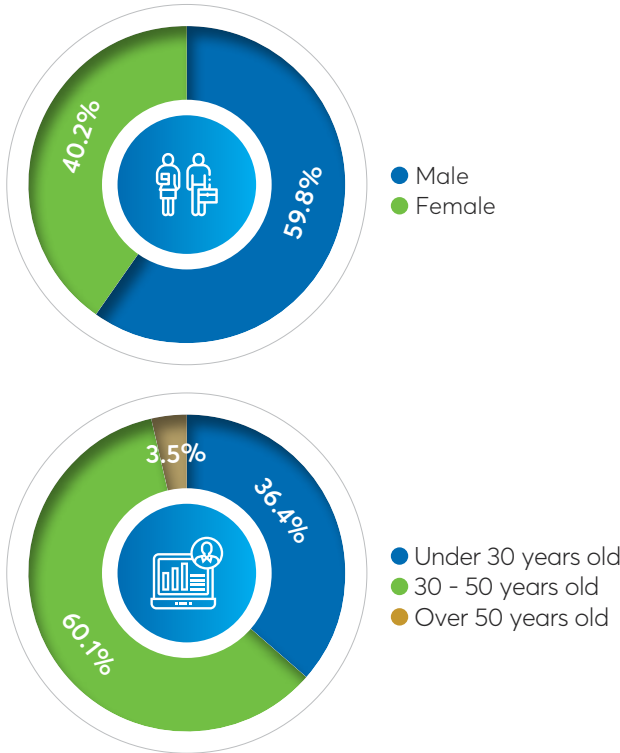


THE OVERVIEW TABLE ON PERSONNEL STRUCTURE (2016 - 2018)

Figures in: employee

EMPLOYEES	2016		2017		2018	
	NUMBER	%	NUMBER	%	NUMBER	%
Statistics by gender	2,944	100	3,205	100	3,054	100
Male	1,709	58.1	1,899	59.3	1,827	59.8
Female	1,235	41.9	1,306	40.7	1,227	40.2
Statistics by type of labor contracts	2,944	100	3,205	100	3,054	100
Indefinite term	2,400	81.5	2,496	77.9	2,364	77.4
Definite term of 1 to 3 years	469	15.9	577	18.0	653	21.4
Seasonal and short-term contracts	75	2.5	132	4.1	36	1.2
Statistics by functional groups	2,944	100	3,205	100	3,054	100
Back-office sector	867	29.4	1,026	32.0	976	32.0
Production sector	714	24.3	669	20.9	777	25.4
Sales sector	1,363	46.3	1,510	47.1	1,301	42.6
Statistics by educational level	2,944	100	3,205	100	3,054	100
Post-graduate	67	2.3	79	2.5	73	2.4
University	753	25.6	910	28.4	943	30.9
College, Vocational school	1,430	48.6	1,503	46.9	1,410	46.2
Technical worker	29	1.0	27	0.8	-	-
Druggist	142	4.8	170	5.3	133	4.3
High school	523	17.8	516	16.1	495	16.2
Statistics by age group	2,944	100	3,205	100	3,054	100
Under 30 years old	1,080	36.7	1,480	46.2	1,112	36.4
30 - 50 years old	1,797	61.0	1,653	51.6	1,836	60.1
Over 50 years old	67	2.3	72	2.2	106	3.5

The number of employees between 2014 and 2018



STATISTICS ON PERSONNEL FLUCTUATIONS

TARGET		2016	2017	2018
New recruitments during the year		265	419	264
In which:				
Gender	Male	170	298	83
	Female	95	121	181
Age group	Under 30 years old	231	328	207
	30 – 50 years old	33	84	56
	Over 50 years old	1	7	1
Job-quitting during the year		253	263	353
Maternity leave		61	78	110
Returning to work after maternity leave		100%	100%	100%

TARGET		2016		2017		2018	
		NUMBER	(%)	NUMBER	(%)	NUMBER	(%)
Total managerial employees		84	2.9	99	3.1	88	2.9
In which:							
Gender	Male	60	71.4	73	73.7	70	79.5
	Female	24	28.6	26	26.3	18	20.5
Age group	Under 30 years old	1	1.2	4	4.0	-	-
	30 – 50 years old	64	76.2	71	71.8	66	75.0
	Over 50 years old	19	22.6	24	24.2	22	25.0

PERSONNEL CHANGES IN TERMS OF MANAGERIAL TITLES APPOINTED BY THE BOD

NO.	DATE	CONTENT	DECISION
1	10 May 2018	Appointment of Mr. Nguyen Hoang Nam to hold the position of Production Director of DHG Pharma from 15 May 2018.	Decision No. 044/2018/QĐ.HĐQT
2	25 Oct 2018	Dismissal from the Quality Director position of DHG Pharma to Ms. Ha My Dung (dismissal in accordance with letter of retirement).	Decision No. 063/2018/QĐ.HĐQT
3	29 Oct 2018	Extension of appointment for the position of Deputy General Director in charge of Production and Supply Chain of DHG Pharma from 26 Oct 2018 until the end of the third term of office (2014 - 2018) of DHG Pharma's BOD to Mr. Tomoyuki Kawata.	Decision No. 066/2018/QĐ.HĐQT
4	25 Dec 2018	Extension of appointment as Legal Representative, Interim General Director from 01 Jan 2019 until the end of the third term of office (2014 - 2018) of DHG Pharma's BOD to Mr. Doan Dinh Duy Khuong.	Decision No. 081/2018/QĐ.HĐQT
5	25 Dec 2018	Appointment of Ms. Nguyen Ngoc Diep who is currently the Deputy General Director in charge of Production and Supply Chain will hold the position of Quality Director of DHG Pharma since 01 Jan 2019.	Decision No. 082/2018/QĐ.HĐQT
6	25 Dec 2018	Extension of appointment for Supply Chain Director from 01 Jan 2019 until the end of the third term of office (2014-2018) of DHG Pharma's BOD to Mr. Atsushi Toyoshima.	Decision No. 083/2018/QĐ.HĐQT





EMPLOYMENT

36 &
BRANCHES
>3,000
EMPLOYEES

THROUGHOUT VIETNAM'S TERRITORY,
DHG PHARMA IS FULLY AWARE THAT THE
COMPANY HAS BEEN CREATING IMPACTS AND
SIGNIFICANT SOCIAL VALUES.

In particular, typical issues such as employment, salary and bonus, local economy, etc. has been of special concern due to direct and clear effects. Taking cognizance of these issues, the Company's Executive Board has paid great attention to creating jobs for workers, stabilizing average annual income to ensure that the living standards of workers are increasingly improved

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.



Building the whole personnel who are excellent at professional knowledge and characteristics fulfillment, bettering the staffs' spiritual life, sharing with communities through meaningful and practical social activities are the typical culture of DHG Pharma. This serves as the Company's strength in competitions and the firm foundation for the sustainable development of DHG Pharma.

RECRUITMENT POLICY

- Recruitment plan:** Every year, pursuant to the work needs, the operation plan, short-term and long-term objectives, the Company prepares a plan to recruit personnel.
- Recruitment notice:** The Company's recruitment requirements are disclosed on the Company's Website.
- Recruitment principles:** Openness - Fairness - Equality.
- Recruitment requirements:** Detailed information about the application and admission criteria are specifically disclosed on the Company's website.

The Company attracts and welcomes all candidates who have the desire and ability to work in a dynamic, speedy, creative and effective environment.

The recruitment process is fair and in accordance with capacity and contribution ability.

The Company creates a professional and modern working environment, harmoniously combining the interests of the enterprise with the benefits of employees.

Labor contract: Pursuant to the needs and nature of the work, the Company will consider signing labor contracts with employees in one of the following forms:

- Seasonal labor contract or contract for certain jobs with a term of shorter than 12 months.
- Labor contracts with a definite term from 12 months to 36 months.
- Indefinite - term labor contract.

Working time: The working time is 08 hours per day, no more than 48 hours per week for the Back-office Sector. In accordance with the work of the units and the characteristics of the units/locality, employees of the Sales Sector will have reasonable days off so that the volume and quality of work are ensured as yet employees can take a rest. Employees are entitled to the regime of holiday leave, annual leave, and personal leave which is paid in compliance with the provisions of the Labor Law.

Insurance policy: Every month, the Company pays Social Insurance (SI), Health Insurance (HI), Unemployment Insurance (UI) for employees in 2018 in the following proportion:

NO.	INTERPRETATION	PAID BY THE COMPANY	PAID BY EMPLOYEES	TOTAL
1	Social Insurance	17.5%	8.0%	25.5%
2	Health Insurance	3.0%	1.5%	4.5%
3	Unemployment	1.0%	1.0%	2.0%
Total:		21.5%	10.5%	32%

Human resources is one of the most decisive factors for the success and sustainable development of the enterprise. In order to retain excellent, dedicated and devoted employees of the Company, DHG Pharma always pays attention to the salary, bonus, remuneration, training policies, etc. to promote employees' enthusiasm, passion, creativity, commitment, wholehearted contribution to the sustainable development of DHG Pharma so that life of each employee and each family is more sufficient and happier.

TARGETS	CANTHO	HO CHI MINH CITY	HA NOI	DHG PHARMA
Regional minimum salary in 2018	3,530,000	3,980,000	3,980,000	
Minimum income of new workers				5,804,000
Ratio in comparison with regional minimum	1.6	1.5	1.5	
Income of employees				18,920,000
Ratio in comparison with regional minimum	5.4	4.8	4.8	



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.

