

DHG PHARMA

For a more beautiful and healthier life



Face Challenges
SHARE RESPONSIBILITIES

2020

SUSTAINABLE DEVELOPMENT REPORT



THEME OF SUSTAINABLE REPORT 2020

Face Challenges SHARE RESPONSIBILITIES

In 2020, the world and Vietnam encountered complicated and unpredictable developments of the Covid-19 pandemic, which are still going, affecting all economic factors. Facing difficulties, it is a must for enterprises to come up with solutions to limit risks, maintain stable development, and create a foundation for economic growth in the present as well as in the future. In such a context, DHG Pharma has actively changed to adapt and face challenges, but still remain persistent to its mission of "For a more beautiful and healthier life".

This is also the reason why we chose the topic: "FACE CHALLENGES - SHARE RESPONSIBILITIES" for the Sustainable Development Report 2020. As an enterprise whose business activities are directly related to public health, DHG Pharma has constantly made efforts to share responsibility to overcome the challenges of the pandemic. At the same time, this theme reflects the changes and active adaptability of DHG Pharma not only towards the goal of economic growth but also for environmental protection and accompanying community development.

LIST OF ABBREVIATIONS

ABBREVIATED	INTERPRETATION	ABBREVIATED	INTERPRETATION
AGM	Annual General Meeting	JSC	Joint Stock Company
BOD	Board of Directors	KPH	Undetected
BOM	Board of Management	KPI	Key Performance Indicators
CIT	Corporate income tax	PIC/s – GMP	Pharmaceutical Inspection Co-operation Scheme in the field of Good Manufacturing Practice
DHG Pharma	DHG Pharmaceutical Joint Stock Company/Parent Company	QC	Quality Control
DHG PP1	DHG Packaging and Printing 1 One Member Limited Company	QCVN	Vietnamese standards
GDP	Gross domestic product	QM	Quality Management
GDP (*)	Good Distribution Practice	R&D	Research and Development
GLP	Good Laboratory Practice	RM	Risk management
GMP	Good Manufacturing Practice	ROA	Return on Assets
GRI	Global Reporting Initiative	ROE	Return on Equity
GSP	Good Storage Practices	ROS	Return on Sales
HOSE	Ho Chi Minh Stock Exchange	SDR	Sustainable development report
IR	Investor Relations	VND	Vietnamese Dong
IT	Information technology	WHO	World Health Organization

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- 122 Energy
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MESSAGE OF THE SUSTAINABLE DEVELOPMENT REPORT



“ Sustainable development has always been the ultimate goal that DHG Pharma aims at in all of its production and business activities. Every single day, we have strived to better and perfect our sustainable development strategy incorporating practical values that we create for the community. Through a close-knit cooperation with stakeholders, we firmly believe that we will make meaningful contributions to the construction and maintenance of prosperity for future generations.

Dear Shareholders, Partners, Customers and all Employees!

Sustainable development has become an indispensable trend of our age and plays an increasingly important role in the journey towards a good life. The year 2020 has passed, leaving a wake-up call about the global Covid-19 pandemic and the devastating destruction of unusual natural disasters in the central provinces of Vietnam.

Overcoming the shared difficulties of a year in which the world economy has gone backwards, DHG Pharma still maintains its pioneering position in Vietnam's pharmaceutical industry with plentiful remarkable achievements in its production and business results: The production line for tablets and film-coated tablets obtained Japan-GMP standard; The investment strategy for the construction of DHG Pharmaceutical Plant and DHG Packaging and Printing Plant to meet global GMP standards was successfully implemented. These notable accomplishments evidently re-affirms the strong commitment to quality of DHG Pharma's products to both domestic and foreign customers.

Ladies and gentlemen!

The values that DHG Pharma has achieved today should be viewed as an accumulation of a long-term and arduous process with a consistent and persistent strategic vision established on the foundation of a solid management system, which in turn forms on the basis of 3 key factors that can be summed up through the following three Cs:

1

COMPLIANCE

Compliance serves not only as the foundation of all operations and the survival of a company but also as a code of conduct that should be a top priority anywhere, at any times.

2

CHANGE

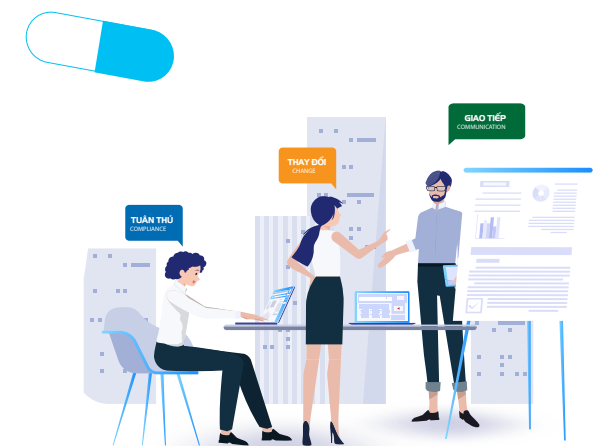
In an increasingly competitive business environment, a mindset for “*Innovation and Change*” enables us to take optimal advantage of available opportunities for quickly identifying solutions for our problems.

3

COMMUNICATION

Mutual understanding is indispensable in an organization that aims to maximize its teamwork spirit and work towards a shared goal.

Along with the aforementioned meaningful message, DHG Pharma has always made better efforts every day to implement the principle of harmonizing interests for all stakeholders that the Company has constantly pursued over the past half century. With an orientation towards sustainable development and in dealing with the negative effects of the Covid-19 pandemic in the past year, DHG Pharma still well maintained the welfare schemes for employees, ensuring stable jobs and income for employees. From the onset as well as during the progress of the pandemic, the Company has shown due and thoughtful care in preventing and controlling infection for all employees: offering antibacterial masks, Bioskin antibacterial hand sanitizer, Bocallex effervescent vitamin tablets for improving body's immune and resistance... Besides, DHG Pharma has actively carried out community activities: successfully launching an online walking tournament to celebrate DHG Pharma's 46th birthday; giving tens of thousands of Bioskin antibacterial hand sanitizer bottles to schools and teachers; supporting flood victims in the Central region of Vietnam, contributing to the prevention and control of Covid-19 pandemic with a total amount of nearly VND 12 billion.



Stepping in the new decade with increasing challenges for the pharmaceutical business environment, DHG Pharma will not be able to grow without actively responding and adapting to all changes. Being persistent with the path of sustainable development, DHG Pharma has been making considerable efforts and will constantly and continuously strive for the improvement of its governance quality, orienting itself towards stable production and business while ensuring environmental and social responsibilities. In addition, DHG Pharma will continue to optimize its corporate values by prioritizing investment in digital technology throughout the Group, creating a driving force for fast but sustainable business development in the phase.

We profoundly understand that, as an enterprise operating in the pharmaceutical industry, DHG Pharma holds an increasingly crucial role and responsibilities in the fight to protect the community's health, especially in the current pandemic context. Yet, with the heart of a doctor leading the way, we will light up our faith and hope to join hands to overcome the pandemic with confidence, stabilize development and actively contribute meaningful values to the community and society.

DHG Pharma firmly believes that, with your companion and wholehearted support, DHG Pharma will refine our strong motivation to move forward and reach further on the journey of creating, sharing common values and making positive contributions to a sustainable and prosperous future.

We wish you all health, happiness and success.

Kind regards.

MASASHI NAKAURA
General Director



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OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT

“ Sustainable development report (SDR) is prepared as a bridge between the Company and its stakeholders to provide an overall picture representing the announcements, reviews and re-evaluation of DHG Pharma's sustainable development activities in line with the Company's sustainable strategic orientation in the year.

The content of the report demonstrates DHG Pharma's approach to sustainable development issues such as commitments to stakeholders, medium and long-term sustainable development strategies, product commitment, etc. All are prerequisites to the Company's sustainable strategy with the desire to bring a life not only healthy but also sustainable.

METHOD OF DEFINING REPORTING CONTENTS

Based on the monitoring and measurement management systems, as well as the reports made in 2020, DHG Pharma develops the sustainable development report based on the latest standard - GRI Sustainability Reporting Standards of Global Report Initiative (GRI). This is the latest and broadly recognized reporting standard for the Sustainable Development Report, which is aimed to increase transparency and accountability.

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).

Additionally, 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.

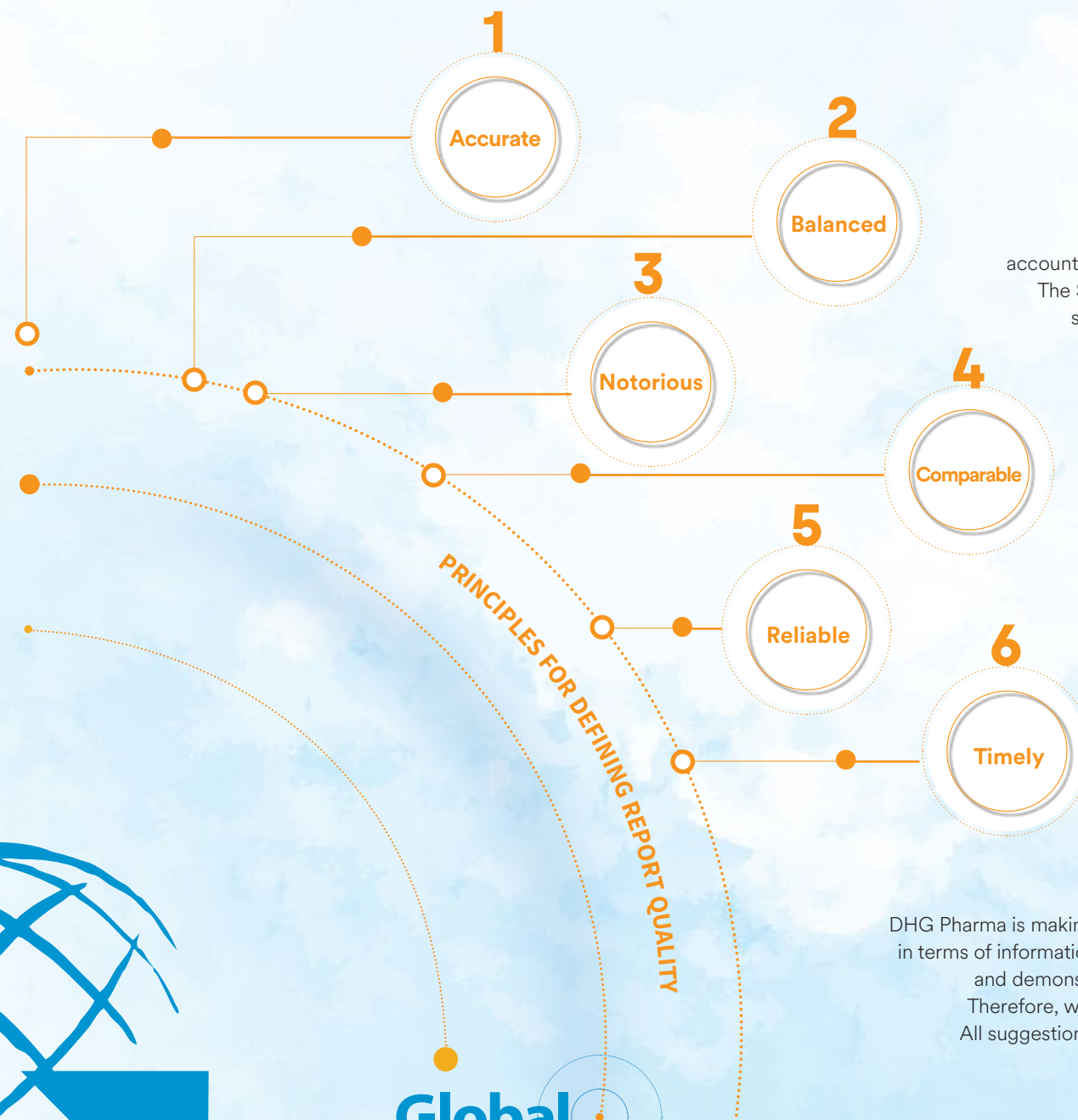
- 1 Stakeholder engagement
- 2 The context of sustainable development
- 3 Materiality level
- 4 Sufficiency level

PRINCIPLES FOR DEFINING REPORT CONTENTS



Global
Reporting
Initiative™

PRINCIPLES FOR DEFINING REPORT QUALITY



SCOPE OF THE REPORT

Reporting period:

The SDR 2020 is prepared in accordance with the accounting year, starting from 01 Jan 2020 to 31 Dec 2020. The SDR is separate from the Annual Report and has the same reporting period with the 2020 Annual Report.

Latest report: 31 Dec 2019

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 branches in provinces and cities across the country (personnel, salary and bonus figures). The financial figures in this Report are referenced from the 2020 audited consolidated financial statements.

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. Therefore, we look forward to receiving your sincere comments. All suggestions, questions about sustainable development issues, please send to the address below:

Website:
www.dhgpharma.com.vn (Contact section)

Tel:
02923 891 433 (Ext: 242), Finance Department

Ms. Le Thi Hong Nhung
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Finance Director

Ms. Duong Kim Loan
(duongloan@dhgpharma.com.vn)
BOD Secretary, The person in charge of
Corporate Governance, Investor Relations Team Leader
- Finance Department.



DHG PHARMA AT A GLANCE

DHG PHARMACEUTICAL JSC

The Company's name in Vietnamese	: Công ty Cổ phần Dược Hậu Giang
Abbreviation	: DHG Pharma
Ticker symbol	: DHG (listed on HOSE)
Headquarters	: 288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Cantho City
Owner's equity (As at 31 Dec 2020)	: 3,568,039,364,356 VND
Charter capital (As at 31 Dec 2020)	: 1,307,460,710,000 VND
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



DISTINGUISHED AWARDS IN 2020





VISION - MISSION - CORE VALUES

VISION
FOR A MORE
**BEAUTIFUL &
HEALTHIER LIFE**



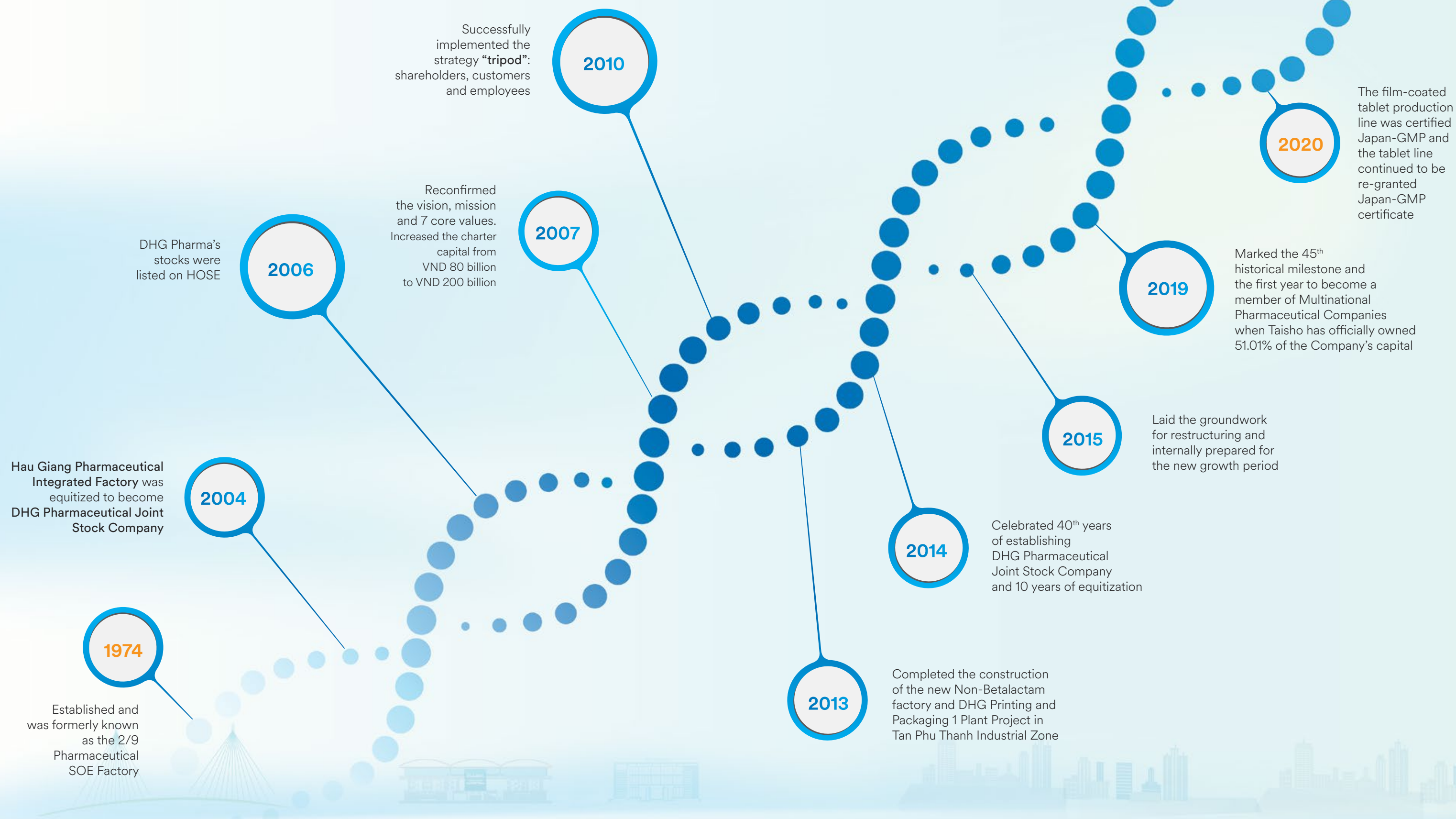
MISSION

**"DHG PHARMA ALWAYS PROVIDES
HIGH-QUALITY PRODUCTS
AND SERVICES TO SATISFY THE
ASPIRATION FOR A MORE BEAUTIFUL
AND HEALTHIER LIFE."**