SALARY POLICY FOR EMPLOYEES

Current salary policy for employees is being implemented at DHG Pharma

- Nationwide, the starting salary paid to newly-recruited workers, regardless of their genders, is always higher than the regional minimum salary as indicated in the Government's regulations.
- Every year, based on the business results 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.
- The minimum income of newly-recruited workers at DHG Pharma is VND 5,804,000/person/month, 1.5 - 1.6 times higher than the regional minimum salary in Can Tho, Ho Chi Minh and Hanoi. The average income of workers is recorded at VND 18,920,000/person/month, about 5 times higher than the minimum salary in compared cities.

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 application of KPI for the evaluation of its employees has helped DHG Pharma achieve the following targets:

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.

DHG Pharma has implemented the following steps for the new work effectiveness management system:



With over 3,000 employees, the average income of workers reached VND 18.9 million/month. The structure of employees' income in the year includes salary, bonus from salary funds, bonus from rewarding and welfare funds. Moreover, workers are entitled to welfare regime on the occasion of holidays, Tet Holiday, payment of telephone allowances, expenses for business trips, uniforms, meals and all social insurance, health insurance and unemployment insurance, regular check out for employees and their family members, and premium medical insurance, etc.

Furthermore, in 2018, the Company distributed 140,000 preferred shares from the Bonus and Welfare Funds to reward managers, members assisting the BOD, key staffs and excellent individuals, etc. aiming to attract and retain talented people. It also creates motivation to work effectively to complete business targets of 2016 - 2020 and to associate benefits with employees, in accordance with the Resolution of the AGM 2016 dated 18 Apr 2017.



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EMPLOYMENT



At DHG Pharma, Trade Unions and other Company's Unions carefully take care of their employees and regularly organize picnics, entertainment activities, health talk shows, cultural activities, and sports competitions, etc. These activities collectively promote unity and solidarity among the Company's employees and their loyalty to the Company.

CÔNG TY CỔ PHẦN
DƯỢC HẬU GIANG



WELFARE POLICY

Welfare for employees

- A swimming pool and soccer field to create a playground that also serves that goal of training physical health for employees.
- Dormitories or residential accommodation for employees who are still renting houses and have no stable accommodation.
- Kindergartens to take care of children so that parents can concentrate on their work, especially shift workers.
- A sports hall, a bio-zone with spacious green space and a hall which can be used as a resort for relaxation, staff training, meetings, and event organizing.
- A shared kitchen to provide breakfasts, lunches and shift-break meals to all employees. The meals are always nutritious and ensure food hygiene and safety.
- Arranged transportations for employees to commute to work daily at DHG 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.
- Activities celebrated on the occasion of the Lunar New Year has become a typical activity of DHG Pharma. Every year, on the 25th and 28th of the lunisolar calendar, the Company organizes the year-end ceremony, the Labor Conference, and the year-end celebration to report year-end summary and organize a discussion between the leaders and employees. Besides, the Company organizes cultural and entertainment activities, sports competitions to provide chance for employees to relax after a hard-working year and enjoy a happy Tet holiday.
- The Company also visits and gives gifts to retired employees, showing the Company's gratitude to those who contributed to the growth of DHG Pharma.



CARING ACTIVITIES FOR EMPLOYEES AND THEIR FAMILIES

- 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.
- With the desire to educate and inspire employees to keep in mind the gratitude to their parents, on the occasion of Vu Lan season, the Company financially supported all employees to buy gifts for their parents.
- The Company organized the Spring Festival 2018 with the theme "Vietnamese Tet 2018" to create opportunities for family reunion among DHG Pharma's families. The Spring Festival enabled the Company's employees to buy a number of reputable regional specialties (Northern, Central and Southern region) at reasonable prices.
- The Company successfully organized Tet Program for employees of the sales sector and year-end party for more than 2,500 employees right at the Company. One special part of the cultural program with the theme "Loving Spring 2018" is the cultural performance of youth union members of back-office, production and sales clusters.
- The Company supported staff with loans when repairing, building houses, purchasing household items or confronting 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 childcare cost as a way to improve employees' concentration at work
- Trade Union proactively collaborated with employers to implement the regulations on food safety and hygiene, health care, and meal for shift workers.
- 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.
- At the end of the year, the Company paid visits and presented gifts to 53 retired employees as a way of showing gratitude to previous generations who significantly contributed to the development of the Company and timely supporting when necessary.
- The Company organized meetings where employees' children who passed the entrance examination and achieved excellent or good merits at school were honored and rewarded.



TAKING CARE OF THE EMPLOYEES' CHILDREN ON THE INTERNATIONAL CHILDREN'S DAY, SUMMER VACATION AND MID-AUTUMN FESTIVAL IN 2018

- On the occasion of International Children's Day, the Youth Union sent gifts to employees' children..
- On the occasion of summer 2018, the Youth Union organized useful and fun summer programs for employees' children.
- Employees' children also enjoyed "Experiencing Summer" at the sports hall, Da Lat.
- Going to Saigon Zoo and Botanical Garden and watching the play "Once upon a time" in Ho Chi Minh City on 23 June 2018.
- Having fun at Funny Land on 30 June and 01 July 2018.
- The Company also gave each child a set of moon cake.



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.

The Environment and Labor Safety Department was established with the function of advising and assisting the Executive Board in organizing, inspecting and supervising

the implementation of environmental protection, occupational safety and health, fire and explosion prevention within the Company and its subordinate units.

MAIN RESPONSIBILITIES OF THE ENVIRONMENT AND LABOR SAFETY DEPARTMENT



1 OCCUPATIONAL HEALTH AND SAFETY

- Providing professional guidance in occupational health and safety in all units.
- Coordinating in developing rules, regulations and procedures on measures to ensure occupational health and safety, and fire and explosion prevention.
- Monitoring, inspecting and facilitating the registration for testing machines, equipment, supplies and substances subject to strict requirements on occupational health and safety.
- Coordinating in developing annual plans on occupational health and safety, as well as facilitating and supervising the implementation of the plans.
- Identifying, assessing risks, developing measures for prevention and emergency response in labor.
- Organizing sessions for informing and publicizing regulations on occupational safety and health, etc.
- Checking occupational health and safety at least once a month or irregularly according to job requirements.
- Monitoring and measuring indicators of the Company's working environment.
- Inspecting food safety within the Company.
- Proposing and coordinating with units to implement measures to overcome the shortcomings in occupational health and safety, and to improve working conditions.
- Preparing statistics, preliminary and final reports on occupational health and safety.

2 ENVIRONMENTAL PROTECTION

- Developing, retaining and updating documents and procedures for environmental protection according to the Environmental Impact Assessment Report approved by state management agencies.
- Checking, monitoring, maintaining compliance in environmental protection activities at the Company.
- Developing guidelines for environmental management and risk assessment, to develop measures to prevent and respond to environmental incidents.
- Inspecting and reporting to the state management agencies on environmental protection and environmental assessment annually according to regulations.
- Supervising the collection, management and treatment of hazardous wastes, domestic wastes, industrial wastes and other wastes according to regulations.

3 FIRE AND EXPLOSION PREVENTION

- Developing, retaining and updating documents and procedures for fire and explosion prevention in accordance with current laws.
- Inspecting and supervising the maintenance and compliance in fire prevention and fighting activities at the Company and its subordinates.
- Developing plans for fire prevention, fire fighting and rescue, organizing training sessions, on-site fire prevention rehearsal and fire prevention rehearsal in collaboration with many departments in the most effective way.
- Reviewing the regulations on fire safety.



Statistical results in 2018

NO.	INDICATORS IN THE REPORTING PERIOD	FIGURES IN	2018
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 2018	Person	None
	Total number of occupational diseases cumulative at the time of reporting	Person	None
3	Results of classification of workers' health		
	Type I	%	1.1
	Type II	%	50.7
	Type III	%	32.8
	Type IV	%	14.9
	Type V	%	0.5

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

NO.	CONTENT	COUNTS	NOTE
1	Occupational health examination	610 people/610 people	
2	Health check for employees working under hard and harmful environment	610 people/610 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	1,014 people/1,014 people	Voluntarily registered by employees