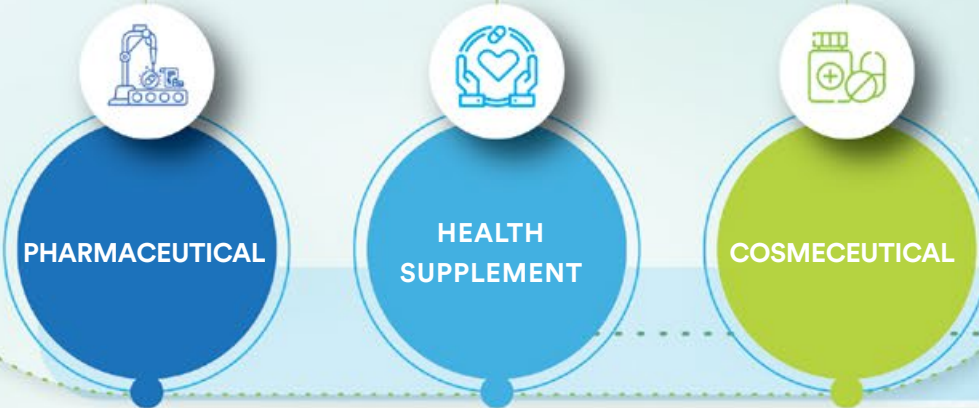
HISTORICAL MILESTONES





BUSINESS LINES

THE CORE BUSINESS LINES
of DHG PHARMA are to manufacture and trade



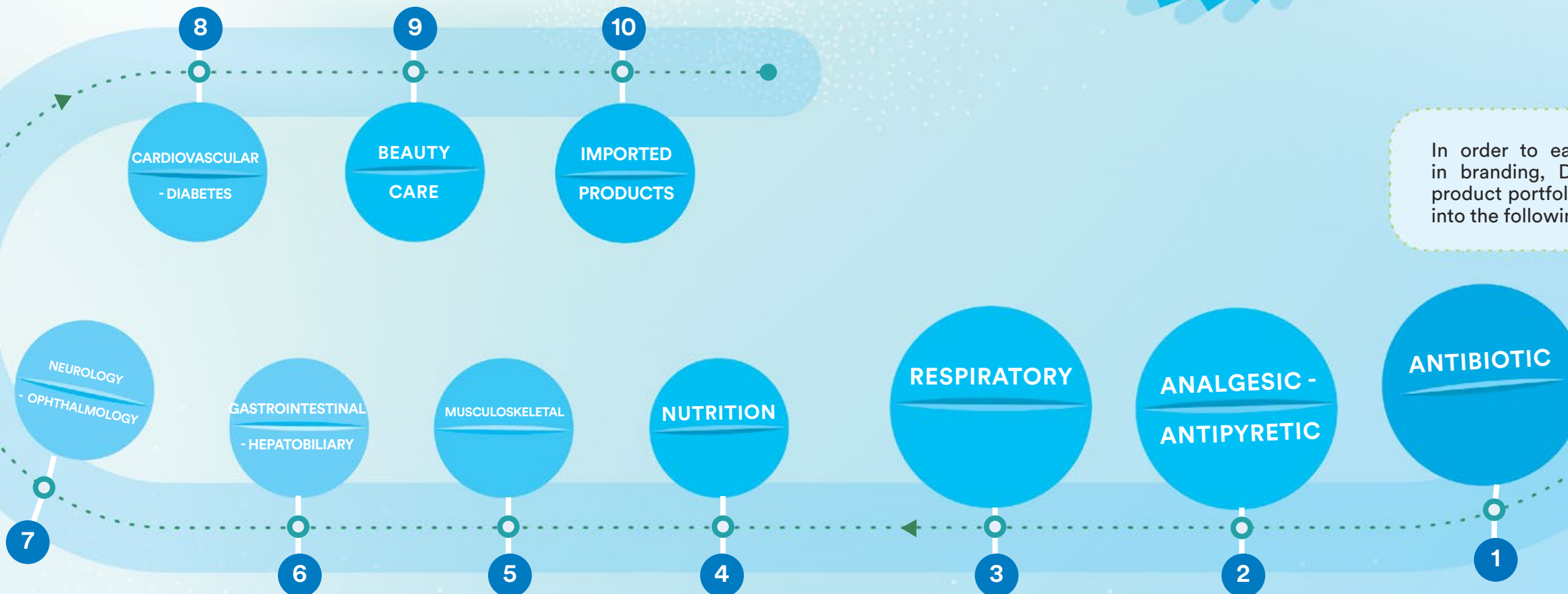
DHG PHARMA
OWNED
a diversified portfolio of
nearly
300
PRODUCTS



IN WHICH

~100 PRODUCTS
are manufactured on the
tablet and film-coated
tablet production lines
meeting Japan-GMP.

In order to easily manage and invest
in branding, DHG Pharma divides its
product portfolio by treatment functions
into the following categories:



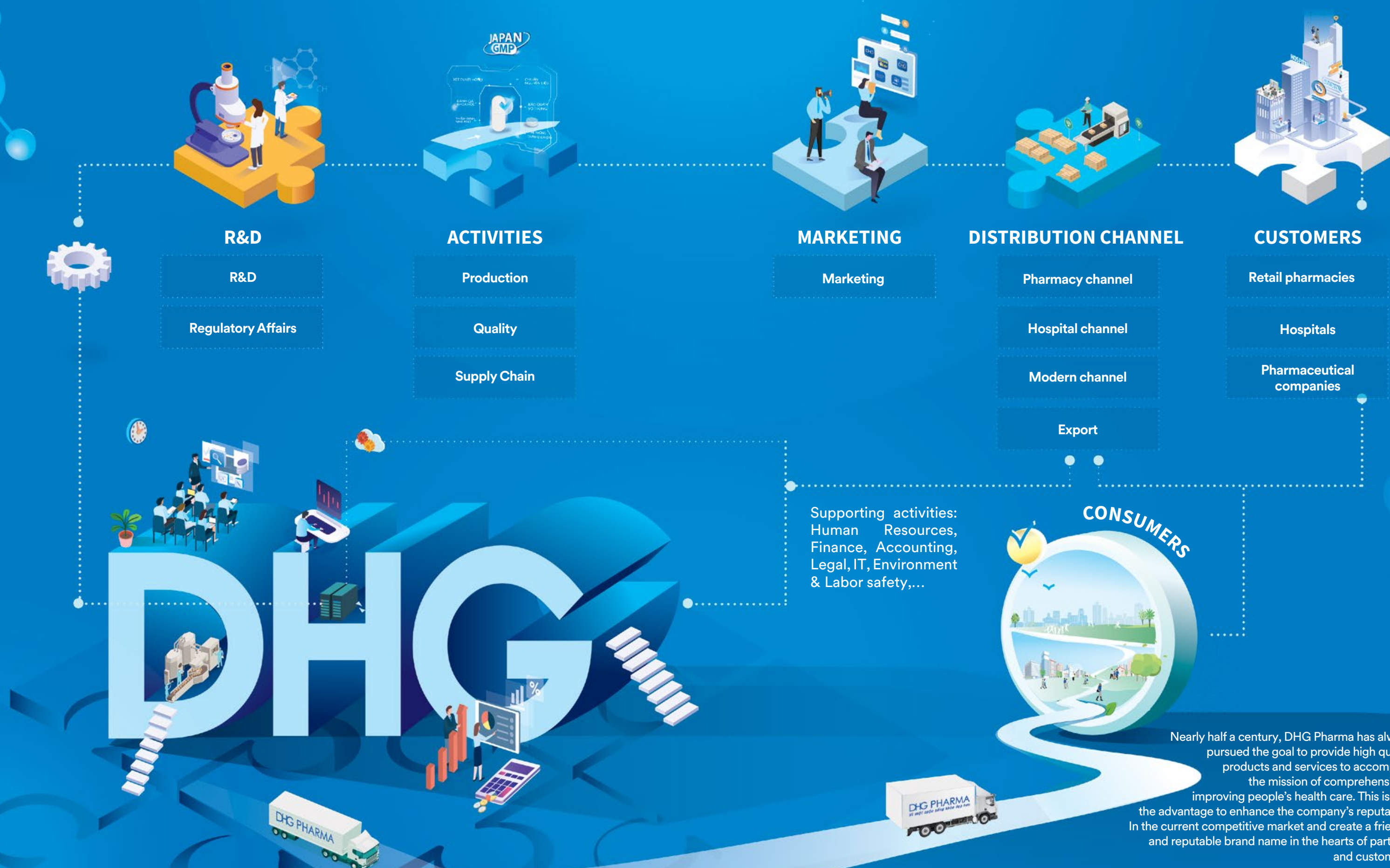


BUSINESS LINES





DHG PHARMA'S VALUE CHAIN



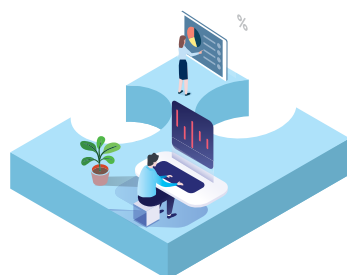


INTEGRATING SUSTAINABILITY IN THE VALUE CHAIN

SUSTAINABILITY IN THE VALUE CHAIN



PRODUCTION PLAN



ENSURING MACHINE STABILITY.
SAVING OPERATING COSTS.



FULLY EQUIPPING EMPLOYEES WITH
LABOR PROTECTION EQUIPMENT.
TRAINING EMPLOYEES FOR PROFESSIONAL
KNOWLEDGE.
USING DOMESTIC LABOR RESOURCES.



REUSING WATER.
SAVING ELECTRICITY AND WATER.

MATERIAL PURCHASE



NEGOTIATING PRICE EFFECTIVELY.
CHOOSING REPUTABLE SUPPLIERS.
MINIMIZING POOR QUALITY MATERIALS TO
THE LOWEST LEVEL.

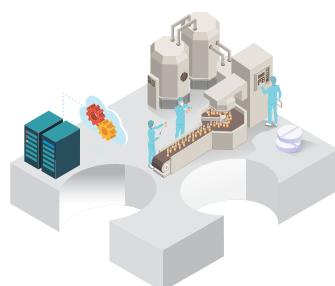


TRAINING SUPPLY STAFF FOR
PROFESSIONAL KNOWLEDGE.



EVALUATING SUPPLIERS.
SELECTING SUPPLIERS THAT SATISFY
ENVIRONMENTAL CRITERIA.
ASSESSING THE QUALITY OF RAW
MATERIALS.

PRODUCTION



REDUCING WASTE RATE.
INCREASING THE RATE OF QUALITY PRODUCTS.



ARRANGING AND DELEGATING STAFF SUITABLY.
PROVIDING EQUAL PROMOTION OPPORTUNITIES.
ESTABLISHING A SAFE AND EFFECTIVE
WORKING ENVIRONMENT.



REUSING WATER RESOURCES.
SAVING ELECTRICITY AND WATER.
USING ENERGY EFFICIENTLY.
AVOIDING WASTING ENERGY RESOURCES
OF ANY KIND.

DISTRIBUTING TO CUSTOMERS



OPTIMIZING DELIVERY COSTS.
SETTING UP A SUITABLE DELIVERY
SCHEDULE AND ROUTE.



DEVELOPING A REASONABLE SALES
AND BONUS POLICY.
PROVIDING TRAINING ON SALE
PROFESSIONAL SKILLS.



REUSING DELIVERY PALLETS.
DELIVERING ON TIME AND ROUTE
AND SAVING SHIPPING COSTS.



SUSTAINABLE DEVELOPMENT INDICATORS IN 2020



STABLE
ECONOMIC
GROWTH



3,756
VND BILLION
NET SALES



821
VND BILLION
PROFIT BEFORE TAX



13,598
VND BILLION
MARKET CAP
(31 DEC 2020)



523
VND BILLION
DIVIDENDS IN 2020



273
VND BILLION
CONTRIBUTION TO
THE STATE BUDGET



COMMITMENTS TO
PRODUCT QUALITY



2
PRODUCTION LINES
CERTIFIED JAPAN-GMP



40
PRODUCTS
CERTIFIED BIOEQUIVALENT



~300
PRODUCTS
ARE CIRCULATED NATIONWIDE



12
NEW PRODUCTS

Committed not to increase product prices during the period the whole country was fighting the Covid-19 pandemic.

Increased automation and technology application throughout the value chain of DHG Pharma.

Supplied a full range of products to customers during the period of social distancing.



JOINING HANDS TO PROTECT
the ENVIRONMENT



6.3%
WASTEWATER RECYCLE RATE



2.2
VND BILLION/YEAR
WASTEWATER TREATMENT FEE



0
ENVIRONMENTAL
VIOLATION



Environmental monitoring results are within the allowable limits.



209
IDEAS AND INITIATIVES
FOR IMPROVEMENT
were received by the Science and Technology Council of DHG Pharma in 2020.



ENSURING INCOME
AND WELFARE FOR
EMPLOYEES



>2,700
EMPLOYEES NATIONWIDE
WERE GIVEN JOBS



No salary reduction,
no reduced working hours.



2%
INCOMES
OF EMPLOYEES



Employees were provided: masks, packages of products to increase resistance (Bocalex, Anomin Gold, Pimum, etc).

Effectively implemented the Business Continuity Plan (BCP) amidst the Covid-19 pandemic.



JOINING
the COMMUNITY
TO OVERCOME THE PANDEMIC



~12
VND BILLION
WAS CONTRIBUTED TO THE
COVID-19 PREVENTION AND
FLOOD IN THE CENTRAL REGION



80,000
BIOSKIN BOTTLES
DONATION



10,000
PEOPLE
GOT FREE MEDICAL
EXAMINATIONS AND MEDICINE



Provided knowledge on strengthening disease resistance to people through the media (alobacsi, online newspapers such as cafes.vn, vnexpress.vn, dantri.com.vn, tuoitre.vn,... and major newspapers such as Thanh niên, Sức khỏe đời sống, etc).

Accompanied Thanh Nien Newspaper Office in Can Tho to carry out activities to take care of people in quarantine areas - Returning from Covid-19 pandemic areas.



GOVERNANCE & STRATEGY

FOR SUSTAINABLE DEVELOPMENT

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SUSTAINABLE DEVELOPMENT STRATEGIES



MESSAGE FOR 2021:

QUALITY BUILDS TRUST

STRATEGIC SOLUTIONS:



UPGRADING PRODUCTION LINES TO MEET

GLOBAL GMP STANDARDS

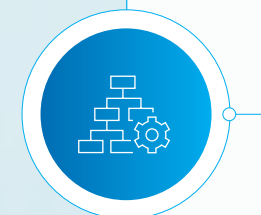
- Upgrading or investing in the new factory to meet global GMP standards
- Improving labor productivity
- Transferring technology and expanding exports
- Effectively managing inventories



ENHANCING THE VALUE & COMPETITIVENESS

OF DHG PHARMA AS A MULTINATIONAL PHARMACEUTICAL COMPANY

- Increasing investments in research and development of Generic products with high potential and high value
- Continuously improving the distribution system, increasing the coverage of key products, and increasing coverage in major markets
- Increasing investments, branding and brands



STRENGTHENING THE ORGANIZATION AND DEVELOPMENT

OF INTERNAL GOVERNANCE PLATFORM

- Developing and improving the quality of human resources with high qualifications, professional working style and being ready for globalization. Perfecting missing senior positions
- Improving internal control and risk management in accordance with international standards
- Adjusting the management system based on 3C criteria: Compliance - Change - Communication
- Continuously updating and completing current processes/regulations
- Promoting digital transformation in production and business activities
- Assessing risks and confidentiality of information technology



BEING A SYMBOL OF HUMANITY

IN CONTRIBUTING TO THE SOCIETY AND ENHANCING THE QUALITY OF LIFE.

- **With the locality:** always accompanying the locality with practical sponsorship programs during pandemic seasons, especially in the field of health and education
- **With the inhabitants:** always caring for and helping them to proactively heighten the healthcare awareness for themselves and their families in a scientific and economic manner



CORPORATE GOVERNANCE TOWARDS SUSTAINABLE DEVELOPMENT

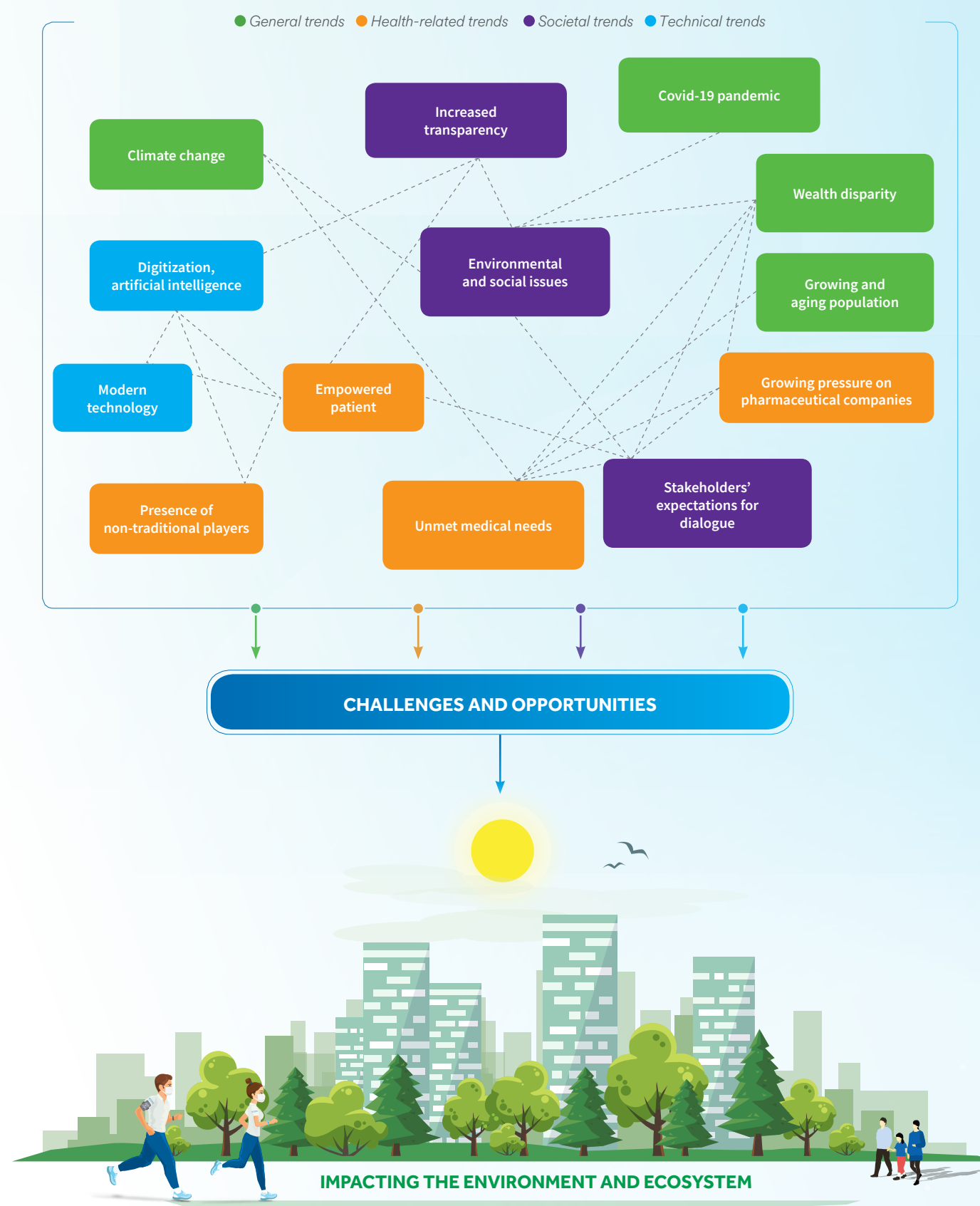
IDENTIFICATION OF ENVIRONMENTAL AND ECOSYSTEM IMPACT TRENDS

“ Being an organization operating in a non-stop development environment, DHG Pharma always tries to catch and adapt to key trends affecting the environment and the ecosystem.

In order to give the proper and appropriate strategic orientations, DHG Pharma identifies the trends impacting on the environment and ecosystem as follows:



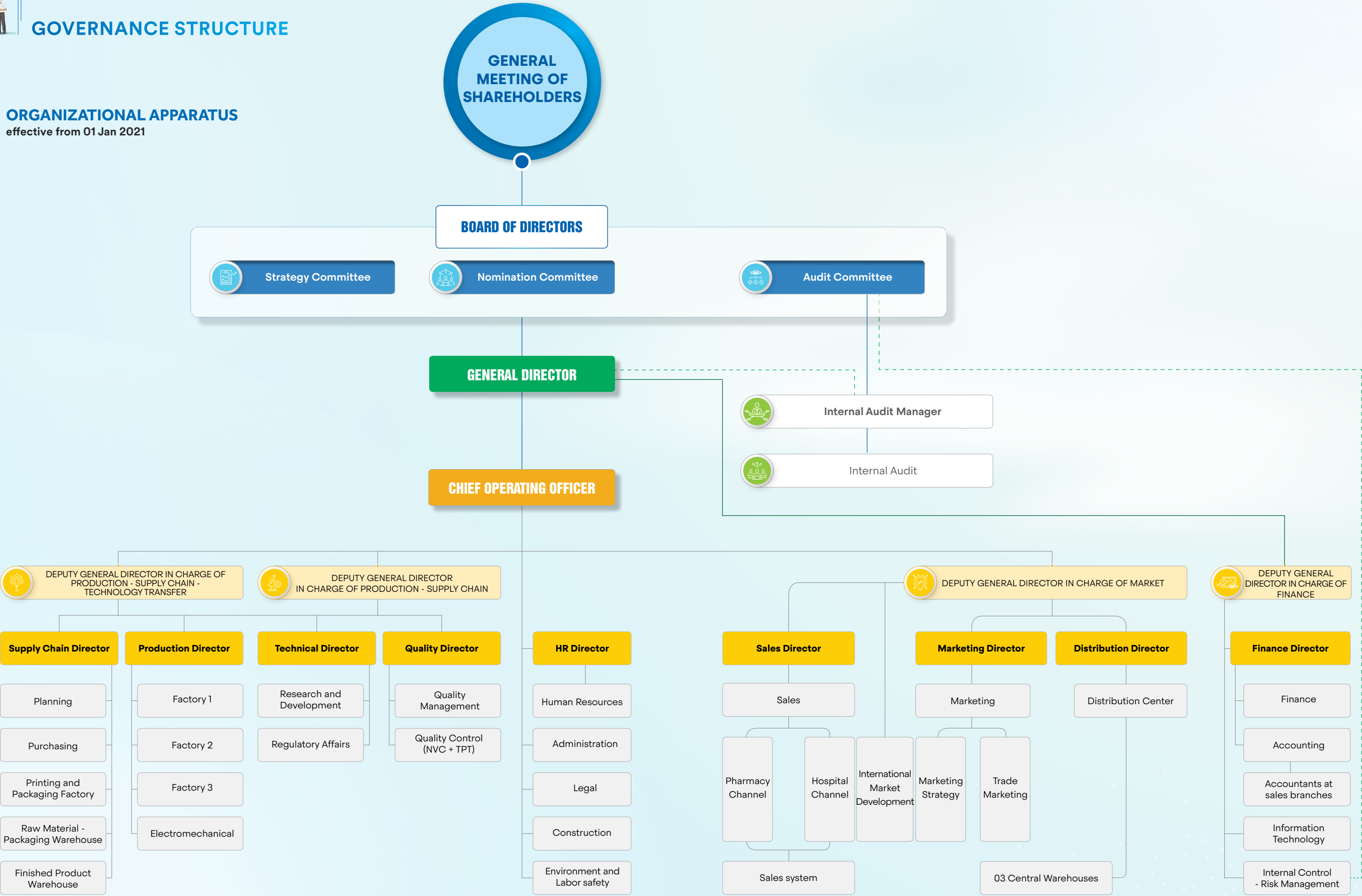
KEY TRENDS IMPACTING THE ENVIRONMENT AND ECOSYSTEM





GOVERNANCE STRUCTURE

ORGANIZATIONAL APPARATUS effective from 01 Jan 2021



— Direct report
- - - Functional report



RISK MANAGEMENT

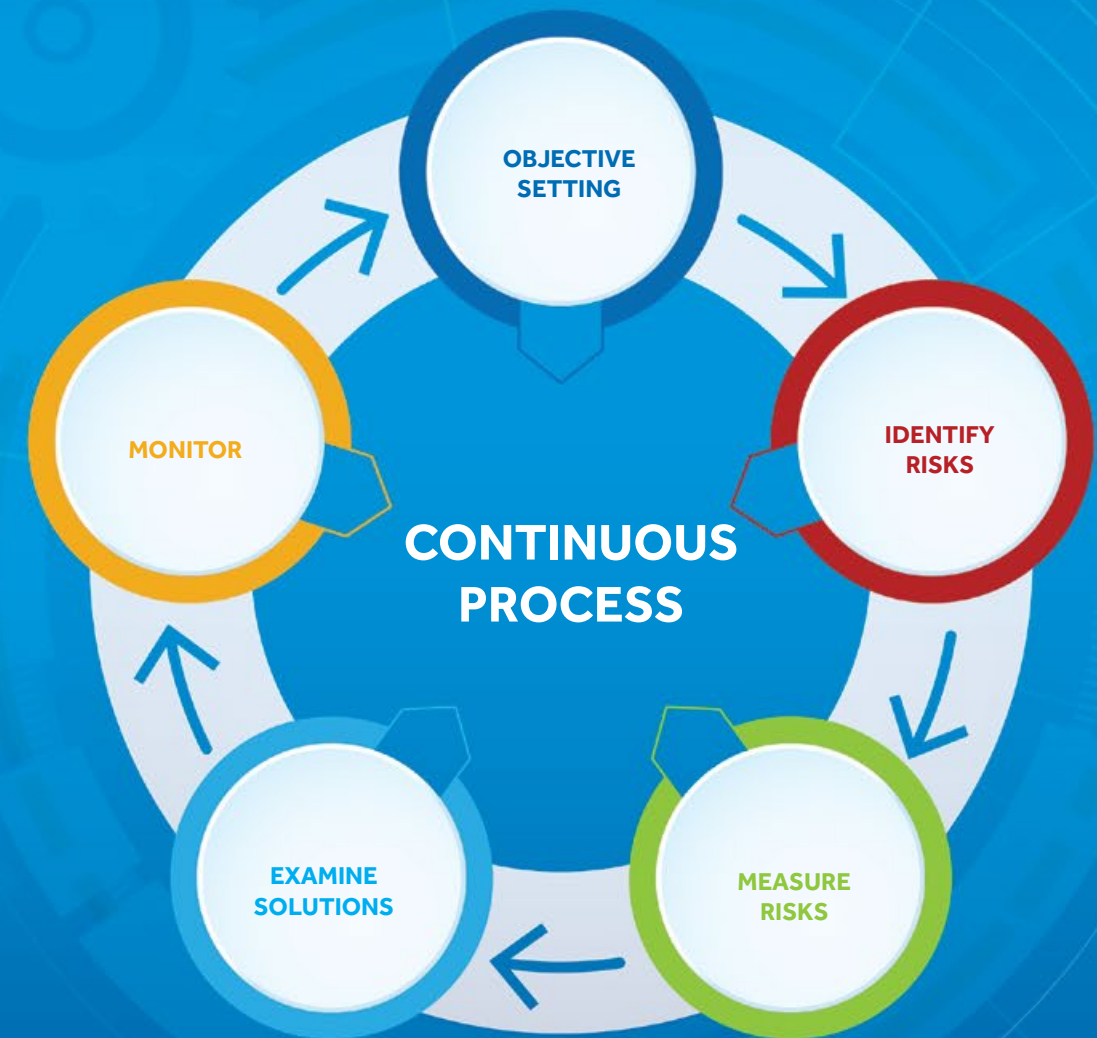
“ The year 2020 has been a challenging year with many obstacles derived from the volatile economic situation compounded by the outbreak of Covid-19 pandemic. These have caused massive and extensive impact and the situation continues to progress further with unpredictable complication. In such a volatile and complex scenario, effective risk management activities have become an ultimate measure that enabled DHG Pharma to ensure the Company’s smooth operation and development.

ORIENTATION OF RISK MANAGEMENT AS BELOW MODEL



DHG Pharma has taken appropriate development steps in relation to its risk management activities. The role of risk management has been fully and profoundly recognised with a stronger focus, which has gradually been integrated into other operational aspects of the Company in order to provide correct and timely directions.

RISK MANAGEMENT PROCESS





RISK MANAGEMENT

MANAGING CRITICAL RISKS

Risk name	Risk description	Control measure
1. Legal environment	Not promptly prepare and adapt to changes in laws	Regularly update relevant legal changes, assess and analyze impacts on the Company to have a timely action plan
2. Domestic market competition	Not promptly prepare and address the competitive pressure from competitors in the market	DHG Pharma diversifies and makes a difference in products, and at the same time enhances the application of quality standards for plants
3. Raw materials for production	Not promptly and sufficient supply raw materials for production at reasonable costs	Be proactive in the process of purchasing and developing a variety of channels for purchasing raw materials
4. Product quality assurance	Products delivered to end-users do not guarantee its quality	Regularly inspect, assess the product quality and implement risk assessments before applying new technologies or implementing changes that affect product quality.
5. Information security	Risk of system disruption and loss of important information to the outside	Enhance the implementation of solutions to perfect IT control points and training, communication to improve user knowledge
6. Maintain a high-quality labor force	Loss of high-quality personnel without appropriate and timely replacements	Improve remuneration policies to attract and retain employees, at the same time develop a human resource plan focusing on training, especially training of successors to be ready to respond to changing requirements of the Company
7. Business continuity plan	Inability to maintain business continuity when serious risk events occur, or at a high cost	Develop a Business continuity plan (BCP) for catastrophic and other incident scenarios, especially the BCP development for the Covid-19 pandemic. Regularly update information and adjust accordingly.
8. Compliance with HSE regulations	Failure to timely detect and prevent violations of HSE regulations (Health, Safety and Environment)	Maintain the training and inspect on HSE implementation and compliance: Periodic training and practice on HSE, fire prevention and rescue; organize the working environment measurement, check the operation and efficiency of environmental treatment equipment...
9. Fluctuations in exchange rate & interest rate	Exchange rate & interest rate negatively fluctuate for business activities.	Strictly manage the import and export plans in terms of execution time as well as payment deadlines to establish foreign currency demand and reserve. Regularly update and forecast exchange rate fluctuations to balance needs and adjust plans accordingly.
10. Tax compliance	Difficulties in understanding and applying tax regulations in	Regularly contact the tax authority about issues that arise during operations. Sign the contract with tax advisory units and invite local tax authorities to review on annual tax declaration

THE RISK MANAGEMENT SYSTEM IS OPERATED ON 3 ASPECTS: PERSONNEL - PROCESS - SYSTEM

With the objective of integrating risk management gradually into the Company's critical activities and increasingly in daily work. The specific work plan for 2021 is based on three aspects:





ETHICS AND INTEGRITY



LET DHG PHARMA ESSENCE BE THE COMPANY PRIDE

DHG PHARMA CONSIDERS THIS MOTTO AS THE KEY TARGET THAT DETERMINES DHG PHARMA'S SUSTAINABILITY AND DEVELOPMENT.