OCCUPATIONAL HEALTH AND SAFETY

MEASURES TO PREVENT OCCUPATIONAL ACCIDENTS AND DISEASES IN 2018

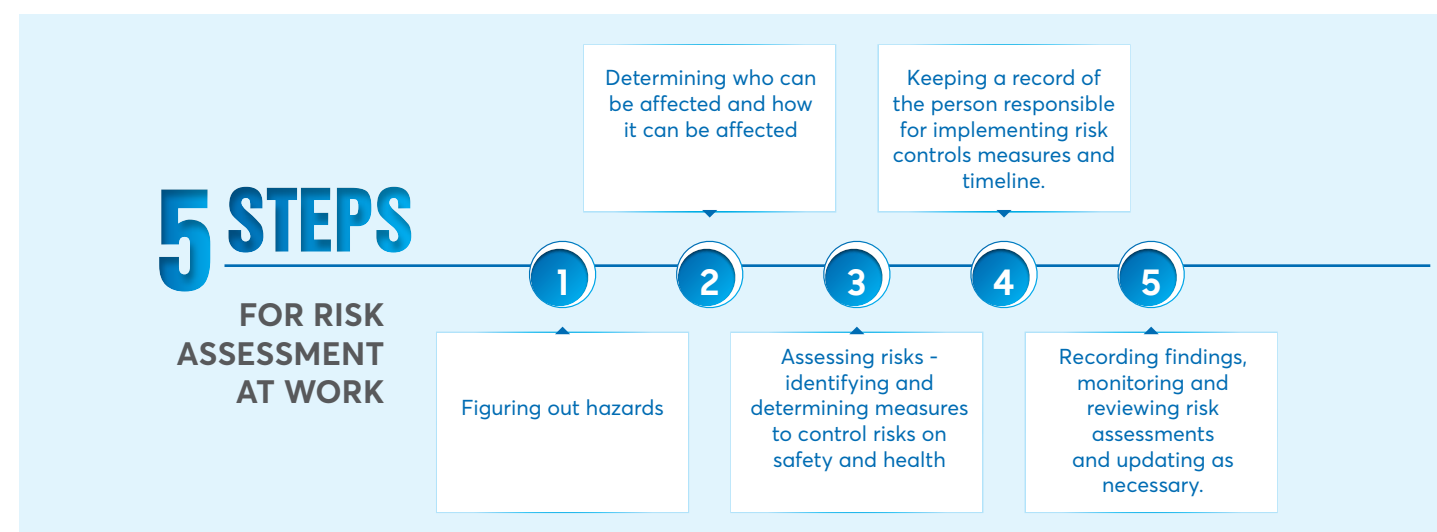
At DHG Pharma, we understand that prevention can bring enormous benefits.

Therefore, DHG Pharma strives to build a preventive culture of occupational health and safety at work based on the participation of stakeholders including employers and employees as followings:

- Respecting, at all levels, the rights for occupational health and safety.
- Ensuring active participation of all stakeholders in ensuring a safe and healthy working environment through a set of standards of rights.
- Top-prioritizing on precautionary principles.

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 the previous year. The Company concurrently considered the causes and proposed effective solutions to be implemented in the following year. Thanks to these measures, no occupational accidents and diseases occurred during the year. Moreover, the Company did not record any violation of environmental laws.

The implementation plan carried out by the Company includes risk assessment steps at work together with typical measures as stated below:



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 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.



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, etc.
- Arranging separate medical rooms at the factories, 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.



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, etc. DHG Pharma always ensures to provide sufficient personal protective equipment, to keep records and organize monthly crosschecks 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.



PROPAGANDA AND TRAINING MEASURES

- Inviting functional units 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, etc.
- 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.



OCCUPATIONAL HEALTH AND SAFETY



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 for employees.
- 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.



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 earplugs when working in areas where noise exceeds permitted standards to prevent occupational diseases.
- The storage area which store 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 on 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 2018, some outstanding training programs organized at the Company are as follows:

1

To help employees understand the new points of the Labor Law, Social Insurance and Health Insurance applied in 2018, DHG Pharma organized a course on rights, regimes, policies when participating in Social Insurance and Health Insurance for a total of 1,800 employees at the Company.

2

The Company also carried out training on safety and labor protection for 1,294 employees of production plants, Packaging & Printing Plant, Raw Material Warehouse, Finished-Product Warehouse, Mechanical & Electrical Department, Quality Control Department, and Research & Development Department.

3

To continue building the working spirit of the sales team, the Company organized a training program with the theme **"Keeping the Flame of Heroes"** for sales staff from all over the country. 100% of sales staff is trained and checked on Company's cultural identity and regulations through the game **"Ringing the Golden Bell"**.

4

With the same theme, to help new staff understand the provisions/regulations of the Company and DHG Pharma's Cultural Identity and the Code of Conduct, and to build teamwork spirit and deserving life, on 10 Nov 2018, an orientation program entitled **"Integrating Training 2018"** was organized for 150 employees at the production plants and the Back-office departments under the direct guidance and transmission of enthusiasm of Mdm. Pham Thi Viet Nga – BOD member, Strategic advisor of the Company.

5

With the aim to help intermediate management staff update modern management tools and skills in the new era of the industrial revolution 4.0 as well as arouse each individual's full potentials to overcome their own limits and achieve development goals in leadership, the Company organized the courses **"Management Capacity for Intermediate Management"**, **"Management Capacity for Sales Management"**, **"Governance Capacity for Production and Back-office Managers"** for Head, Deputy Head of units, Team Leaders, Sales Directors, Pharmacy Channel/Hospital Channel, Branch Directors, Regional Directors and Back-office.

6

193 employees in the Production sector of the Company also participated in the knowledge inspection and evaluation and received the certificates of food safety issued by the Food Safety and Hygiene Department of Can Tho City.

7

45 employees from the BOM, Functional Directors, Head & Deputy Head to Team leaders of different units participated in the training course **"Raising awareness of risk management"**.

In addition to courses at the Company, leaders and experts at units participated in external courses to improve their professional skills.

To help students gain practical experience and be confident when entering the working environment, DHG Pharma regularly admits Pharmacy students from universities such as Can Tho University of Medicine and Pharmacy and Can Tho Medical College for their apprenticeship at the production plants.

- Practicing to efficiently apply GMP – EU.
- Circular 11/2018/TT-BYT and documents on quality management of pharmaceuticals.
- Business law consultancy.
- Intensive training on M&A strategy, takeover and anti-takeover, evaluation and decision on buying and selling businesses.
- HR management for leaders.
- C&B specialists.
- Personnel planning.
- Cross-platform mobile programming with Xamarin.
- Comprehensive IT management skills.
- Updating the latest regulations on tax and invoices that are currently effective.

At DHG Pharma, education and training are developed in accordance with the competencies of employees (skills, training, knowledge and values). The Company always tries to build an organization that regularly shares knowledge and experience in effective teamwork. The training programs are constantly innovated, but it still retains DHG Pharma's Cultural Identity in order to build employees' loyalty with the spirit of enthusiasm, commitment, acceptance, and adaptation to suit with changes

VND 2.7 BILLION
The total actual costs for education and training in 2018

205,596 HOURS
The total number of training hours for leaders, key personnel and employees in 2018

In order to improve education and training, the Company continued to conduct knowledge checking on App Mirror for employees in the sales sector. In 2018, a survey, conducted via Google Form and online-survey, focused on salary, bonus, remuneration policies, working environment, recruitment, education - training, KPI evaluation, the leadership style of the direct managers, the satisfaction level of the sales staff on education and staff's working motivation.

In 2018, DHG Pharma continues to effectively promote its education and training programs for its employees. The total actual costs for education and training in 2018 reached VND 2.7 billion.

The total number of training hours for leaders, key personnel and employees are 205,596 hours (averagely 67.87 hours/person/ year). Training provided to sales teams accounted for 79,128 hours (averagely 60.87 hours/person/ year). Training provided to new employees accounted for 37,608 hours (averagely 85.5 hours/person).

DIVERSITY AND EQUAL OPPORTUNITY

Ensuring a fair working environment for employees is the motivation that enables DHG Pharma, a 45-year-old Company, to continue to grow and maintain its leading position in Vietnamese pharmaceutical market.



TARGET	2018	
	NUMBER	%
Statistics by region	3,054	100
The North	405	13.3
The Central	244	8.0
The South	2,405	78.7
Statistics by ethnicity	3,054	100
Kinh people	2,986	97.8
Cham people	1	0.0
Hoa people	37	1.2
Khmer people	19	0.6
Ethnic minorities	11	0.4
Statistics by gender	3,054	100
Male	1,827	59.8
Female	1,227	40.2

TRADE UNION HAS ORGANIZED MANY DIVERSIFIED, LIVELY ACTIVITIES FOR WOMEN

Organizing a meaningful day on 08 March for all women at the Company by welcoming, giving flowers and singing love songs in front of the entrance gate in early morning of the working day. These actions, though appearing to be simple, make important contributions to creating a delightful and meaningful atmosphere for all women on the International Women's Day.

- 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.
- Recognizing the difficulties that women have confronted with during their work, in 2018, DHG Pharma paid close attention to and constantly implemented propaganda to raise awareness about gender, family, and implementation of Population Ordinance, Gender Equality Law, Law on Prevention of Domestic Violence, reproductive health care for female employees, prevention of HIV/AIDS and social evils.

Organizing family meeting on the occasion of Vietnamese Family Day (28 June) in order to create a meaningful playground for employees and their families.

Organizing a seminar entitled "The Secret to Having a Happy Life for Women" along with the seminar on treatment and prevention of varicose veins for more than 400 female employees to attend on the occasion of Vietnamese Women's Day (20 Oct).



DHG Pharma Family Day 2018

DHG Pharma celebrated the International Women's Day on 08 Mar 2018

AT DHG PHARMA, ALL OF THE WOMEN'S RIGHTS ARE GUARANTEED IN AN EQUAL, DEMOCRATIC, AND FAIR MANNER.

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 are 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 3rd 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 3rd shift. Female employees who are nursing children under 12 months old are entitled to 01 hour off per day during the working period while still being paid full salary. Male workers covered by the social insurance scheme whose wives give birth to children are entitled to paternity leave in accordance with the law.

In addition to annual health check, women are also counseled on women-related diseases for effective prevention.

NON-DISCRIMINATION

In 2018, DHG Pharma did not record any complaints or incidents related to discrimination.



FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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 employees as well as employers. 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 specially 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 workers 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



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 complying with provisions of Vietnamese labor law.