“ DHG Pharma continues to strengthen and promote **DHG PHARMA'S CULTURAL IDENTITY** to ensure that all DHG Pharma's employees strictly abide by the Company's regulations, understand and perform in the spirit that **“Each member is an ambassador of DHG Pharma”** who always creates the best impression when working with partners and customers as well as provokes their interest and goodwill in cooperation with DHG Pharma.

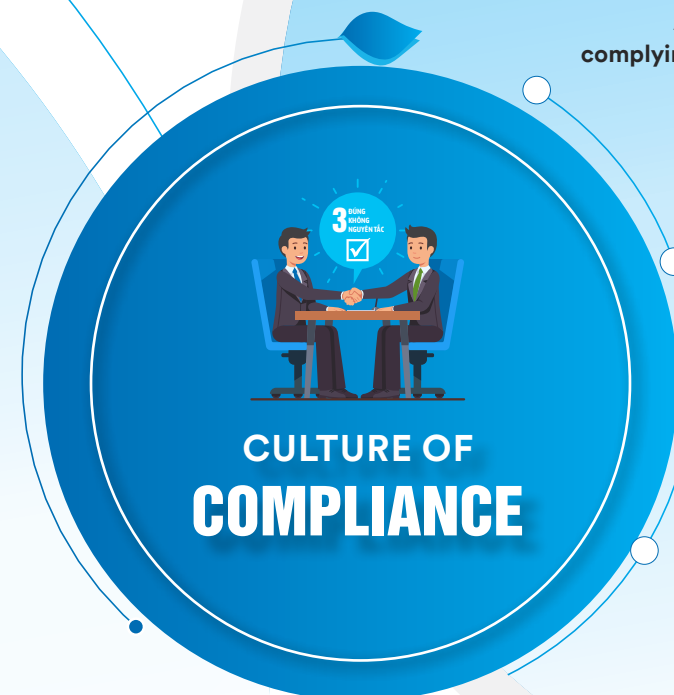
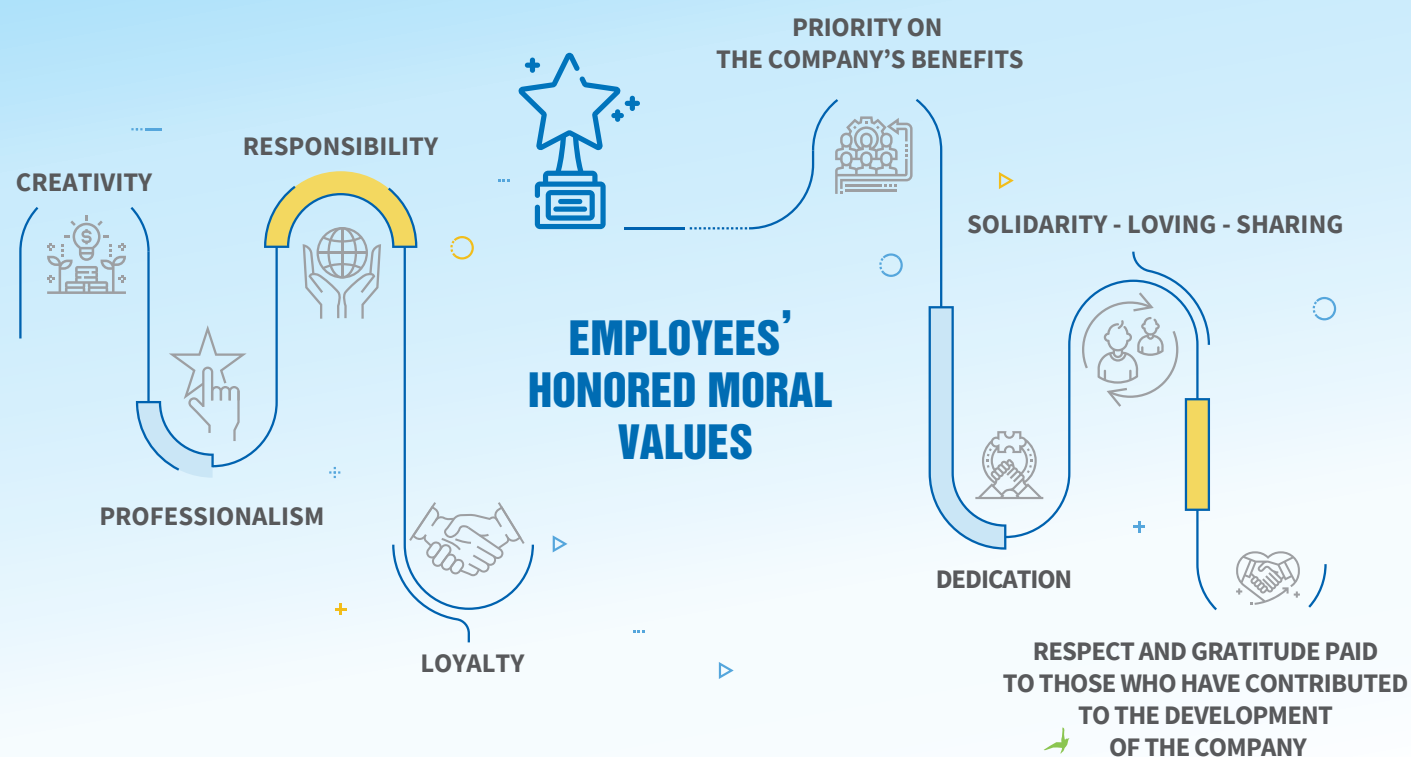
DHG Pharma is committed to become a reputable and professional company, guided by the right and appropriate policies and led by the appropriate fundamental ethical principles.



1. Complying with the constitution and the laws of Vietnam as well as in all jurisdiction in which the Company operates and bears the responsibility for its non-compliance acts.
2. Complying with rules and regulations issued by the Company and further ensure that all these documents are in compliance with the laws.
3. Ensuring information confidentiality, and effectively managing, utilizing and protecting assets of the Company.
4. Optimizing and increasing values added for all stakeholders but still ensure that these profits cannot compromise its moral values.
5. Performing social responsibility as a mandatory requirement for all members of the Company.
6. Ensuring fair competition on the principles of honesty, equality, and not invading benefits of the State, community, and consumers.
7. Respecting the intellectual property of competitors, customers, partners, suppliers, etc.
8. Treating customers and consumers as the most important and privileged stakeholders because they are indispensable to the success of the Company.
9. Viewing employees as valuable assets - a crucial resource that needs training, caring, respecting and treating fairly.



ETHICS AND INTEGRITY



Always
complying with

3
RIGHTEOUS

RIGHTEOUS Regulations
RIGHTEOUS Processes
RIGHTEOUS Standards

Never
becoming

3
NOT EXPERT

NOT know how
NOT be able
NOT care

In all cases,
focusing on

3
PRINCIPLES

Truth
Honesty
Usefulness



Doing your best
when at work

When problems arise,
take personal accountability first

If a plan does not work, make a new plan
Never change your goals

Getting together we
commence

Sticking together we
progress

Working together we
succeed



CODE OF CONDUCTS WITH STAKEHOLDERS



WITH CUSTOMERS: CONSUMERS

A.

ALL ACTIVITIES OF ALL MEMBERS OF THE COMPANY MUST AIM AT BUILDING 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. This is also the mission that all employees of the Company must make efforts to achieve.
- The Company is also committed to providing customers with products and services timely 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 guiding customers to identify counterfeit. The Company guarantees that all product information, usage, benefits and side effects are clearly specified on the prescription label.
- Performing bioequivalence tests to prove DHG Pharma’s products are equivalent to the original brand-name drugs.
- Detecting and promptly notifying competent authorities and guiding customers to identify counterfeit. The Company guarantees that all product information, usage, benefits and side effects are clearly specified on the prescription label.
- 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 (mostly feedback from consumers) and through the sales staff of the Company (mostly feedback from pharmacies, hospitals, and doctors).
- Handling low-quality products: Based on the test results, the Company will apply the procedure for unqualified products if the unqualified batch of drugs were shipped but not yet distributed. If the batch has been delivered, then the product recall procedures will be carried out.

WITH CUSTOMERS: AGENTS, DISTRIBUTORS, HOSPITALS, MEDICAL CENTERS, ETC.

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 CUSTOMERS’ CONFIDENCE.

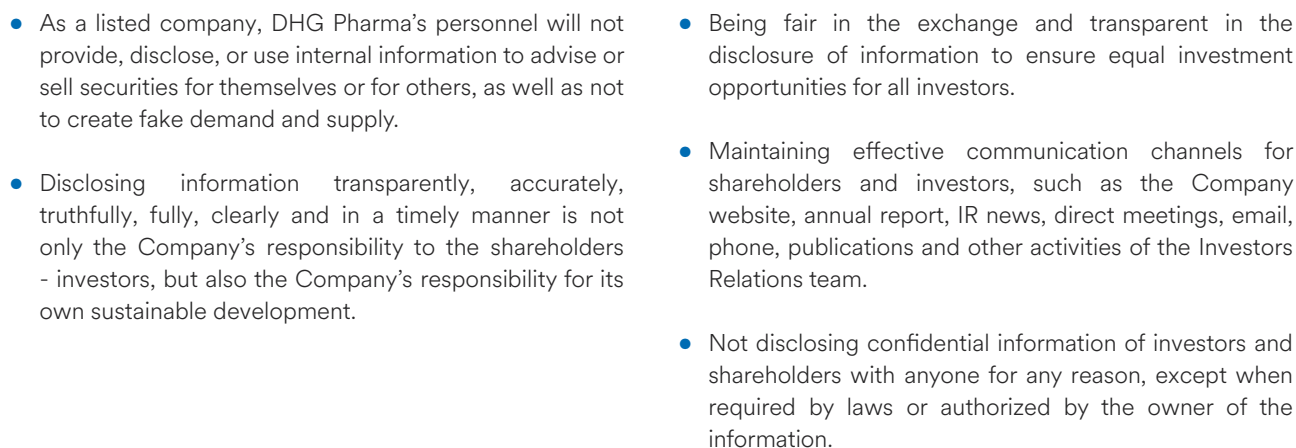
Furthermore, DHG Pharma is committed to delivering products on time, with good quality and after-sales services. Furthermore, we regularly hold customer conferences to commend and praise agents and distributors with excellent business achievements, in order to encourage the spirit for the upcoming business 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. Customers’ feedback is the most specific and comprehensive measure that helps the Company further improve and enhance the quality of services to meet customers’ changing needs.



WITH SHAREHOLDERS AND INVESTORS

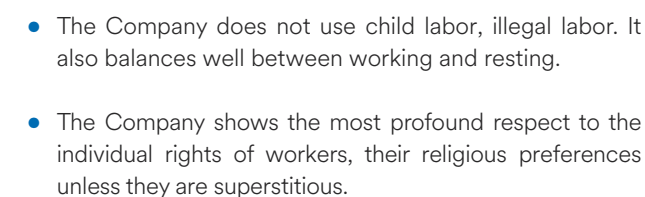
DHG PHARMA IS COMMITTED TO BUILDING RELATIONSHIPS WITH SHAREHOLDERS AND INVESTORS BASED ON HONESTY, FAIRNESS AND BEST INTEREST FOR ALL.



WITH EMPLOYEES

FOR DHG PHARMA, EMPLOYEES ARE VALUABLE ASSETS.

- 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 to effectively contribute to the Company’s business results.
- DHG Pharma is where potential and competent employees can develop their career and receive appropriate compensation for their contribution. It is also a place of 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.



WITH SUPPLIERS

DHG PHARMA ABIDES BY LAWS IN RELATION TO ITS TRANSACTIONS WITH SUPPLIERS AND FOLLOWS THE FOLLOWING PRINCIPLES:

- 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 neither rely too much on its economies of scale to mistreat suppliers nor downplaying and making suppliers wait for too long.
- The Company never takes advantages of its positions to ask for “commission” or gifts from suppliers for personal gain.
- The Company never goes back on the confidentiality by disclosing classified information of suppliers to their competitors.



CODE OF CONDUCTS WITH STAKEHOLDERS



WITH THE GOVERNMENT, AND GOVERNMENT AGENCIES

- Not performing illegal acts to censor and cover information, which is beneficial to the Company or any individual.
- Not committing acts of bribery to gain privileges and special benefits from the Government and State agencies.
- Fulfilling tax obligations and contributing to the local budgets as regulated. It is acceptable to utilize tax incentives policies of the State but tax evasion must not be committed.



WITH THE MEDIA AND PRESS

- Nowadays, media have a powerful impact on different aspects in any fields. Establishing relationships with the media is essential for enhancing the image, improving DHG Pharma's brand, and reaching out closer to consumers. However, it is important that this relationship be built on the principles of equality with accurate, complete, clear, legal information.
- The Company has assigned a person in charge of information exchange and disclosure while other individuals cannot contact with representatives of the media to respond to questions or release any information related to the Company.



WITH THE COMMUNITY

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

"Care and Share" is one of three long-lasting norms of DHG Pharma 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, supporting poor patients with cash or stuff, etc.





STAKEHOLDER ENGAGEMENT

GENERAL MANAGEMENT METHOD

“ 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 we can ensure that the Company’s activities become more and more effective.

ESPECIALLY



EFFECTIVE ECONOMIC GROWTH



DEVELOPMENT OF HUMAN RESOURCES



CORPORATE GOVERNANCE



ENVIRONMENTAL PROTECTION

DHG PHARMA'S STAKEHOLDERS



STEP 1

IDENTIFY STAKEHOLDERS

The Company’s stakeholders include various organizations and individuals who have ‘relations’ (or “benefits”) to the Company’s operations. These might include those who are positively or negatively affected by the Company’s activities in some way or are likely to affect the Company’s operations. DHG Pharma identifies the followings as its key stakeholders: Customers; Shareholders and Investors; Employees; Suppliers and Partners; the Government; Media, Press and the Community.

STEP 2

ASSESSING LEVELS OF PRIORITY FOR STAKEHOLDERS

We classify, prioritize stakeholders based on their impact and influence on the Company’s business activities. On this 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.

DHG Pharma’s important stakeholders are identified as follows:








STAKEHOLDER ENGAGEMENT

STEP 3





STAKEHOLDER ENGAGEMENT

Information and feedback from related parties are one of the important factors affecting DHG Pharma's thinking and way of action 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 values and benefits to the stakeholders.

Stakeholder engagement ways currently applied at DHG Pharma:

Contact channels	Main topics
 CUSTOMERS	<ul style="list-style-type: none"> Face to face meetings, information exchange via mobile/email Seminars, conferences, health care talk shows Customer care and hotline DHG Pharma's website, social media: facebook, forum... Market research
 SHAREHOLDERS AND INVESTORS	<ul style="list-style-type: none"> Quarterly face to face meetings or per request Via email Annual/Extraordinary general meetings of shareholders, general meeting by solicitation of shareholders DHG Pharma's website
 EMPLOYEES	<ul style="list-style-type: none"> DHG Pharma's website, mobile, email... Face to face meetings, information exchange with the Company's union Internal training programs Internal programs: Labor conference, the Company's traditional days, year-end party, family day, International Women Day, sports, music performances. etc. Employee's surveys on the working environment General Director's mailbox Quarterly, 6-month/ yearly review conferences



Contact channels	Main topics
 SUPPLIERS AND PARTNERS	<ul style="list-style-type: none"> Face to face meetings, information exchange via mobile/email Information in paper such as bidding price, raw materials cost Conferences and programs connecting and improving relationships with suppliers
 THE GOVERNMENT	<ul style="list-style-type: none"> Factory visits and checks Reports and enquiries for instructions Participation in conferences, seminars in terms of Medical sector, tax, etc organized by the government and Ministerial level authorities Participation in relevant organizations and associations
 THE MEDIA AND PRESS	<ul style="list-style-type: none"> Information disclosure, press conference Interview and press release DHG Pharma's website Social media: facebook, youtube, etc DHG Pharma's news
 COMMUNITY	<ul style="list-style-type: none"> Face to face meeting Medical consulting seminars and examinations Coordination with local authorities Press



STAKEHOLDER ENGAGEMENT

STEP 4

CONSIDERING IDENTIFIED BENEFITS AND EXPECTATIONS

The most important and primary goal of DHG Pharma is to create long-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 promoting ethical standards, DHG Pharma's corporate culture that has maintained and promoted in over 46 years.

Stakeholder engagement in the policies and operations of DHG Pharma



Concerns

- Product quality, efficiency, safety level
- Diversified product portfolio
- Reasonable prices
- Brand reputation
- Wholehearted customer service
- Application of IT in sales support

DHG Pharma's actions

- Commitment to product quality is the top criterion.
- Continuous improvement of technology and modern production lines
- Strict control by the closed process of product safety.
- Promotion of product research and development
- Expansion of distribution channel nationwide
- Responses to customers' questions and organization of conferences, seminars, etc.
- Improvement of brand reputation through prestigious awards
- IT application in distribution process, managing the number of products sold and the inventory in all distributors, agents and pharmacies nationwide.



Concerns

- Business performances
- Effective use of invested capital
- Governance capability
- Information transparency
- Stock market cap and enterprise value
- Dividend

DHG Pharma's actions

- Effective use of invested capital
- Completion of management model, tightening risk control and improvement of the efficiency of production and business activities
- Transparent information disclosure
- Guarantee of high and fair dividends for shareholders and investors



Concerns

- A comfortable working environment without discrimination
- Training policies and development opportunities
- Bonus and welfare policies
- Care for employees' material and spiritual life
- Assessment of employees' competence in a fair, objective and scientific manner

DHG Pharma's actions

- Performing "Take responsibility, cooperation, and promotion as driving force for our actions"
- Organizing internal and external trainings to improve employees' professional level.
- Creating the best conditions for capacity development and promotion opportunities.
- Applying training app for leaders, sales force and all employees via Magic Mirror App.
- Properly executing compensation and welfare policies for every position, role and responsibility.
- Evaluating employees' competence via KPI and competence framework.



STAKEHOLDER ENGAGEMENT



Concerns

- Cooperation for mutual development
- Raw materials quality and price
- Specific requirements for projects invested by the Company and environmental, social issues, especially in the location where the factories are located.
- Criteria for suppliers about their environmental and social responsibilities.

DHG Pharma's actions

- Mutual development principles
- Utilizing raw materials efficiently, operating modern production systems and processes to ensure the best product quality.
- Ensuring large and stable demands for raw material suppliers.
- Prioritizing suppliers meeting the requirements of management, progress, compliance with law, commitment to environmental and social responsibilities



Concerns

- Law compliance
- Tax obligations to the government budget
- Responsible business and production activities for consumers' health, environment and society
- Creating jobs and increasing income for local people

DHG Pharma's actions

- Strict compliance with applicable law.
- Fulfilling tax obligations to the government annually
- Providing high-quality products and committing to the ethics and business principles
- Resolving employment issues and supporting the local economic improvement
- Corporate governance towards sustainable development, minimizing impacts on the environment and society.



Concerns

- Information disclosure in accordance with regulations, promptly and transparently.
- Information exchange with the news agency clearly, accurately about the activities of the Company and the industry.

DHG Pharma's actions

- Taking the initiative in information disclosure through conferences, press releases, articles, news, etc.
- Increasing the amount of information sent to the press through press releases and sending in-depth analysis articles to the press.



Concerns

- Creating jobs and increasing income for local people
- Offering consultancy activities to improve public health
- Implementing methods to minimize environmental impacts.

DHG Pharma's actions

- Supporting the local economy, contributing to improve the lives of local people
- Contributing to the local community in various forms
- Organizing numerous health care activities, consultation conferences
- Strictly following environmental regulations, especially in the location where factories are located.
- Making sustainable development become an operating target.

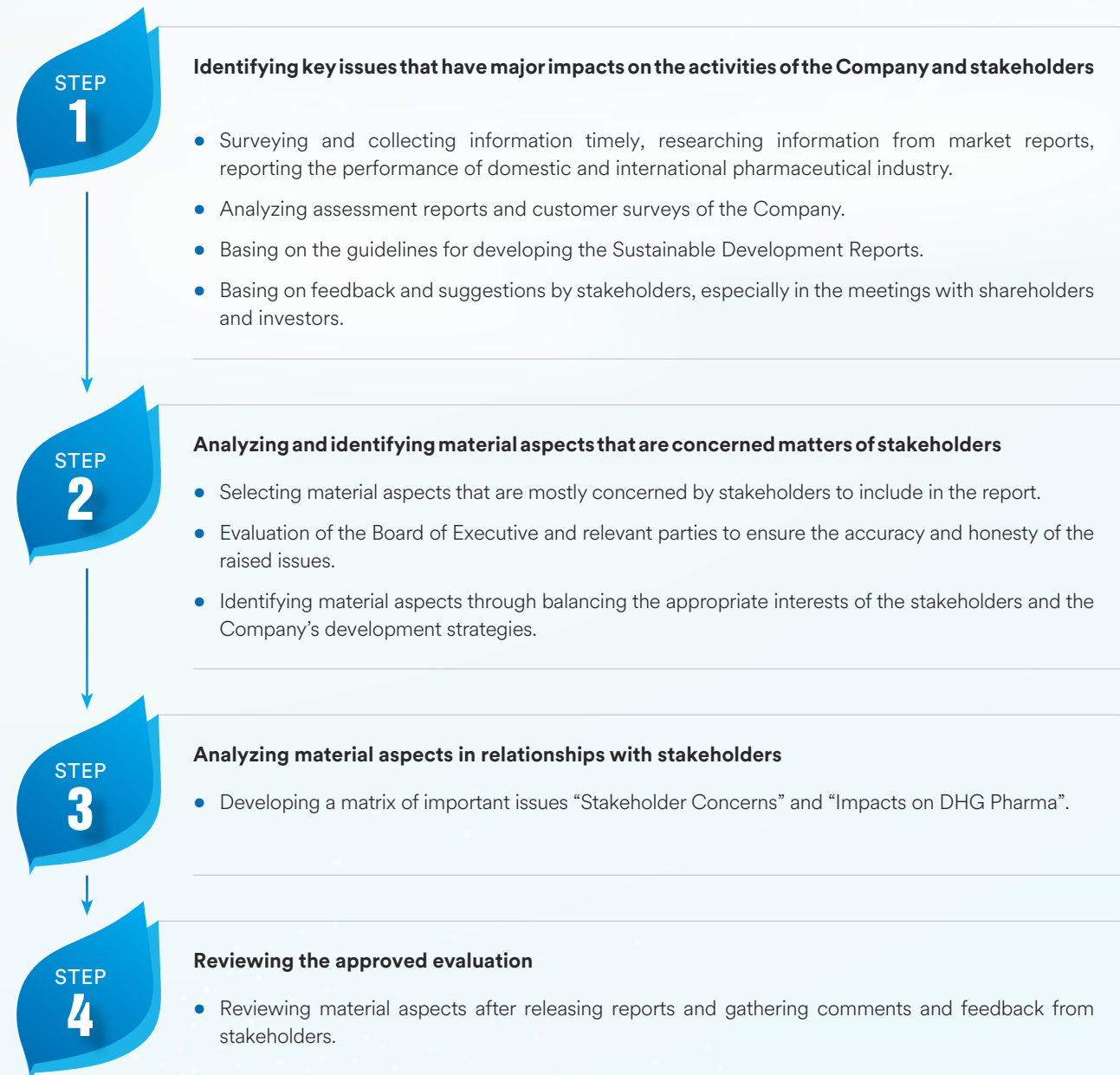


IDENTIFYING MATERIAL ASPECTS

PRINCIPLES

“As for material aspects, DHG Pharma identifies the management method based on the context of the domestic and international pharmaceutical industry, feedback and concerns of related parties. DHG Pharma identifies material aspects in the relationship between the economy, society, environment and the Company’s business, thereby shaping the strategy, ensuring sustainable development in the long term.

PROCEDURES TO IDENTIFY MATERIALS ASPECTS



MATERIAL ASPECTS

- Economic Performance
- Market Presence
- Indirect Economic Impact
- Procurements Practices
- Anti-Corruption
- Anti-Unfair Competition
- Tax



ECONOMIC SECTOR



- Materials
- Energy
- Water and Effluents
- Emissions and Waste
- Environmental Compliance

ENVIRONMENTAL SECTOR



SOCIAL SECTOR

- Employment
- Occupational safety and health
- Education and Training
- Diversity and Equal Opportunity
- Freedom of Association & Collective Bargaining
- Child Labor
- Forced Labor
- Local Community
- Customer Health and Safety
- Marketing and Labeling
- Customer Privacy



IDENTIFYING MATERIAL ASPECTS

MATRIX OF MATERIAL ASPECTS



EVALUATION REVIEW

Upon completion of the report, DHG Pharma shall review all reporting contents, 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 2020, creating the premise for improving the goals and strategies for sustainable development in the coming year.



COVID-19 PANDEMIC AND ITS IMPACTS ON SUSTAINABLE DEVELOPMENT

In 2020, the global economy underwent a severe recession. Accordingly, global trade plunged and most economic centers experienced negative growth when the Covid-19 pandemic broke out and spread unprecedentedly in history. The International Monetary Fund (IMF) forecast that global GDP growth in 2020 would decrease by 4.4%. Unemployment rates would experience an increasing trend in developed and newly emerging market economies. In Vietnam, the picture of the economy depicted many bright spots with an increase in its GDP in 2020 by 2.91%. Although this is the lowest rate in the past 10 years, it is positive growth rate which ranks among the highest in Asia and the world.



COVID-19 PANDEMIC AND ITS IMPACTS ON SUSTAINABLE DEVELOPMENT

THE WORLD

VIETNAM



GLOBAL GDP IN 2020 DROPPED BY

↓ **4.4%**
(according to IMF)

IN APRIL 2020, WTI CRUDE OIL
DROPPED BELOW

↓ **0\$**
(for the first time in history)

GLOBAL FOREIGN DIRECT
INVESTMENT (FDI) DROPPED BY

↓ **40%**
in 2020

THE YEAR 2020 WAS RECORDED
AS THE WORST YEAR IN THE
HISTORY OF THE WORLD TOURISM
(according to the World Tourism
Organization (UNWTO))

USD 1.3 trillion

The global tourism industry lost in tourism
export revenue in 2020.

GDP IN 2020 INCREASED BY

↑ **2.91%**
the lowest rate in the past 10 years

TOTAL FDI INFLOWS INTO
VIETNAM IN 2020 REACHED

USD 28.5 billion
down by 25% compared to that in 2019

IN 2020, TOTAL REVENUE
OF THE TOURISM SECTOR REACHED

VND 312 trillion

down by
↓ **58.7%**
a decrease equivalent to
USD 19 billion



GLOBAL UNEMPLOYMENT
RATE INCREASED BY

↑ **11%**
(adding 33 million people
losing their jobs)

In 2020
>100 million
people worldwide fell into
poverty

THE GLOBAL MORTALITY
RATE IN 2020 ROCKETED.

IN TOTAL, ACROSS THE COUNTRY

32.1 million

people aged from 15 who are negatively affected
by the Covid-19 pandemic, including those who
lost their jobs or had to take time off/rotation,
reduced working hours, and reduced incomes, etc.

THE SIGNIFICANT DECLINE IN INCOME due to
Covid-19 further led to a reduction in consumption in
the society. Consumers tightened their spending as a
response to the uncertainty they perceived towards
to the progress of the pandemic.

THE IMPLEMENTATION OF SOCIAL
DISTANCING LASTING FOR A LONG TIME
disrupted learning and direct connection between
students and teachers. This especially impacted
young learner groups since it is vital for them to
maintain contact and communication with the
community and society as main channels for
obtaining knowledge, habits and lifestyles. The most
disadvantaged ones were children in difficult places
with no or little access to the internet, and favourable
conditions for online learning as an alternative form
was not available

DOMESTIC VIOLENCE INCREASED AT
AN ALARMING RATE, especially after
countries applied regulations on isolation
and lock down as measures against
Covid-19.

SOCIAL UNREST SIGNIFICANTLY INCREASED,
which began in the United States
and quickly spread around the world



THE GREENHOUSE EFFECT REDUCED
in the most powerful way ever in the history
thanks to social distancing measures

THE AIR QUALITY IMPROVED
SIGNIFICANTLY

According to IQAir, the air quality in 2020
became cleaner in

>84%

of the countries and territories analyzed

WASTES INCREASED

- Many waste recycling programs in different cities in the US and Europe were postponed due to concerns about the spread of the virus.
- In many countries, masks were required to wear in all public places, which led to a sudden dramatic increase in disposable items for epidemic prevention and social distancing such as disposable masks, take-away food and drink containers, plastic packages for online purchased goods.
- A large amount of chemicals used for disinfection caused a harmful effect on the environment.

THE CONCENTRATION OF
PM 2.5 FINE DUST IN HANOI
DURING THE PERIOD OF SOCIAL
DISTANCING DECREASED BY

↓ **19%**

THE AMOUNT OF HAZARDOUS MEDICAL
WASTE IN VIETNAM
IN 2020 WAS ESTIMATED TO INCREASE

↑ **2-3 times**

the normal level with the largest increase
experienced with medical masks.

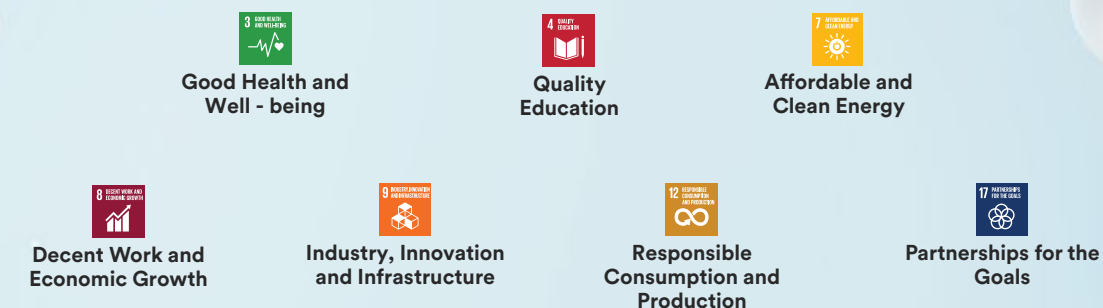


RESULTS IN IMPLEMENTING 17 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

The 2030 Agenda for Sustainable Development with 17 Sustainable Development Goals (SDGs) have been adopted by the United Nations, which is an urgent call for global efforts to end poverty and hunger, protect the environment and climate, and to build a better future for everyone.

Based on the contents of 17 Sustainable Development Goals of the United Nations, DHG Pharma analyzed and selected the goals to include in the Company's orientation.