In 2018, DHG Pharma refrained from child labor as well as abuse, forced and compulsory labor.





SUPPLIERS & PARTNERS

REPORT MEASURING INDICATORS

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PROCUREMENT PRACTICES OF RAW MATERIALS, PACKAGING

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RAW MATERIALS MANAGEMENT

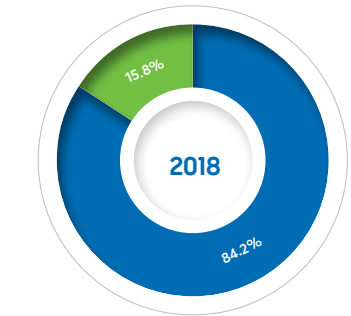
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PROCUREMENT PRACTICES OF RAW MATERIALS, PACKAGING

Vietnamese pharmaceutical industry is heavily dependent on raw materials and packages imported from abroad, in which the import proportion is about 90%. Therefore, many companies are vulnerable to fluctuations in exchange rates, supplies, prices due to environmental impacts. On a large scale, DHG Pharma can easily find and negotiate with domestic and foreign supplier.

In 2018, the number of materials used by DHG Pharma was as follows: 3,660 tons of raw materials and adjuvant; 876 million empty capsules of various kinds; 1,598 tons of aluminum, aluminum blister foil, PVC; 11 million boxes & tubes; 5,674 kg of shrink film, other packaging and 191 million paper of all kinds.

Importing and purchasing materials inside and outside Vietnam



● % foreign purchase ● % domestic purchase

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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.

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 EVALUATING SUPPLIERS

The selection and evaluation of suppliers increasingly play an important role in business activities of an enterprise. As such, constantly updating information to make informed decisions in selecting and managing appropriate suppliers is a critical prerequisite for the Company to produce high-quality products on schedule, with reasonable prices and ensure its competitiveness on the market. This will also improve inventory management capacity and minimize business risks.

In order to carry out the assessment of suppliers of raw materials and packaging used in production and chemicals as well as equipment used in testing, in 2018,

DHG Pharma issued a Supplier Assessment Procedure to provide guidance for relevant units to evaluate and select appropriate suppliers that fully meet the objectives the enterprise is aiming for.

DHG Pharma will carry out the selection and evaluation of new suppliers in accordance with the issued procedure, including the request to provide information about supply capacity, evidence of quality system, GMP certification of supplier, sending samples for research, etc. If the aforementioned research and evaluation results meet the requirements, the Company will establish a team to evaluate the suppliers either on their dossiers or at their offices.

The evaluation team will conduct a supplier evaluation based on the questionnaire below or perform a CAPA (if applicable):

NO.	CRITERIA EVALUATION	EVALUATION BASES
A QUALITY SYSTEM		
1	Quality system, legal entity	<ul style="list-style-type: none"> • Sample inspection results of QC Dept. • Quality control evidence before leaving the factories (QC form of manufacturers) • QC evidence (ISO, GMP certificate or other equivalent certificates) • Business licenses (granted a legal business license in Vietnam) • Raw material standards • Manufacturer standards • Pharmacopoeia standards • Raw materials meet 3 batches
2	Production	<ul style="list-style-type: none"> • Procedures on periodic operation, cleaning and maintenance • Controlling system to avoid confusion • Controlling and checking system in production • Controlling system to avoid cross-contamination • Records • Protective clothing – clothing for guests • Staff training
3	Warehouses	<ul style="list-style-type: none"> • Pest control program • Storage conditions • Hygiene conditions • Fire preventing and fighting system • Goods are store don shelves and/or pallets • Applied FIFO (First in First out), FEFO (First expired, first out) principles. • Spacious, wide aisle racking • Staff training programs • Delivery and distribution system
B OTHER REQUIREMENTS		
1	Delivery time, delivery service, credit price, payment method	<ul style="list-style-type: none"> • On-time delivery • Satisfying contract requirements and convenience • Reasonable prices • Profitable payment for buyers
2	Types of goods, after-sale services	<ul style="list-style-type: none"> • Good after-sale services • Technical consultancy • Diversity
3	Handling complaints	Effective and logical handling of complaints (if any)
4	Brand reputation	A great number of products are delivered to firms in the same industry due to its good quality

If the evaluation results meet the requirements and at least 3 batches meet standards, the supplier evaluation will be submitted to the BOM for approval and transferred to the Purchasing Department for updating to the list of accepted suppliers.

The list of selected suppliers is regularly updated and periodically evaluated based on previous evaluation results in accordance with regulations as follows:

- Level A supplier: 3 years/time.
- Level B supplier: 2 years/time.
- Level C supplier: 1 year/time.

The results of periodic supplier evaluation will be used for classifying suppliers to A, B and C levels as well as managing risks from suppliers.

Approved suppliers will be assessed on an ad hoc basis if supplying processes show 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.





COMMUNITY

REPORT MEASURING INDICATOR

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LOCAL COMMUNITY

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LOCAL COMMUNITY



>600,000

people get free medical
examination and medicine



>300

high quality
products



Over half of the past century, DHG Pharma developed and launched more than 300 products into the market, created jobs for over 3,000 workers, provided free medical examination and medicine for over 600,000 poor people, and supported billions of medical equipment for under-developed places.

In addition to the list of 300 high-quality products at reasonable prices, DHG Pharma has obtained its current sustainable brand thanks to its relentless striving for the sake of the community.

3

IN DHG PHARMA, ALL EMPLOYEES AND LEADERS ARE DEDICATED TO DEVOTION ON THE BASIS OF

3 CORE
CRITERIA



Advanced
science

Considerate
care

Loving and
Sharing



GRI
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LOCAL COMMUNITY

ADVANCED SCIENCE



DHG PHARMA REGULARLY UPDATES THE LATEST AND THE MOST MODERN TECHNOLOGIES TO APPLY IN ITS PRODUCTION LINES TO DEVELOP HIGH QUALITY PRODUCTS WITH SPECIALIZED AND EXCLUSIVE FORMULAS. FOR EXAMPLE:

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.

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.

STRATEGIC COOPERATION:



DHG Pharma successfully cooperated with its strategic shareholder, Taisho, to upgrade the production lines of the effervescent tablets, effervescent powder to reach PIC/s - GMP standard and to upgrade the tablet production line of Non-Betalactam factory to meet Japan - GMP standard. This was the first step for the Company to continue taking further steps to upgrade the factory to reach high standards in compliance with the development trend of the world.

VINAMILK

The cooperation between DHG Pharma and Vinamilk marked an important turning point in the development strategies of the two leading pharmaceutical and nutritional enterprises of Vietnam. This collaboration created new value chains and product lines suitable for health care needs, which, in turn, improves nutrition and physical health for everyone as well as increases the advantages of DHG Pharma's competitive edge in the market.

CONSIDERATE CARE

IN ORDER TO PROVIDE GOOD CARE TO CUSTOMERS, DHG PHARMA ESTABLISHED A NATIONWIDE SERVICE SYSTEM WITH WAREHOUSES REACHING GDP STANDARD TO DISTRIBUTE GOODS TO DISTRICTS, COMMUNES, AND HAMLETS.

At DHG Pharma, customer care is not merely after-sales policies. Customers are also motivated to participate in all activities of the enterprise such as joining hands to donate to the Poor Patients Fund every year, providing free medical examination and medicine, and donating blood to save lives. DHG Pharma helps customers understand that customers are not merely drug sellers but also companions in the journey to take care of

human health. Besides, the Company has also focused on improving the capacity of customers. Every year, DHG Pharma organizes a number of professional trainings with the participation of leading experts to update knowledge about new active ingredients and new products for pharmacies and doctors.



NEARLY **1,500**
EMPLOYEES OF THE SALES SECTOR ARE
DIRECTLY TRADING WITH

>27,000
CUSTOMERS WHO ARE PHARMACIES, PRIVATE
ENTERPRISES, HOSPITALS AND HEALTH CENTERS.

LOVING AND SHARING



AIMING TO BUILD UP THE IMAGE OF

A SUSTAINABLE
DEVELOPMENT BRAND WITH GREAT
RESPONSIBILITY TO THE COMMUNITY

DHG PHARMA WILL NEVER CEASE TO MAKE EFFORTS IN ITS JOURNEY TO IMPROVE
THE PUBLIC'S HEALTH FOR A MORE BEAUTIFUL AND HEALTHIER LIFE.

- With the trust and support from customers; guidance and facilitation of the people's Committee and Health Department of Can Tho City, the People's Committee and Health Department of Hau Giang Province, relevant authorities and departments; along with the commitment of all employees, DHG Pharma is determined to carry out meaningful and humanistic activities for the community.
- The story about Can Tho voluntary doctors started on 27 Feb 2002, under the direction of the Department of Health whose leader is Dr. Le Thanh Lap, in collaboration with Provincial Committee of Can Tho. The journey lasted for 17 years, passing on to numerous generations and the youth with countless beautiful and proud memories! Until now, we - DHG Pharma who proposed the establishment, funded and organized, always consider these team members as 'red bricks', who made significant contribution to the building of a solid position of DHG Pharma in the hearts of consumers and society.
- In 2018, DHG Pharma carried out 51 programs of free medical examination and treatment for more than 25,000 patients nationwide with a total expense of nearly VND 1.7 billion. In Hau Giang province, in particular, the Company has sponsored 4 medical examinations to support 1,100 people with a total

amount of VND 56.6 million.