DHG PHARMA HAS GIVEN PRIORITY TO THE FOLLOWING SUSTAINABLE DEVELOPMENT GOALS:



DHG PHARMA HAS BEEN CONTRIBUTING TO THE FOLLOWING SUSTAINABLE DEVELOPMENT GOALS:





RESULTS IN IMPLEMENTING 17 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

ACHIEVEMENTS IN 2020 TOWARDS MATERIAL ASPECTS

ECONOMY



Material aspects	Orientation	Achievements in 2020
GRI 201 Economic Performance	Maintaining the leading position in Vietnam Pharmaceutical Industry; Improving brand value, maintaining Top 50 leading brands in Vietnam.	» Maintained the leading position in Vietnam pharmaceutical industry for 24 consecutive years in terms of sales, profit. » Net sales: VND 3,756 billion; » Profit before tax: VND 821 billion; » Top 50 leading brands in Vietnam voted by Forbes Vietnam Magazine.
GRI 202 Market Presence	Ensuring the quality of life for employees and their families to be above the average level.	» The minimum income of newly recruited employees at DHG Pharma is 1.3 - 1.5 times higher than the regional minimum wage in Can Tho, Ho Chi Minh, and Hanoi.
GRI 203 Indirect Economic Impacts	Creating decent jobs; Maximizing enterprise values and increasing interests of stakeholders.	<ul style="list-style-type: none">• Created jobs: >2,700 employees nationwide;• Dividend payment in 2020: VND 523 billion;• Employee income increased by 2%;• Total transaction value with suppliers: VND 4,303 billion.
GRI 204 Procurement Practices	Searching for sources of raw materials, packaging with competitive quality and prices.	<ul style="list-style-type: none">• Raw materials are always carefully reviewed by DHG Pharma and chosen from reputable suppliers in the world and in Vietnam;• Each material of DHG Pharma has 2-3 suppliers.
GRI 205 Anti-corruption	Ensuring DHG Pharma's operations are public and transparent.	<ul style="list-style-type: none">• The Company did not record any violations related to corruption.
GRI 206 Anti-competitive behavior	Ensuring competition and fairness.	<ul style="list-style-type: none">• All transactions, external relations, business activities, and other activities were closely monitored to ensure that DHG Pharma's development goals are on track.
GRI 207 Tax	Contributing to the State budget; Complying with tax laws.	<ul style="list-style-type: none">• Contributed to the State budget: VND 272.6 billion.• Total contribution to the State budget in the last 5 years: VND 1,339 billion.

THE UNITED NATION STANDARDS



Decent Work and
Economic Growth



Industry, Innovation
and Infrastructure



Responsible
Consumption and
Production



Partnerships for the Goals



RESULTS IN IMPLEMENTING 17 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

SOCIETY

THE UNITED NATION STANDARDS



No Poverty



Gender Equality



Zero Hunger



Industry, Innovation, and Infrastructure



Good Health and Well-being



Reducing Inequalities



Quality Education

Material aspects	Orientation	Achievements in 2020
GRI 401 Employment	Maintaining and improving the quality of activities and programs caring about employees' health and lives.	<ul style="list-style-type: none"> Employee retention rates: > 90%; Average income: VND 20.2 million/person/month; 100% of benefits for maternity, women raising children under 12 months of age, etc was guaranteed.
GRI 403 Occupational safety and health	Ensuring a safe working and production environment.	<ul style="list-style-type: none"> 100% of employees were offered periodic health check-ups; Complying with the labor and safety regulation.
GRI 404 Training and Education	Training human resources with expertise, skills, and being able to adapt to changes in science and technology.	<ul style="list-style-type: none"> Total training hours: 130,400 hours; Cost of training: VND 3 billion; Total number of training courses: 64 courses.
GRI 405 GRI 406 Diversity - Equality - Non-discrimination GRI 407 - Freedom of Association	All employees are treated equally; Developing capacity assessment framework for each job position; Improving the quality of Union activities.	<ul style="list-style-type: none"> Female employees accounted for 41%, 21% of senior managers are women; 100% of employees providing comments on collective labor agreement and democratic regulations.
GRI 408 GRI 409 Child Labor - Forced Labor	No use of child labor; No forced or compulsory labor.	<ul style="list-style-type: none"> DHG Pharma did not use child labor and did not mistreat, coerce or force its employees.
GRI 413 Local Communities	Training cultural identity and educating community awareness; Providing knowledge about disease prevention, safe and effective use of products; Continuing the free medical examinations and medicine program; Maintaining the Youth Union's activities such as visiting the elderly, orphans and disabled children, etc.	<ul style="list-style-type: none"> Contributed to the community: nearly VND 12 billion; 23 free medical examinations and medicine for nearly 10,000 participants nationwide; Visited and sent Tet gifts for the elderly, orphans, disabled children in Can Tho City. DHG Pharma organized monthly trips to visit and give presents to elderly people. The Company weekly cooked food for children at the orphanage center, etc.
GRI 416 Customer Health and Safety	Promoting the application of information technology in management; Promoting product development and research.	<ul style="list-style-type: none"> 02 production lines meeting Japan - GMP standard; 100% of infrastructure was evaluated and checked annually.
GRI 417 Marketing and Labeling	All products must be labeled before bringing to market.	<ul style="list-style-type: none"> DHG Pharma did not record any violations related to product information and labeling of DHG Pharma.
GRI 418 Customer privacy	Confidentiality of customer information	<ul style="list-style-type: none"> DHG Pharma did not record any violations related to customer privacy.



RESULTS IN IMPLEMENTING 17 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS



Material aspects	Orientation	Achievements in 2020
GRI 301 Materials	<p>The Company's activities are always associated with protecting the environment, saving raw materials, using clean technology machines and equipment.</p>	<ul style="list-style-type: none"> Quantity of raw materials: 3,224 tons.
GRI 302 Energy	<p>Using energy efficiently and economically during production and daily operation.</p>	<ul style="list-style-type: none"> Electricity bills: VND 44 billion; Total electricity consumption: 25,860,365 Kwh/year.
GRI 303 Water and Effluents	<p>Promoting initiatives, efficiency savings and waste reduction.</p>	<ul style="list-style-type: none"> Water bills: VND 2.3 billion; Total water consumption: 266,678 m³/year; Wastewater recycled rate: 6.3%; Wastewater treatment fee: VND 2.2 billion/year; In 2020, the Science and Technology Committee at DHG Pharma received 209 ideas and improvements.
GRI 305 Emissions	<p>Environmental monitoring 2-4 times/year; Reduce CO₂ emission.</p>	<ul style="list-style-type: none"> 2 - 4 times/year, the Company collected samples for periodic monitoring of exhaust fume treatment systems; Monitoring results were within permitted limits.
GRI 306 Waste	<p>Waste was checked, collected, managed and treated.</p>	<ul style="list-style-type: none"> DHG Pharma has been signing contracts with suppliers providing services such as collection, transportation, treatment of domestic waste, hazardous waste, etc.
GRI 307 Environmental Compliance	<p>Closely linking the two goals - economic growth and environmental friendliness.</p>	<ul style="list-style-type: none"> In 2020, DHG Pharma did not record any violations of environmental laws: Number of fines: 0 time Amount of fines: VND 0

THE UNITED NATION STANDARDS



Clean Water and Sanitation



Affordable and Clean Energy



Climate Action

CREATING SUSTAINABLE VALUES

GRI
100

GRI
200

GRI
400

- 72 Building a prosperous enterprise
- 80 Outstanding benefits for shareholders and investors
- 84 Developing professional personnel
- 102 Fulfilling customers' needs
- 108 Building sustainable relationships with partners and suppliers
- 110 Spreading community responsibility





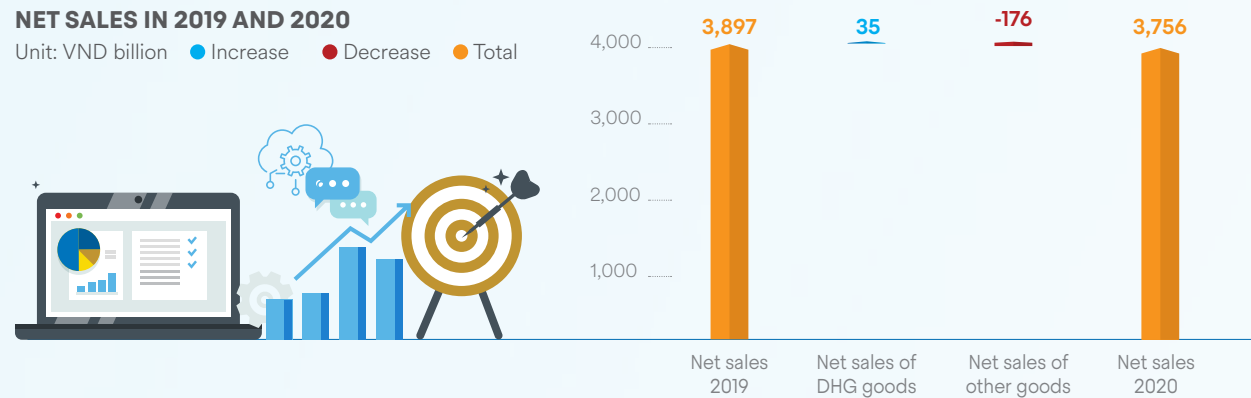
BUILDING A PROSPEROUS ENTERPRISE

EFFICIENT OPERATION

With the proactive implementation of business measures along with the collective determination, constant innovation, and creativity of all employees, and the assertiveness of the Board of Directors, DHG Pharma has excellently overcome the unfavorable factors of the Covid-19 pandemic to reach 97.1% of its net sales plan and 114.0% of its profit before tax plan assigned through the General Meeting of Shareholders. Profit after tax reached VND 739 billion, increasing by 17% over the same period last year. This is the highest level of profit reached in history; however, it also created growth pressure for the year 2021.

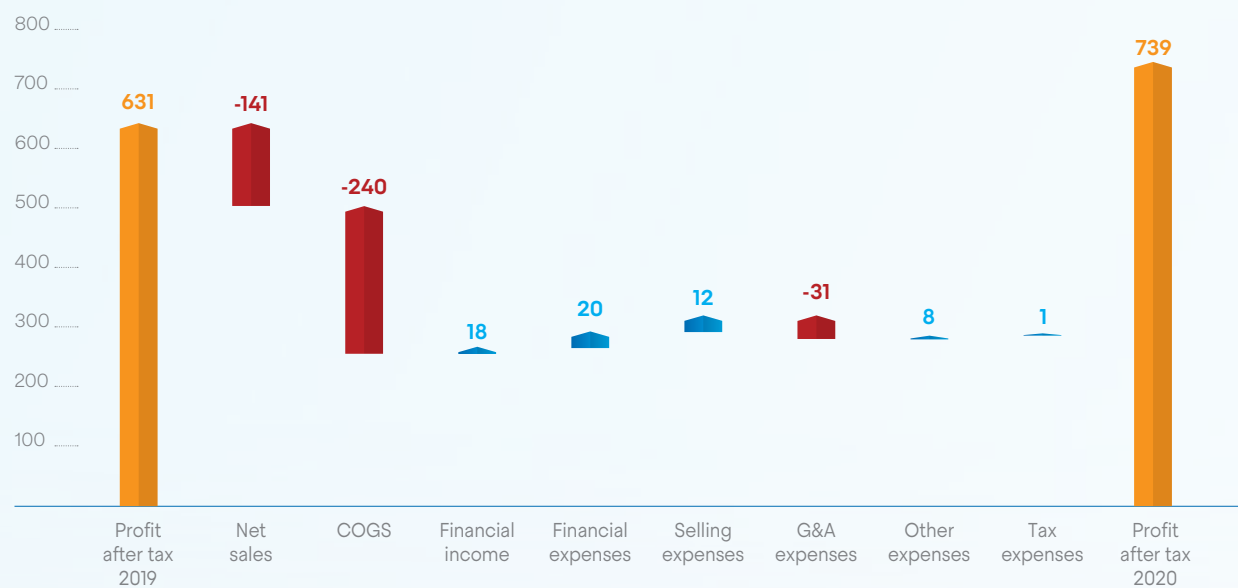
NET SALES IN 2019 AND 2020

Unit: VND billion ● Increase ● Decrease ● Total



PROFIT AFTER TAX IN 2019 AND 2020

Unit: VND billion ● Increase ● Decrease ● Total



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.

Unit: %

Year	2016	2017	2018	2019	2019*	2020	2020*
Gross profit margin	45.3	43.9	44.2	43.9	44.2	48.2	48.6
Before-tax profit margin	20.0	17.7	18.9	18.3	19.4	21.9	23.2
ROS	18.2	15.8	16.8	16.2	17.2	19.7	20.9
ROA	18.8	16.0	15.7	15.1	16.0	17.2	18.3
ROE	25.5	22.8	22.1	19.4	20.6	21.3	22.6

* The Company changed the allocation of Bonus and Welfare Fund. Therefore, in order to be equivalent, the data of 2019*, 2020* were applied the same accounting method with the past figures. (In 2019, the Company changed the recognition method of Bonus and Welfare Fund from profit after tax to expenses).

FINANCIAL HIGHLIGHTS 2016 - 2020

Indicators	Unit	2016	2017	2018	2019	2020
Income statement						
Net sales	VND Billion	3,783	4,063	3,882	3,897	3,756
Gross profit	VND Billion	1,713	1,783	1,717	1,712	1,811
Profit before tax	VND Billion	757	719	732	713	821
Profit after tax	VND Billion	689	642	651	631	739
Balance sheet						
Total assets	VND Billion	3,945	4,087	4,206	4,147	4,448
Current assets	VND Billion	2,746	2,939	3,148	3,134	3,481
Non-currents assets	VND Billion	1,199	1,148	1,058	1,013	967
Liabilities	VND Billion	1,076	1,328	1,062	769	879
Owner's equity	VND Billion	2,870	2,759	3,144	3,378	3,568
Charter capital	VND Billion	872	1,307	1,307	1,307	1,307
Cash flow						
Net cash inflows from operating activities	VND Billion	645	460	291	838	826
Net cash outflows from investing activities	VND Billion	-278	-192	-461	-224	-248
Net cash outflows from financing activities	VND Billion	-185	-322	-304	-620	-575
Net (decrease)/increase in cash and cash equivalents	VND Billion	182	-53	-474	-6	3
Cash and cash equivalent at the beginning of the period	VND Billion	421	603	550	76	70
Cash and cash equivalent at the end of the period	VND Billion	603	550	76	70	73
Basic financial ratios						
Gross Profit Margin	%	45.3%	43.9%	44.2%	43.9%	48.2%
Pre-tax profit margin	%	20.0%	17.7%	18.9%	18.3%	21.9%
ROS	%	18.2%	15.8%	16.8%	16.2%	19.7%
ROA	%	18.8%	16.0%	15.7%	15.1%	17.2%
ROE	%	25.5%	22.8%	22.1%	19.4%	21.3%
Shares information						
Market price at the end of the year	VND/share	61,450	113,350	79,000	91,500	104,000
Basic earnings per share	VND/share	4,485	4,378	4,445	4,668	5,443
Dividend	VND/share	3,500	3,000	3,500	4,000	4,000



BUILDING A PROSPEROUS ENTERPRISE

OPPORTUNITIES AND CHALLENGES BROUGHT BY CLIMATE CHANGE

“ Not only was the year 2020 marked with the fighting against the Covid-19 pandemic, but it was also the year in which the world continued to be drastically impacted by climate change such as extreme heat, wildfires, floods, cyclones, and the unprecedented rainy and stormy season, and the plague of locusts. These all turned people’s lives in many places to be miserable and posed a threat to the economic stability of many countries.



Increasingly complex and unpredictable weather patterns caused mortality and damage to infrastructure, which negatively affected people's livelihoods. The access to food, clean water, education, and healthcare due to loss of income and assets put pressure on the community, driving the rise of children's exposure to violence, exploitation, and abuse. Simultaneously, climate change will damage a whole generation's health status due to the risk of rising infectious diseases and malnutrition as a consequence of poor harvest. Being an enterprise with a branch system stretching across the country, DHG Pharma could not avoid the damage caused by climate change, typically by the historic flood in the central provinces lasting from Mid-Oct 2020 to early Dec 2020. This terrible flood not only caused property damage and hindered the business activities of branches in the short term due to the road separation, but it also affected the lives of the members of "DHG Pharma's family".