- The Company's Labor Union has promoted social and charity activities, during the year, DHG Pharma's employees donated:
 - » VND 100,000,000 to the "Fund for the Poor" of Vietnam Fatherland Front Central Committee of Can Tho City.
 - » VND 180,720,000 to the "Golden hearts fund of Can Tho Union".
- Staff also participated in the act of raising money for the piggy bank to contribute to Poor Patients Fund of the Company.
 - » Made a VND 300 million contribution to the Association of Poor Patients of Can Tho City;
 - » Donated VND 300 million to the Association of Poor Patients of Hau Giang Province.
 - » 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, 84 cases were supported, totally valued VND 467,133,492.
- The Company deducted half of a day salary to donate VND 100 million to "Fund for the Poor" of Vietnam Fatherland Front Central Committee of Can Tho City.





LOCAL COMMUNITY



1 DHG Pharma also played a key role in building a beautiful image of the health sector: for 3 consecutive years, DHG Pharma has coordinated to produce the program "Special White Blouse Mission", this game show has built a beautiful image of health workers in white blouses; depicted these health workers' daily-life activities, which promoted the public's understanding of doctors and improved the image of doctors and the health sectors' in people's hearts.

2 Propagating health-care knowledge for people through:

- Propagating dengue fever, Zika Virus for 100 Primary schools in Can Tho.
- 36 stroke prevention workshops organized for more than 6,000 consumers. Through these workshops, fund was also raised among customers in Ho Chi Minh City to support medical examination and treatment for 5 stroke patients at 115 Hospital.
- Health counseling programs through channels: online, health and wellness newspaper, alobacsi, webtretho, Can Tho television, VOV traffic, etc.

3 In addition to healthcare programs, direct counseling, skills training for customers and their employees, DHG Pharma also organized special programs for these customers' family members as follows:

- 1,170 students who are customers' children participated in a summer program named "Steel warriors - I am brave" organized by DHG Pharma aiming to help them grow maturely and confidently.
- A Customer conference Series named "Cheerful Party" was organized in 21 provinces and cities with more than 13,058 customers participating;
- A program called meeting for discussing strategies that was highly appreciated by customers was conducted with a participation of 388 customers in Thailand where 16 customers were honored with the VIP Award;
- 26 health-care workshops were organized for more than 5,500 customers' parents.

4 DHG Pharma also planned to build a program "Raising Dreams" for elementary school children in Ninh Kieu district, sponsor topics in the broadcasting contest, develop ideas to enhance the image of the health and education sectors of Can Tho City, and implement medical sponsorships in cultural programs, etc.

5 With the desire to help children in remote areas, on 4 Aug 2018, the Executive Board of the Company's Youth Union collaborated with voluntary doctors and the Executive Board of the Company's Trade Union donated 200 gifts worth VND 24 million offered to disadvantaged students in Truong Xuan A Commune, Chau Thanh District, Hau Giang Province. Simultaneously, free medical examinations and medicine were also provided to 300 turns of the poor and families of fallen combatants, with a total value of nearly VND 25 million.

6 With the purpose of taking great care of Vietnamese Heroic Mothers, and helping victims of agent orange in Can Tho 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 6 Vietnamese Heroic Mothers and 9 victims of agent orange on a regular quarterly basis and on Lunar New Year 2018. DHG Pharma supported VND 85 million in 2018.

On 21 July 2018, the Executive Board of the Company's Youth Union visited and organized the groundbreaking ceremony for the construction of house of affection for Vietnamese Heroic Mother Nguyen Thi Tam, Truong Xuan Commune, Thoi Lai District, Can Tho City. The house has been completed and handed over to Vietnamese Heroic Mother Nguyen Thi Tam on the occasion of Mid-Autumn Festival in 2018, DHG Pharma contributed VND 54 million to this house construction.

7 The Company also established Club of Blood Donation with over 500 members willing to donate blood to save lives and store at Can Tho City Hematology Center. In 2018, 3 times of blood donations were organized with 322 blood donors and a total of 421 blood units stored at Can Tho City Hematology Center.

8 The Company's Labor Union also organized monthly visits and cared to the elderly at Binh Thuy Nursing Home and provided each with a nutritious portion. Weekly, the Company prepared nutritious porridge for children at Can Tho City Homeless Children Center and the homeless, psychotic patients at Social Protection Center in Can Tho City. Furthermore, the Union visited and donated gifts for these three centers on the occasion of the Lunar New Year with the total value of VND 123,812,000.

Connecting with environmental goals

138	Energy
140	Water
142	Emissions, effluents and waste
154	Environmental compliance

COMMITMENTS FOR Future

With the orientation to focus on effective business solutions and enhance the reputation in the market, DHG Pharma always strives to become an environmentally-friendly pharmaceutical enterprise. Being deeply aware that today's actions will affect future generations, DHG Pharma is always committed to complying with the law, preserving a living environment that contributes to improving the community health.



Energy consumption for production and daily living

ENERGY CONSUMPTION	FIGURES IN	2014	2015	2016	2017	2018
Productivity	Millions of units/year	4,813	4,156	4,414	3,948	4,548
Electricity consumption	Kwh/year	21,970,000	19,746,658	23,147,168	25,156,034	26,275,665
Intensity	Kwh/ Millions of units	4,565	4,751	5,244	6,372	5,777
Total electricity bills	VND billion/year	32,37	32,02	36,80	40,66	41,67
Gas consumption	Kg	41,470	27,265	22,960	19,556	18,398
Total gas bills	VND million/year	916	387	296	314	330

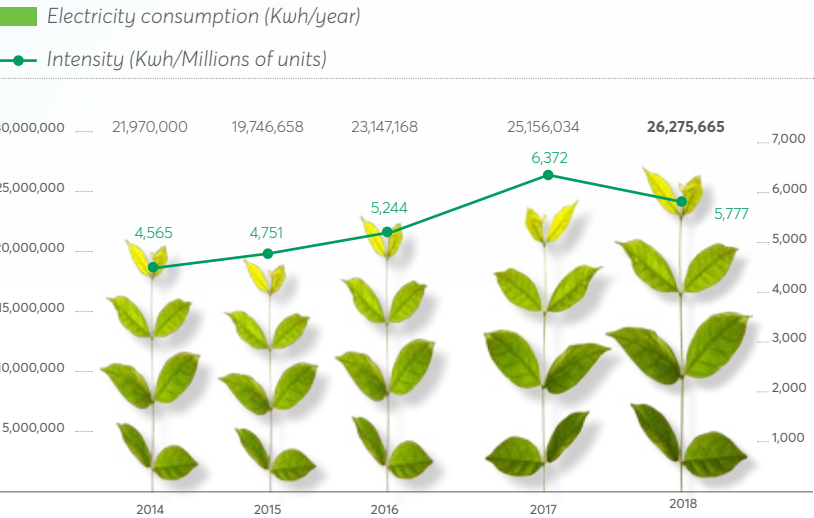
(The electricity and gas consumption are measured in accordance with total monthly electricity and gas bills).

ENERGY EFFICIENCY IS THE KEY TO SUSTAINABLE DEVELOPMENT

has always been considered the Company's top prioritized objective during the production and operation process. The Company always balances its energy usage in an economical and reasonable way to reduce the intensity in electricity consumption, yet still meet the Company's production and business demands.

Guided by this objective, the intensity in electricity consumption in 2018 of DHG Pharma reached 5,777 Kwh/millions of units, decreasing by 9.34% compared to 2017, while productivity in 2018 grew by 15.21% compared to 2017. This was accomplished since DHG Pharma continued to perform electricity saving solutions in conjunction with improving energy efficiency through investment in modern production machinery and equipment.

Electricity consumption & Intensity





Meeting water demands in both quality and quantity is a prerequisite in DHG Pharma's sustainable development strategy.

Water is an indispensable element of human life, an essential component in the production process and daily operation of the Company.

Currently, DHG Pharma still uses the clean water source of Water Supply and Sewerage Company in Cantho City and Hau Giang Water Supply and Sewerage Projects Urban Joint Stock Company. This water source is used for the purpose of production (RO water use, distilled water for eye drops, cleaning machines and factories) and daily living (cooking, cleaning, watering plants, etc).

CONTENTS	FIGURES IN	NĂM 2016	NĂM 2017	NĂM 2018
Productivity	Millions of units/year	4,414	3,948	4,548
Water usage	m3/year	211,046	240,568	215,746
Intensity	m3/Millions of units	48	61	47
Total water bills	VND billion/year	1.7	2.1	1.8
% of water recycle/total wastewater		5.98%	6.15%	6.72%

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



In 2018, although DHG Pharma's productivity increased, water consumption and the rate of water consumption per product unit declined compared to 2017. In particular, the amount of water used fell by 10.3% and the rate of water consumption per unit of product witnessed a decrease of 22.2% over the same period. This reduction was

achieved thanks to the fact that DHG Pharma has actively acknowledged and implemented water-saving solutions from employees to save water in production activities. These initiatives are all recognized and rewarded by the Science and Technology Committee to commend employees' capabilities, encourage creativity and spirit

of contribution and improvement for the Company's activities. Especially, M&E Department at DHG Pharmaceutical Plant Branch in Hau Giang has adjusted chiller operations such as changing the pump and fan frequencies over time in order to reduce water consumption at factories.

NO.	NAME OF INNOVATIONS - IMPROVEMENTS	APPROVAL DATE (SCIENCE AND TECHNOLOGY COMMITTEE)
1	Improving automatic control valve for cold water AHU	07 June 2018
2	Controlling water contents for Nifin 200 and Nifin 100 film-coated tablets	02 July 2018
3	Direct use of hot water from the cooling and dehumidifying tower for Betalactam plant	19 Dec 2018

RECYCLED AND REUSED WATER

Preserving water resources has always been a major concern in all areas of production and social life.

Along with the growth of urbanization, climate change has become more complicated, causing great impacts on water resources, depleting clean water resources. In such a context, measures to save water resources, to reuse/ recycle water are extremely necessary. In recognition of challenges for water resources, DHG Pharma has been oriented to save water resources through the recovery and reuse of wastewater after treatment to meet the prescribed standards. Wastewater after treatment for reuse is stored in the reservoir of the wastewater treatment system. Furthermore, the Company also reserves more rainwater to irrigate green trees and landscapes instead of tap water.

WATER-SAVING SOLUTION IN 2018



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 in 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.



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EMISSIONS, EFFLUENTS AND WASTE



During the operation and production process, DHG Pharma always complies with regulations on anti-pollution in accordance with ISO 9001:2008 and GMP, GLP, GSP-WHO standards.

Measures to prevent environmental pollution have been actively implemented by DHG Pharma 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

Environmental monitoring activities are carried out regularly over the years, at least twice a year. The monitoring results are within the allowable limits, which is DHG Pharma's commitment to keeping the surrounding environment unaffected by production activities.

Limits on air quality

NO.	PARAMETER	UNIT	DECISION 3733/2002/QĐ-BYT (maximum each)	QCVN 24/2016/BYT (noise contact in 8 hours)	QCVN 26/2016/BYT (medium workload)	QCVN 26: 2010/BTNMT (from 6:00am to 9:00pm)	QCVN 27:2010/ BTNMT (from 6:00am to 9:00pm)	QCVN 05: 2013/ BTNMT (one-hour average)
1	Noise	dBA		85		70		
2	Dust	µg/m³	8,000					300
3	SO ₂	µg/m³	10,000					350
4	NO ₂	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 2018

NO.	MONITORING AREA	COORDINATE	MONITORING PERIOD	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 2018 • June 2018 • Sept 2018 • Dec 2018	<ul style="list-style-type: none"> Decision 3733/2002/QĐ-BYT (maximum each); QCVN 24/2016/BYT (noise contact in 8 hours); QCVN 26/2016/BYT (medium workload).
2	KK2: Testing zone	UTM: X = 0583872, Y = 1110610	Periodic monitoring 4 times/year • Apr 2018 • June 2018 • Sept 2018 • Dec 2018	<ul style="list-style-type: none"> Decision 3733/2002/QĐ-BYT (maximum each); QCVN 24/2016/BYT (noise contact in 8 hours); QCVN 26/2016/BYT (medium workload).
3	KK3: Office area and security gate	UTM: X = 0583983, Y = 1110589	Periodic monitoring 2 times/year • June 2018 • Dec 2018	<ul style="list-style-type: none"> QCVN 26: 2010/BTNMT (from 6:00am to 9:00pm) QCVN 27: 2010/BTNMT (from 6:00am to 9:00pm) QCVN 05: 2013/BTNMT (one-hour average)
4	KK4: Areas below the main wind direction	UTM: X = 0583925, Y = 1110501	Periodic monitoring 2 times/year • June 2018 • Dec 2018	<ul style="list-style-type: none"> QCVN 26: 2010/BTNMT (from 6:00am to 9:00pm) QCVN 27: 2010/BTNMT (from 6:00am to 9:00pm) QCVN 05: 2013/BTNMT (one-hour average)
II. DHG Pharma Plant in Hau Giang				
1	KK1: The factory gate	UTM: X=1100849, Y=0579700	Periodic monitoring 2 times/year • 1 st time: 22 Mar 2018 • 2 nd time: 06 Aug 2018	<ul style="list-style-type: none"> 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 st time: 22 Mar 2018 • 2 nd time: 06 Aug 2018	<ul style="list-style-type: none"> QCVN 26:2010/BTNMT QCVN 05:2013/BTNMT

Parameters and monitoring results of air quality

No.	Target	Measurement Method	Unit	2016				2017				2018			
				KK1	KK2	KK3	KK4	KK1	KK2	KK3	KK4	KK1	KK2	KK3	KK4
Monitoring results of air quality at DHG Pharma Plant in Can Tho															
1	Noise	TCVN 7878-2:2010	dBA	69.7	64.9	65.7	66.8	67.2	66.3	65.2	60.1	65.8	69.7	67.8	65.8
2	Dust	TCVN 5067:1995	µg/m³	191.1	184.3	273.6	259.9	177.7	102.2	151	198.8	189.8	169.1	238.2	258.9
3	SO ₂	TCVN 5971-1995	µg/m³	15	KPH (LOD=8)	9.8	9.1	17.7	15.1	14.5	16.8	14.2	12.9	21.3	32.6
4	NO ₂	TCVN 6137-2009	µg/m³	16.1	KPH (LOD=3)	12.7	13.3	15.6	14.7	14.8	21.2	14.2	15.3	18.6	24.8
5	CO	HD 5.4 HLB 28.1	µg/m³	1,355	1,073	1,371	1,544	1,524	1,565	1,487	1,710	4,720	<4,500	<4,500	<4,500
6	Temperature	QCVN 46:2012/ BTNMT	°C	30.6	30.8			30.9	30.1			29.5	28.7		
7	Vibration	RIOVIBRO Vm-63a	dB	53.3	53.3			53.3	53.3			53.3	53.3		

(Note: Sampling time on 08 Dec 2016, 07 Dec 2017 and 27 Nov 2018 measured by the Natural Resource and Environmental Monitoring Center of Cantho Department of Natural Resources and Environment)

In the period of 2016 – 2018, all the parameters recorded from the monitoring results at key areas of DHG Pharmaceutical Manufacturing Plant in Can Tho were very good and are within the limits of the Decision 3733/2002/QĐ-BYT, QCVN 24/2016/BYT, QCVN 26/2016/BYT, QCVN 26:2010/BTNMT, QCVN 27:2010/BTNMT, QCVN 05:2013/BTNMT.

NO.	TARGET	MEASUREMENT METHOD	UNIT	2016		2017		2018	
				KK1	KK2	KK1	KK2	KK1	KK2
Monitoring results of air quality at DHG Pharma Plant in Hau Giang									
1	Noise	EXTECH/TCVN 7878-2:2010	dBA	56	55	68	69	71	72
2	Dust	TCVN 5067 - 1995	µg/m³	155	188	102.02	182.48	67.97	22.72
3	SO ₂	TCVN 5971 - 1995	µg/m³	124.0	107.1	187	191.2	41.7	45.4
4	NO ₂	TCVN 6137 - 1996	µg/m³	74.1	91.8	127.1	138.6	48.1	59.6
5	CO	52TCN352-89/HDPT - 10	µg/m³	6,704	7,066	5,597	5,825	3,091	4,533

(Source: Sampling time on 16 Aug 2016, 24 Aug 2017 and 06 Aug 2018 measured by the Natural Resource and Environmental MonitoringCenter – 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 of air quality at key areas at DHG Pharmaceutical Manufacturing Plant in Hau Giang have shown that noise exceeded the limit due to the fact that at the time of monitoring the Industrial zone, Road 6 in front of the Company was under construction. Other parameters were good and 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, QCVN 05:2013/BTNMT.

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

EXHAUST FUMES

Source: emissions from production processes are mainly dust.

Mitigation measures: the Company's emissions are mainly from production, QC Department, generators, wastewater treatment system, dust, and exhaust fumes from means of transport.

1

Emissions from QC Department:

They are processed through a fume hood system, which does not cause any environmental impact.

2

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 generators is negligible.

3

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. Also, the central refrigeration system for production and preservation of goods, in particular, is divided into many areas for easy control and usage in order to save electricity and minimize emissions.

4

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 wastewater treatment zone must be fully covered by canvas and regularly checked the safety and environmental sanitation.