With the tradition of "Community benefits drive all activities", other members of the "DHG Pharma's family" were wholeheartedly willing to support each other to together overcome difficult times. Moreover, sympathizing with people in areas heavily affected by the flood, DHG Pharma not only committed to stabilize prices of all products during this period but also joined hands to provide free essential medicines and medical supplies for people after the flood.

In addition, as a leading enterprise in Vietnam's pharmaceutical industry, DHG Pharma constantly innovates, improves its product quality, and simultaneously promotes research on new products and technology transfer to bring new products to the market with high quality and at a reasonable price for people, given the times of stressful epidemics and extreme weather phenomena have become increasingly frequent.



CONTRIBUTION TO THE STATE'S BUDGET

The total contribution to the State budget in the last 5 years



Target	CIT exemption	CIT at 5%	CIT at 10%
Printing and Packaging Plant in Hau Giang	2014 - 2017	2018 - 2026	2027 - 2028
DHG Pharmaceutical Plant in Hau Giang	2015 - 2018	2019 - 2027	2028 - 2029

The total contribution to the State budget in 2020

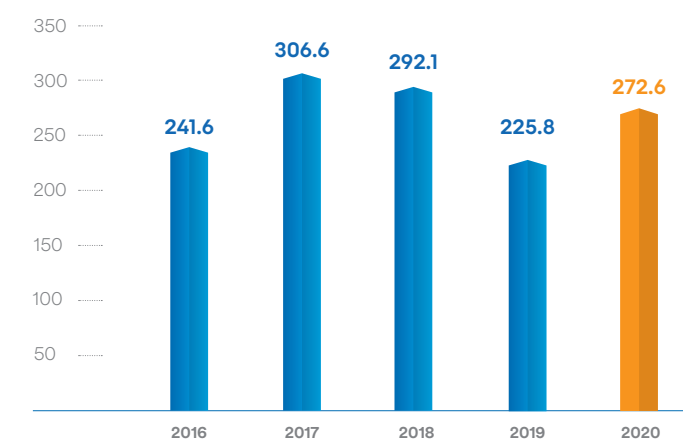


To encourage investment from enterprises, the State issued preferential investment policies for industrial parks and economic zones. At DHG Pharma, the Company also owns DHG Pharmaceutical Plant and Printing and Packaging Plant in Hau Giang, which are subject to the above preferential policies. The factory is entitled to a 10% corporate income tax rate for 15 years from the commencement date of operation. Specifically, DHG Pharma's plant 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.

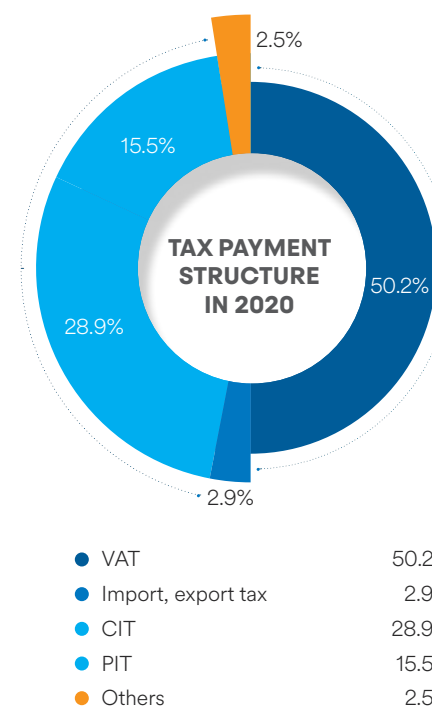
In 2020, in addition to receiving tax incentives from the State, DHG Pharma strictly complied with tax payments in accordance with the provisions of law and the State. The total contribution to the State budget in 2020 was VND 272.6 billion. In particular, the contribution to the State budget in Can Tho City and Hau Giang province was VND 130.4 billion and VND 17.5 billion, respectively. Value-added tax (VAT) accounted for the highest proportion, over 50% in the tax payment structure. It was followed by corporate income tax (CIT) and personal income tax (PIT). The total contribution to the State budget in the last 5 years was VND 1,339 billion.

CONTRIBUTION TO THE STATE'S BUDGET 2016 - 2020

Unit: VND billion



To avoid tax-related risks, the Company regularly contact the tax authority about issues that arise during operations, sign the contract with tax advisory units and invite local tax authorities to review on annual tax declaration.





BUILDING A PROSPEROUS ENTERPRISE

INDIRECT ECONOMIC IMPACTS

“In the context of the Covid-19 pandemic affecting several enterprises that have had their production scale down or even gone bankrupt, DHG Pharma has always ensured stable jobs for more than 2,700 employees nationwide. The company always creates the best working conditions for employees, builds an attractive salary, bonus, remuneration, and welfare regime, regularly trains and develops human resources to contribute to quality improvement, income increase for local workers. Besides creating jobs and investing in human resources, DHG Pharma has always been willing to contribute to the community and society in various forms such as joining hands in fighting the Covid-19 pandemic, supporting hospitals in the new normal stage, actively taking care of people's health, maintaining blood donation activities, implementing free medical examination and medicine delivering programs for the poor in remote and isolated areas across the country, taking care of the elderly, the children at the orphanage center, propagandizing knowledge about health protection for citizens, etc.



ANTI-CORRUPTION

Anti-corruption is one of the most important tasks of DHG Pharma to ensure all activities are public, transparent, and increase operational efficiency.



In 2020, DHG Pharma has synchronously implemented anti-corruption propaganda and training at all units through the following activities:

- New employees received integration training on "DHG Pharma Cultural Identity", labor regulations, workplace culture, communication culture, and behavior culture.
- Developed, managed, and used the budget, purchased assets in accordance with the Financial Management Regulation, the Regulations on asset investment, and procurement of the Company.
- Staff were recruited, trained, and appointed on a public and transparent basis.
- Strictly followed regulations on making declarations of assets and income of the obligors according to the Anti-Corruption Law.
- All employees have signed material contracts.
- Staff who make work-related decisions must aim at the Company's common interests, not for personal or other individuals/organizations' interests prescribed in the Regulation on transaction control with related parties and related members.

"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 based on 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 Management of DHG Pharma.



BUILDING A PROSPEROUS ENTERPRISE

ANTI-CORRUPTION

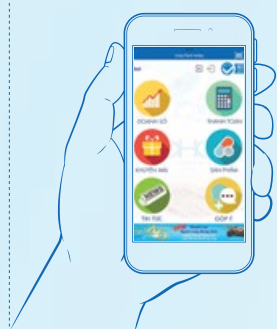
Centralized information reception channel

Moreover, to receive and process contributing opinions, information, feedback, and complaints of individuals, departments, and collectives to enhance operation efficiency, contributing to risk management process and protecting legal rights of individuals, departments, and the Company under the Company's guidance and laws in

a timely manner, in 2020, DHG Pharma implemented a centralized information reception channel. The centralized information reception channel is responsible for guiding individuals, departments, and organizations to contribute ideas, feedback, and complaints to the Company in accordance with laws.

Information is received in 1 of 3 following methods:

Send feedback through DHG Family App, "Feedback" Section, select "General Director's Mailbox" Topic.



Send an email to hopthutgd@dhgpharma.com.vn



Direct mail-in 2 ways:

- Send to the "General Director's Mailbox" located at the Security Station of the Company.
- Send to DHG's headquarter - No. 288 Bis Nguyen Van Cu, An Hoa Ward, Ninh Kieu District, Can Tho City via postal service.

The envelope has to address the recipient that is the Manager of the Internal Control Department/ personnel assigned by the General Director.

Procedure for receiving and handling feedback, comments, complaints and suggestions

No.	Executor	Detailed description
1.	General Director	Receiving information
2.	Internal Control Manager/ Person assigned by the General Director	Preparing statistics, classifying, exchanging preliminary information Summarizing and preparing reports
3.	General Director	Considering, approving
4.	Relevant functional departments	Receiving, processing information, and sending feedback
5.	Internal Control Manager/ Person assigned by the General Director	Sending feedback Sending and tracking the handling of feedback and complaints
6.	Relevant functional departments	Receiving, handling, and preparing reports
7.	Internal Control Manager/ Person assigned by the General Director	Summarizing and preparing reports on post-processing and remedial results

In 2020, there was no record of violations related to corruption at DHG Pharma.

ANTI-COMPETITIVE BEHAVIOR



“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, etc. so that they would maintain the same path for the development of DHG Pharma.

Apart from the business and competition, there is also humanity among people & humanity with competitors is the viewpoint of all DHG Pharma members.



- 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.



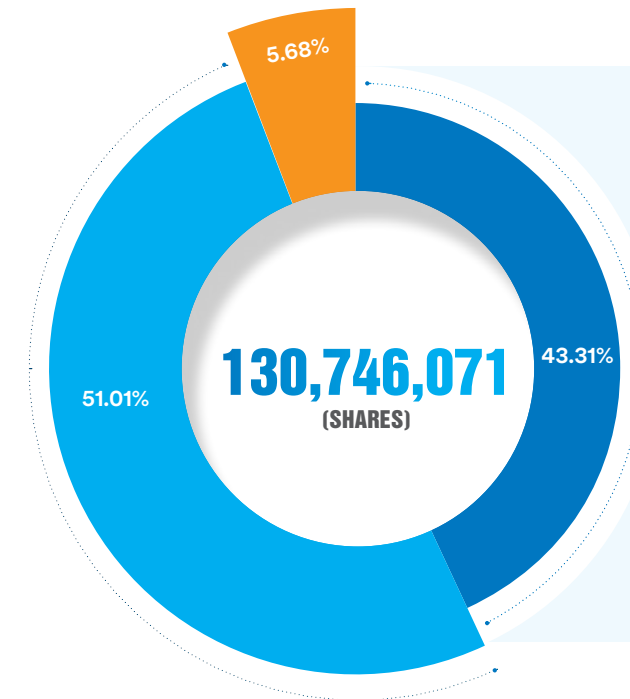
- Employ a learning, justified approach, and fair competition when accessing and working with competitors.
- Collect, share, and make full use of the information about the competitors available on the mass media, their annual reports and website, public speeches, and other publications. Concurrently, give credit to the source of information when using it. Do not collect information about the competitors in illegal or immoral ways.



OUTSTANDING BENEFITS FOR SHAREHOLDERS AND INVESTORS

SHARE INFORMATION AND SHAREHOLDER STRUCTURE

SHARE INFORMATION



SHAREHOLDER STRUCTURE

According to the list of shareholders on 19 Mar 2021, DHG Pharma's shareholder structure is as follows:

Shareholder name	Number of shares	%
SCIC	56,626,237	43.31%
Taisho	66,697,052	51.01%
Others	7,422,782	5.68%

DIVIDEND PAYMENT POLICY

“According to the Development Strategy for the period 2021 - 2023, DHG Pharma will implement a policy of paying dividends in cash at a minimum of 30% par value every year. This practice helps to balance a certain amount of profits for reinvestment in the Company's development and increase the accumulated value for shareholders.

The dividends of DHG Pharma throughout the years:

No.	Criteria	2016	2017	2018	2019	2020
1.	Dividend (VND/share)	3,500	3,000	3,500	4,000	4,000
2.	Total dividend value (VND billion)	305.1	392.2	457.6	523.0	523.0
3.	% dividend/profit after tax (%)	44.3	61.1	70.3	82.8	70.8
4.	EPS (VND/share)	4,485	4,378	4,445	4,668	5,443

DHG Pharma always pays full dividends to shareholders within 30 days after the approval of the Resolution of the BOD/the AGM.

Dividends for the fiscal year 2019: The company has paid dividends in cash for 2 phases:

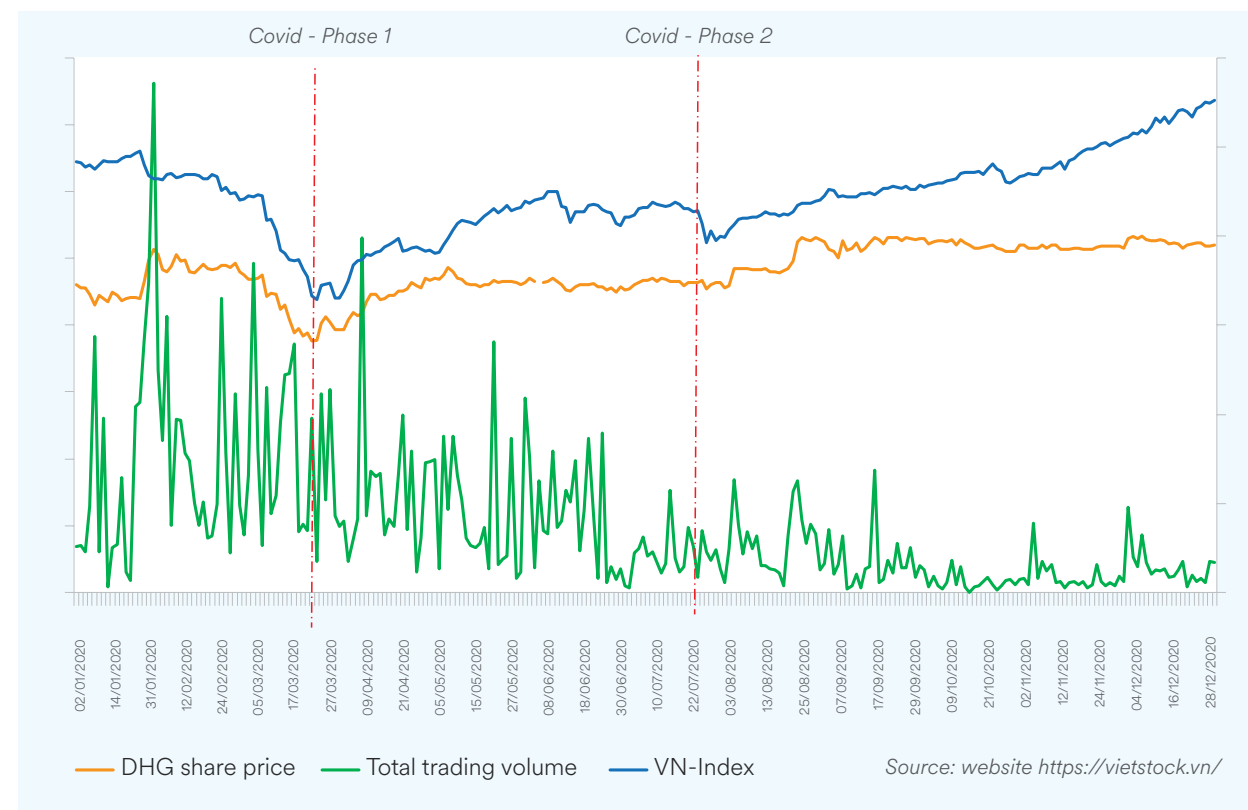
- Phase 1: rate of 30% par value, information disclosure on 07 Apr 2020, record date on 12 May 2020, payment date on 05 Jun 2020.
- Last phase: rate of 10% par value, information disclosure on 30 Jun 2020, record date on 15 Jul 2020, payment date on 30 Jul 2020.

Dividends for the fiscal year 2020: it was approved by the General Meeting of Shareholders on 19 Apr 2021 with a dividend of VND 4,000/share, record date on 10 May 2021, and payment date on 18 May 2021.

Information on dividends is published within 24 hours since the issuance of the BOD/AGM Resolution. The Company will consider disclosing dividend policy on the Company's website.

TOTAL TRADING VOLUME AND PRICE OF DHG SHARES FROM 02 JAN 2020 TO 31 DEC 2020

Unit: Total trading volume (shares); Share price (VND); VN-Index (points)





OUTSTANDING BENEFITS FOR SHAREHOLDERS AND INVESTORS

INVESTOR RELATIONS

“ DHG Pharma’s Investor Relations Team (IR) plays an essential role in the information disclosure activities, ensuring that information is disclosed to the public timely, accurately, and in compliance with applicable law. Simultaneously, the IR Team becomes a bridge to strengthen the close relationship between shareholders and DHG Pharma.