5

Emissions from circulation areas of means:

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

6

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 Can Tho

- In 2018, production wastewater was recorded about 8,362 m³/month, mainly generated from stages such as pharmaceutical production, machine, equipment and factory cleaning.
- Wastewater from daily activities of employees is about 1,049 m³/month.
- Total spending on wastewater treatment in 2018: Approximately VND 1.26 billion.
- The water quality of DHG Pharma plant periodically monitored 4 times/year. In 2018, the Natural Resource and Environmental Monitoring Center of Cantho Department of Natural Resources and Environment carried out 4 times of monitoring on 26 Apr 2018, 06 June 2018, 18 Sept 2018, and 27 Nov 2018. 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

Monitoring results of water quality after treatment at the wastewater treatment system 1

NO.	PARAMETER	UNIT	MEASURING METHOD	QCVN 40:2011/ BTNMT (COLUMN B)	2016	2017	2018
1	pH		TCVN 6492:2011	5.5 - 9	7.79	7.04	7.04
2	BOD ₅ 20°C	mg/l	TCVN 6001-1:2008	50	20	17	8
3	COD	mg/l	SMEWW 5220 COD-C:2012	150	45.4	48.3	25.3
4	SS	mg/l	TCVN 6625:2000	100	25	13.5	23
5	Total Nitrogen	mg/l	TCVN 6638-2000	40	5.3	7.6	8.4
6	Total Phosphoric	mg/l	SMEWW 4500-P B&E:2012	6	3.7	0.2	0.5
7	Chloride (Cl-)	mg/l	TCVN 6194:1996	1,000	161.9	71	65.7
8	Color	Pt-Co	SMEWW 2120 C:2012	150	<15	10	9.13
9	Phenols	µg/l	Internal method (EHC-TP1-039)	0.5 x 10 ³	KPH (LOD=0.00002)	KPH (MDL=0.2)	KPH (MDL=0.2)
10	Cyanide	mg/l	ISO 6703-1:1984 (TCVN 6181:1996)	0.1	KPH (LOD=0.02)	KPH (LOD=0.002)	KPH (LOD=0.002)
11	Ammonium (calculated according to N)	mg/l	SMEWW 4500-NH3.B&F:2012	10	5.83	0.62	1.4
12	Chromium VI	mg/l	SMEWW 3500 Cr B:2012	0.1	KPH (LOD=0.02)	KPH (LOD=0.01)	KPH (LOD=0.003)
13	Mn	mg/l	SMEWW 3111B:2012	1	KPH (LOD=0.05)	KPH (LOD=0.05)	KPH (LOD=0.001)
14	Fe	mg/l	TCVN 6177:1996	5	0.92	0.17	2.81
15	Excess Chlorine (Cl ₂)	mg/l	SMEWW 4500 G:2012	2	KPH (LOD=0.05)	KPH (LOD=0.3)	KPH (LOD=0.3)
16	Sulfide (S ²⁻)	mg/l	EPA 376.2	0.5	KPH (LOD=0.02)	KPH (LOD=0.1)	KPH (LOD=0.19)
17	Coliform	VK/100 ml	TCVN 6187-2-1996	5,000	4.6x10 ³	28	75
18	Mineral oil	mg/l	TCVN 5070:1995	10	KPH (LOD=0.1)	0.6	2.2
19	Arsenic (As)	mg/l	SMEWW 3113B:2012	0.1		KPH (LOD=0.001)	KPH (LOD=0.001)
20	Mercury (Hg)	mg/l	SMEWW 3112B:2012	0.01		KPH (LOD=0.0003)	KPH (LOD=0.0003)
21	Lead (Pb)	mg/l	SMEWW 3113B:2012	0.5		0.004	KPH (LOD=0.001)
22	Cadmium (Cd)	mg/l	SMEWW 3113B:2012	0.1		0.0027	KPH (LOD=0.001)

Notes:

- Samples were taken on 08 Dec 2016, 07 Dec 2017, 27 Nov 2018, and measured by the Natural Resource and Environmental Monitoring Center of Cantho Department of Natural Resources and Environment.
- "KPH": undetected, "KQĐ": unregulated.

Monitoring results of water quality after treatment at the wastewater treatment system 2

NO.	PARAMETER	UNIT	MEASURING METHOD	QCVN 40:2011/ BTNMT (COLUMN B)	2016	2017	2018
1	pH		TCVN 6492:2011	5.5 - 9	7.48	7.27	7.28
2	BOD ₅ 20°C	mg/l	TCVN 6001-1:2008	50	24	10	8
3	COD	mg/l	SMEWW 5220 COD-C:2012	150	40.9	18.9	23.2
4	SS	mg/l	TCVN 6625:2000	100	27.5	11	27
5	Total Nitrogen	mg/l	TCVN 6638-2000	40	5.6	2.6	7.3
6	Total Phosphoric	mg/l	SMEWW 4500-P B&E:2012	6	3.8	1.1	0.7
7	Clorua (Cl-)	mg/l	TCVN 6194:1996	1,000	159.8	44.4	62.1
8	Color	Pt-Co	SMEWW 2120 C:2012	150	15.2	10	14.13
9	Phenols	µg/l	TCVN 7874:2008	0.5 x 10 ³	KPH (LOD=0.00002)	KPH (MDL=0.2)	KPH (MDL=0.2)
10	Cyanide	mg/l	ISO 6703-1:1984 (TCVN 6181:1996)	0.1	KPH (LOD=0.005)	KPH (LOD=0.002)	KPH (LOD=0.002)
11	Ammonium (calculated according to N)	mg/l	SMEWW 4500-NH3.B&F:2012	10	5.21	0.39	1.52
12	Chromium VI	mg/l	SMEWW 3500 Cr B:2012	0.1	KPH (LOD=0.02)	KPH (LOD=0.01)	KPH (LOD=0.003)
13	Mn	mg/l	SMEWW 3111B:2012	1	KPH (LOD=0.05)	KPH (LOD=0.05)	KPH (LOD=0.001)
14	Fe	mg/l	TCVN 6177:1996	5	0.79	0.06	2.18
15	Excess Chlorine (Cl ₂)	mg/l	SMEWW 4500 G:2012	2	KPH (LOD=0.05)	KPH (LOD=0.3)	KPH (LOD=0.3)
16	Sulfide (S ²⁻)	mg/l	EPA 376.2	0.5	KPH (LOD=0.02)	KPH (LOD=0.1)	KPH (LOD=0.19)
17	Coliform	VK/100 ml	TCVN 6187-2-1996	5,000	2.4x10 ³	9	93
18	Mineral oil	mg/l	TCVN 5070:1995	10	KPH (LOD=0.1)	0.4	0.6
19	Arsenic (As)	mg/l	SMEWW 3113B:2012	0.1		KPH (LOD=0.001)	KPH (LOD=0.001)
20	Mercury (Hg)	mg/l	SMEWW 3112B:2012	0.01		KPH (LOD=0.0003)	KPH (LOD=0.003)
21	Lead (Pb)	mg/l	SMEWW 3113B:2012	0.5		KPH (LOD=0.001)	KPH (LOD=0.001)
22	Cadmium (Cd)	mg/l	SMEWW 3113B:2012	0.1		KPH (LOD=0.001)	KPH (LOD=0.001)

Notes:

- Samples were taken on 08 Dec 2016, 07 Dec 2017, 27 Nov 2018, and measured by the Natural Resource and Environmental Monitoring Center of Cantho Department of Natural Resources and Environment.
- "KPH": undetected, "KQĐ": unregulated.



DHG Pharma Plant in Hau Giang

- The amount of wastewater of DHG Pharma Plant in Hau Giang is recorded about 2,608 m³/month, mainly generated in the phases of factory, machine and equipment cleaning, etc.

- Wastewater from daily activities of workers and

securities is about 1,343 m³/month.

- Total spending on wastewater treatment in 2018: approximately VND 792 million.

- Treatment method: chemical physics + microbiology.

- Periodic water quality monitoring at DHG Pharma Plant in Hau Giang is conducted 04 times per year (22 Mar 2018, 14 June 2018, 14 Aug 2018 and 09 Oct 2018) by the Natural Resource and Environmental Monitoring Center – Department of Natural Resources and Environment in Hau Giang and Quality Assurance and Testing Center in Can Tho. The monitoring results are within acceptable limits of QCVN 40: 2011/BTNMT (column B), ensuring that the production of DHG Pharma has minimum impact on the surrounding environment.

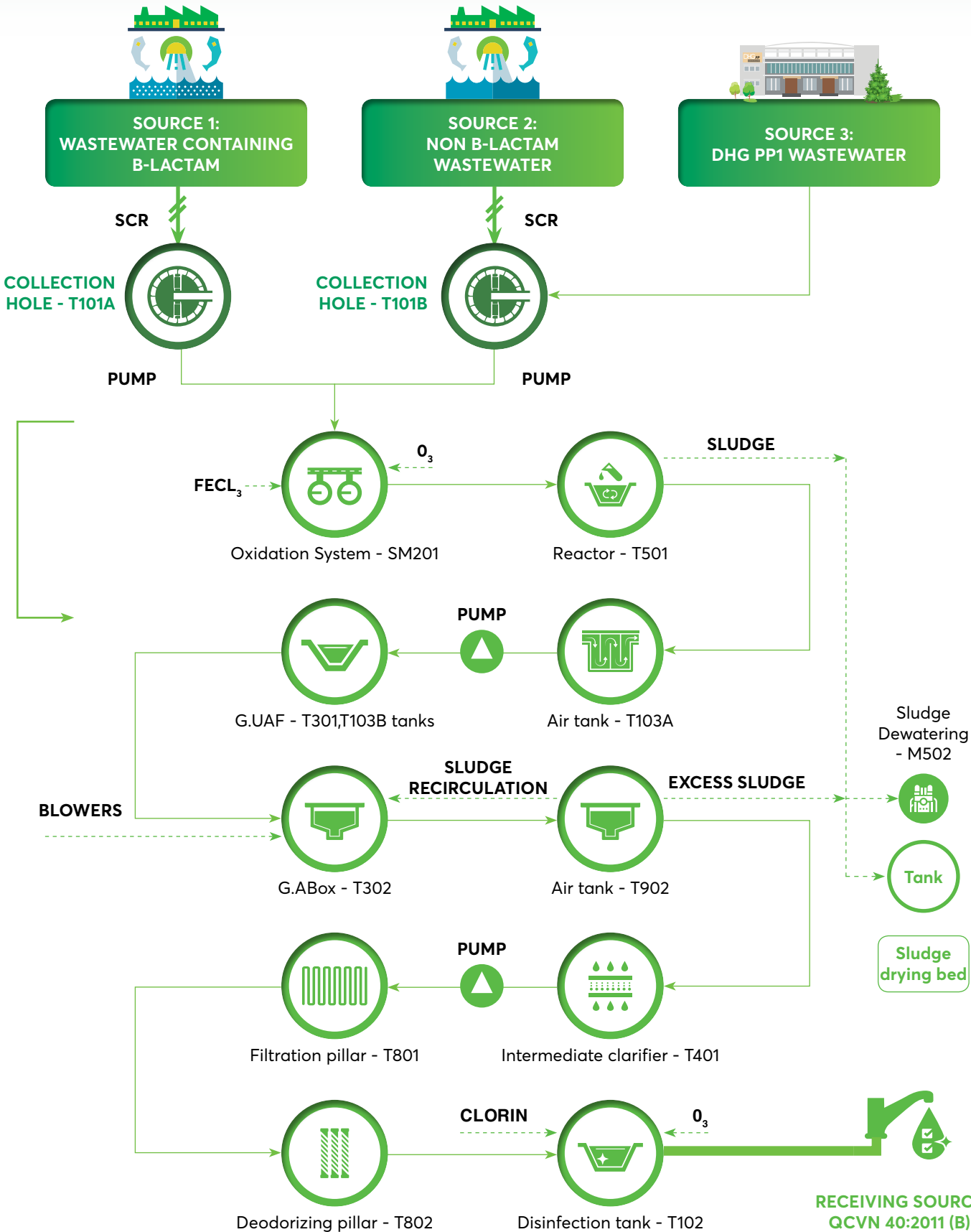
Monitoring results of wastewater quality

NO.	PARAMETER	UNIT	MEASURING METHOD	QCVN 40:2011/ BTNMT (COLUMN B)	2016	2017	2018
1	Temperature	°C	SMEWW 2550B:2012	40	29.2	29.9	30.2
2	pH	-	TCVN 6492:2011	5.5 đến 9	7.1	7.16	7.14
3	Saturation	Pt - Co	SMEWW 2120B:2012	150	36	24.29	28.5
4	TSS	mg/l	TCVN 6625:2000	110	14	15	KPH
5	BOD ₅ ở 20°C	mg/l	TCVN 6001-1:2008	55	13	18	8
6	COD	mg/l	SMEWW 5220C:2012	165	17	30	14
7	Total Nitrogen	mg/l	TCVN 6638:2000	44	1.68	22.98	28.2
8	Total Phosphoric	mg/l	TCVN 6202:2008	6.6	0.34	2.5	2.2
9	Total Coliform	MPN/ 100ml	TCVN 6187-2:1996	5,000	4x101	KPH	KPH
10	Mineral oil	mg/l	SMEWW 5520 B&F:2012	11	1.2	0.8	0.8
11	Fe	mg/l	TCVN 6177:1996	5.5	0.11	0.41	0.03
12	Excess Chlorine	mg/l	SMEWW 4500-Cl B:2012	2.2	KPH (LOD=0.04)	KPH (LOD = 0.2)	KPH (LOD=0.3)
13	As	mg/l	EPA 200.7	0.11	KPH (LOD=0.0005)	KPH (LOD=0.008)	KPH (LOD=0.005)
14	Zn	mg/l	EPA Method 200.7	3.3	KPH (LOD=0.01)	0.03	0.01
15	Pb	mg/l	EPA Method 200.7	0.55	KPH (LOD=0.01)	KPH (LOD=0.01)	KPH (LOD=0.002)
16	Cd	mg/l	Epa Method 200.7	0.11	KPH (LOD=0.01)	KPH (LOD=0.01)	KPH (LOD=0.002)
17	Hg	mg/l	SMEWW 3112B:2012	0.011	KPH (LOD=0.0005)	KPH (LOD=0.0005)	KPH (LOD=0.01)
18	Cu	mg/l	US.EPA Method 200.7	2.2	KPH (LOD=0.01)	KPH (LOD=0.003)	KPH (LOD=0.001)
19	Cr ³⁺	mg/l	US.EPA Method 200.7	1.1	KPH (LOD=0.02)	KPH (LOD=0.02)	KPH (LOD=0.003)
20	Cyanide	mg/l	TCVN 6638:2000	0.11	KPH (LOD=0.04)	KPH (LOD=0.002)	KPH (LOD=0.002)
21	Phenol	mg/l	TCVN 7874:2008	0.55	KPH (LOD=0.00047)	KPH (LOD=0.00047)	0.145

Notes:

- Samples were taken on 26 Oct 2016, 24 Aug 2017, and measured by the Natural Resource and Environmental Monitoring Center – Department of Natural Resources and Environment in Hau Giang, Center of Environmental Technology in Ho Chi Minh City - Institute of Environmental Science and Technology, Quality Assurance and Testing Center - Cantho Department of Science and Technology in 2017.
- Samples were taken 09 Oct 2018 and measured by the Natural Resource and Environmental Monitoring Center – Department of Natural Resources and Environment in Hau Giang and Quality Assurance and Testing Center in Can Tho.
- "KPH": undetected, "KQD": unregulated.

Wastewater treatment system flowchart





EMISSIONS, EFFLUENTS AND WASTE



WASTE

NON-HAZARDOUS SOLID WASTE

The source of non-hazardous solid waste including domestic waste (at DHG Pharma: approximately 74.2 m3/month, at DHG Pharmaceutical Plant Branch: approximately 115 m3/month), and recycle waste (scrap) including scrap and carton packaging; the amount of waste (at DHG Pharma: approximately 3,000 kg/month, at DHG Pharmaceutical Plant Branch: 6,000 kg/month).

In 2018, due to a rise in production, recycled waste at DHG Pharmaceutical Plant Branch witnessed an increase. Each type of production materials has different packaging with an average volume estimated at about 200 kg/day. Every year, DHG Pharma holds bidding to sell to the functional unit for recycling, in order to reduce treatment costs and ensure no harm to the surrounding environment.

Mitigation measures:

- 1 Domestic solid waste including waste from the office sector, canteen, factory cleaning, bonsai cleaning, etc. These wastes are delivered to the concentrated area of domestic solid waste in line with regulations.
- 2 Every day, Can Tho Urban Joint Stock Company gathers about 2.47 m3/day at DHG Pharma, Hau Giang Water Supply and Sewerage - Project Urban Joint Stock Company collects 3.8 m3/day of domestic waste at DHG Pharmaceutical Plant Branch. Afterward, the cleaning staffs clean, rinse and spray 0.4% sterilized Javelle solution.
- 3 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 component, etc. The amount of hazardous waste (at DHG Pharma: 9.66 tons/month, at DHG Pharmaceutical Plant Branch: approximately 5.9 tons/month)

Mitigation measures:

- 1 Strictly complying with regulations on environmental management guidelines at the Company and applicable laws.
- 2 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 2018, the total cost of hazardous waste treatment is about VND 848 million, of which VND 524 million is from DHG Pharma and VND 324 million is from DHG Pharmaceutical Plant Branch.

NO	NAME OF WASTE	CODE OF HAZARDOUS WASTE	2015 (KG/YEAR)	2016 (KG/YEAR)	2017 (KG/YEAR)	2018 (KG/YEAR)
1	Waste ink containing hazardous constituents	08 02 01	85	131	82	23
2	Waste ink cartridges contain hazardous constituents	08 02 04	47	134	4	6
3	Waste engine oils	17 02 04	27	60	46	25
4	Wipes contaminated with hazardous constituents	18 02 01	831	1,052	186	234
5	Chemical waste in Laboratories	19 05 02	2,455	4,896	5,324	8,134
6	Waste soft packages	18 01 01	3,500	7,976	3,694	4,173
7	Used active coal	02 11 02	536	1,471	562	572
8	Waste sludge from wastewater treatment	03 05 08	22,725	32,717	73,664	62,912
9	Waste fluorescent bulbs	16 01 06	218	297	209	108
10	Waste batteries and accumulators	16 01 02	66	83	13	22
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	111,685



NOISE AND VIBRATION

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

Mitigation measures: Supplying noise-canceling earplugs for employees, who work under noisy environment, ensuring safety standards and periodic replacement to minimize the impact of noise. Efforts to reduce noise in the areas adjacent to residential areas are also made. The Company also frequently conducted periodical inspection and maintenance of machinery and equipment, measurement of working environment.



GRI
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ENVIRONMENTAL COMPLIANCE



Economic growth and environmental protection and improvement are always the two dovetailed objectives of DHG Pharma throughout its operation and development process. Right from the first days of business, building a strong connection between these two objectives to serve the goal of sustainable development and the construction of a leading and environmentally friendly enterprise has been closely directed by DHG Pharma.

The Environment and Labor Safety Department of DHG Pharma is assigned with the task of inspecting and supervising the implementation of environmental protection activities within the Company and its subordinate units. All employees of DHG Pharma are regularly trained and propagated on how to protect the environment from such simple daily tasks as sorting waste for recycling, saving energy, electricity, water, turning off power and water when not in use, limiting the use of plastic bags, planting and caring of trees, etc. The actions and tasks, though appearing to be simple, make important contributions to creating a positive lifestyle and help spread out the message “For a more beautiful and healthier life” of DHG Pharma.

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 as well as report to relevant competent authorities every quarter.

In 2018, the Company did not record any violations of environmental laws:

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

IMPROVEMENTS TO MINIMIZE IMPACTS ON THE ENVIRONMENT

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.



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DHG PHARMA

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