At the “Vietnam Listed Company Awards 2020”, DHG Pharma was proud to be honored with 03 awards as follows: Top 10 Midcap Best Annual Reports, Top 5 Midcap Best Corporate Governance

Reports, and Top 5 Best Sustainability Reports. Especially, DHG Pharma continued to stay in Top 10 Best Annual Reports for 12 consecutive years (2009 - 2020) and Top 5 Best Sustainability Reports for 5 consecutive years (2016 - 2020).



At DHG Pharma, the information is strictly disclosed by DHG Pharma 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 Stock Exchange, aiming to achieve higher international standards.
- 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>



Contact information of the IR Team:

Ms. **Duong Kim Loan**
BOD Secretary,
IR Teamleader - Finance Department

Email:
duongloan@dhgpharma.com.vn

T/ (8429) 23 891 433 - Ext: 242

Address:
288 Bis Nguyen Van Cu,
An Hoa Ward, Ninh Kieu District,
Can Tho City

Important information was informed to shareholders promptly and disclosed on the Company’s website in English and Vietnamese includes

- Annual report and Sustainable development report, which provide the overall picture of the business situation, major changes, development strategies in the short/medium/long term.
- Notice, meeting materials, minutes/resolutions of the AGM.
- Reports on corporate governance, which are periodically carried out 6 months/year provide sufficient information on the AGM, the BOD members, meetings, and transactions with related stakeholders.
- Quarterly/interim/audited financial statements help shareholders capture the latest business results of the Company. Financial statements are also reviewed by the Audit Committee before being issued to ensure the integrity of financial statements.
- Other extraordinary information disclosures such as appointment/dismissal of BOM members, functional directors, share transaction notices, etc.
- In 2020, DHG Pharma performed approximately 40 times of information disclosure within the prescribed time limit and without prompting or breach of information disclosure.
- In the context of the Covid-19 pandemic, DHG Pharma restricted the organization of face-to-face meetings and replaced it with online meetings, discussion via email, etc. to regularly update operations, business performance, and strategies of the Company to shareholders and investors.



DEVELOPING PROFESSIONAL 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, building and developing professional and highly qualified, motivated, and enthusiastic staff at work is always a top priority in the Company's long-term development strategy. Especially, ensuring stable human resources and boosting employee morale in the normal stage are prerequisites to help the organization "stand out" after the pandemic.



STATISTICS ON PERSONNEL

With 34 branches and more than 2,700 employees across the country, DHG Pharma is fully aware that the Company has made significant contributions and greatly influenced the overall situation of society. Therefore, the Company's Executive Board has always paid great attention to creating jobs for employees, raising the average annual income to ensure the living standards of workers.

PERSONNEL FLUCTUATIONS IN 2020

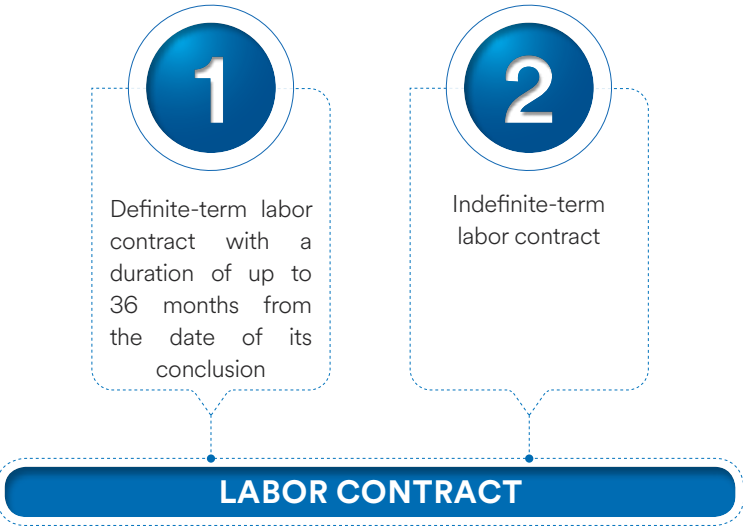
No.	CLASSIFICATION	MALE	FEMALE	TOTAL
1	NEW RECRUITMENTS			
1.1	Statistics by age group	48	21	69
	Under 30 years old	28	13	41
	30 - 50 years old	19	8	27
	Over 50 years old	1	-	1
1.2	Statistics by functional groups	48	21	69
	Back-office sector	7	4	11
	Production sector	4	-	4
	Sales sector	37	17	54
2	JOB-QUITTING			
2.1	Statistics by age group	156	73	229
	Under 30 years old	66	23	89
	30 - 50 years old	83	46	129
	Over 50 years old	7	4	11
2.2	Statistics by functional groups	156	73	229
	Back-office sector	14	19	33
	Production sector	14	13	27
	Sales sector	128	41	169
3	OTHERS			
	Number of female employees taking maternity leave and taking care of newborn babies		96	
	Returning to work after maternity leave		100%	



DEVELOPING PROFESSIONAL PERSONNEL

RECRUITMENT

Every year, pursuant to the work needs, the operation plan, short-term and long-term objectives, the Company prepares a plan to recruit personnel. The recruitment requirements are disclosed on the Company's Website to attracts and welcomes all candidates who have the desire to work in a "professional - dynamic - modern - friendly" environment. The recruitment process is based on three principles: Openness - Fairness - Equality. Pursuant to the needs and nature of the work, the Company will consider signing labor contracts with employees in one of the following forms:



WORKING TIME

The working time is 08 hours per day, no more than 48 hours per week for the Back-office Sector. To optimize the production plan to reduce product changing time, the working time of the Production Sector is divided into 3 shifts. In accordance with the work of the units and the characteristics of the units/locality, employees of the Production Sector, 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.

TRAINING AND COACHING

Training and coaching at DHG Pharma are built in accordance with each employee's competence and professional skills. The Company has always tried to build an organization that regularly shares knowledge and experience for effective teamwork. These training programs have been constantly renewed, but still retained DHG Pharma's cultural identity as a way to refine employees' loyalty with the spirit of enthusiasm, commitment, acceptance, and adaptation to changes. Due to the impact of the Covid-19 pandemic, which restricted movement and large group gatherings, some training programs cannot be implemented, or the Company carried out training via the app, online instead of face-to-face mode, or documents were sent to employees for self-referencing. As such, the number of training programs was lower than those of the same period last year.

No.	Training content	2020	
		Number of courses	Number of participants
1.	Education and training programs	64	19,223
1.1	Regular and basic training	26	14,734
1.2	Advanced training		
1.2.1	Sales and management training programs	8	689
1.2.2	Professional training programs	30	3,800
2.	Training budget	VND 3 billion	
3.	Training hours		
3.1	Training for leaders, key personnel, and employ-ees	130,400 hours	
3.2	Training for sales teams	41,260 hours	
3.3	Training for new employees	3,520 hours	





DEVELOPING PROFESSIONAL PERSONNEL

SALARY, BONUS AND BENEFITS FOR EMPLOYEES

“ To retain excellent, dedicated, and devoted employees of the Company, DHG Pharma always pays close attention to the policies of salary, bonus, and remuneration to promote employees’ enthusiasm, passion, creativity, commitment, and wholehearted contribution to the sustainable development of DHG Pharma so that life of each employee and each family is more sufficient and happier. In 2020, DHG Pharma was in the list of "Top 100 best places to work in Vietnam 2020" published by Anphabe.



SALARY AND BONUS REGIME

In 2020, the average income of workers was more than VND 20.2 million/month, about 5 times higher than the minimum salary in compared cities. The minimum income of newly recruited workers at DHG Pharma was VND 5,804,000/person/month, 1.3 - 1.5 times higher than the regional minimum salary in Can Tho, Ho Chi Minh, and Hanoi. In addition to salary by job position, DHG Pharma also has a regime of salary payment for employees during the work suspension due to objective reasons such as natural disasters, fires, dangerous epidemics, relocation of operation places at the request of competent agencies or for economic reasons, etc.

As a way to encourage and motivate employees, the Company, on holidays and New Year, rewarded all employees when the Company achieved the revenue and profit targets set out. DHG Pharma also conducted a KPI assessment for 100% of employees and rewarded individuals with outstanding achievements to connect and align employees with the Company’s common goal. This also served as an effective way to accurately record work efficiency, motivate individuals, increase employee productivity, monitor and make timely decisions to improve the performance of subordinates. Simultaneously, individuals or groups participating in research/ projects/plans/targets of new product and service sales/cost-saving targets will be rewarded based on the effectiveness gained for the Company.

WELFARE REGIME

IDENTIFYING HUMAN RESOURCES AS THE MOST VALUABLE RESOURCE TO CREATE VALUES FOR THE ENTERPRISE AND THE SOCIETY

The Company has focused on training and developing its employees as a priority strategy for the past half-century. Therefore, in addition to developing an attractive salary and bonus regime, DHG Pharma constantly creates a welfare regime for employees, their families, and family members to bring happiness to employees, help them work more productively, and promote their loyalties to the Company.

Health care



- Social insurance
- Health Insurance
- Unemployment insurance
- Advanced health insurance
- Insurance for occupational accidents and diseases
- Periodic health examination
- Toxic allowances, allowances in kind

Welfare facilities



- Shared kitchen
- Shuttle bus
- Study space
- Kindergarten
- Dormitories or residential accommodation
- Swimming pool, football field

Regime for female workers



- Gifts for female employees on 8 Mar, 20 Oct
- Childcare support
- Maternity allowance for female workers
- Monthly allowance for female workers

Other benefits



- Travel, annual vacation
- Sports and art activities
- Per diem/Travel allowance/Phone allowance/Uniforms
- Gifts on birthdays, funerals, and weddings
- Supporting expenses in case of hospitalization, surgery, and suffering from long-term treatment
- Gifts for employees: New Year, Mid-Autumn Festival
- Gifts for employees’ children on Children Day 1 Jun, Mid-Autumn Festival, children who passed the university entrance exam and achieved outstanding academic performance
- Providing foods that remind staff of their homeland
- New Year’s gifts for retired staff



DEVELOPING PROFESSIONAL PERSONNEL

A SAFETY WORKING ENVIRONMENT

“To ensure long-term health and create a safe working environment that reassures employees when working, DHG Pharma has always complied strictly with 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 SAFETY AND HEALTH

- Coordinating in developing rules, regulations, and procedures on measures to ensure occupational safety and health, and fire and explosion prevention.
- Monitoring, inspecting and facilitating the registration for testing machines, equipment, supplies, and substances subject to strict requirements on occupational safety and health.
- Coordinating in developing annual plans on occupational safety and health, 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 safety and health at least once a month or irregularly according to job requirements.
- Monitoring and measuring indicators of the Company's working environment.
- Proposing and coordinating with units to implement measures to overcome the shortcomings in occupational safety and health, and to improve working conditions.
- Preparing statistics, preliminary and final reports on occupational safety and health.
- Coordinating with the Executive Board of the Trade Union in guiding the professional work in occupational safety and health activities at the units.

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

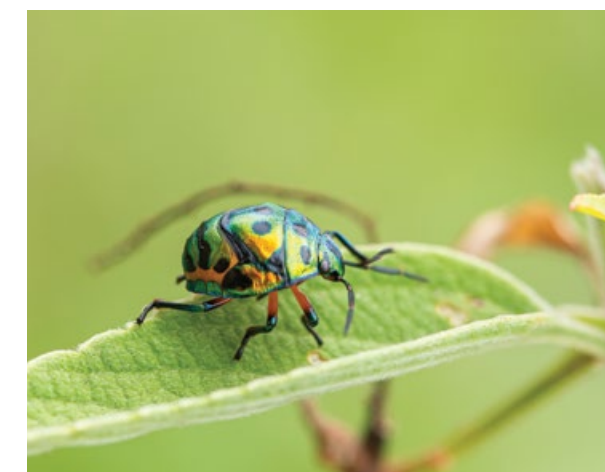
- Developing, retaining, and updating documents and procedures for fire and explosion prevention in accordance with current laws.
- Inspecting and supervising the maintenance and compliance in fire prevention and fighting activities at the Company and its subordinates.
- Developing plans for fire prevention, 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.



4

PEST CONTROL

- Preventing the presence of pests in production activities and at the Company.
- Identifying the causes of insect infestation, suggesting prompt and effective corrective actions, completely preventing the presence of pests in the production and finished-product processes.
- Monitoring and checking the pest control of the whole plant periodically or extraordinarily when necessary and coordinating with the pest control team to implement (traps, baits, insect lights) at the units.
- Collecting the data of pest control at each unit. Analyzing orientation and recommending appropriate measures to control them.



OUTSTANDING ACTIVITIES IN 2020

- Inspecting and reporting on unused machinery and equipment at the Headquarters of DHG Pharma. On this basis, measures for liquidating unused iron and steel scrap scattered at the Company were suggested.
- Developing plans for work safety and hygiene. Fully equipped with adequate and suitable personal protective equipment in the production.
- Coordinating with relevant units to inspect work safety and hygiene, fire prevention, environmental protection, and monthly pest control at the Company's factories.
- Implementing inspection of equipment with strict requirements on work safety at factories.
- Training for employees such as training on chemical safety, fire prevention and safety, work safety, and hygiene.
- Organizing rehearsals for fire fighting and rescue plans for members of the Fire Prevention and Rescue Team at finished product warehouses, headquarter of Parent company and DHG Pharmaceutical Plant Branch.
- Coordinating with relevant units to implement pest control for the whole factory. Monitoring and checking to ensure that insect control devices are always in good working conditions. Site inspection, risk assessment, risk of insect intrusion were conducted. These activities informed the development of timely remedial measures proposed at DHG Pharmaceutical Plant Branch.



DEVELOPING PROFESSIONAL PERSONNEL

STATISTICAL RESULTS IN 2020

No.	INDICATORS IN THE REPORTING PERIOD	Unit	2020
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 2020	Person	None
	Total number of occupational diseases cumulative at the time of reporting	Person	None
3	Number of employees given periodic health examination and occupational health examination		
	Periodic health examination (*)	Person	2,735/2,735
	Specialized health examination for female (**)	Person	1,048/1,117
4	Results of classification of workers' health		
	Type I	%	5.9
	Type II	%	66.2
	Type III	%	26.4
	Type IV	%	0.9
	Type V (***)	%	0.6

(*) Subjects: Employees are signed labor contracts with the definite term and indefinite term as well as seasonal contracts with working time over 12 months.

(**) Voluntarily registered by employees

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

MEASURES TO PREVENT OCCUPATIONAL ACCIDENTS AND DISEASES

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

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

- ✓ Respecting, at all levels, the rights for occupational safety and health.
- ✓ 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 safety and health, the Company developed the annual occupational safety and health 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.

STEPS FOR DEVELOPING AN OCCUPATIONAL SAFETY AND HEALTH PLAN





DEVELOPING PROFESSIONAL PERSONNEL

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 a comfortable working posture and good performances.
- Strictly implementing periodic checks on machinery and equipment in accordance with the Company's plans.

MEDICAL MEASURES

- Employees, especially workers must have full health records by the time of recruitment.
- Perform periodic health checks 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.
- Inviting functional units to carry out annual and irregular measurement and inspection of the working environment in accordance with regulations when necessary.

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, keep records and organize monthly crosschecks among units, and specifically report to relevant levels to raise safety awareness throughout the Company.

- Depending on job location and requirements, employees are provided with appropriate personal protective equipment.
- Personal protective equipment meets all requirements for quality, purpose, aesthetics, and convenience.
- 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.
- Printing and hanging panels, banners, and propaganda about labor safety - health.
- Regularly reminding and urging the inspection on compliance with the Company's regulations on occupational safety and health.





DEVELOPING PROFESSIONAL PERSONNEL

WORK SAFETY

- Distribution of works must be appropriate to the health, gender, and age of employees.
- Arranging, locating equipment, and production lines to minimize contact with harmful chemicals for employees.
- Making reasonable working time and break time.

FIRE PREVENTION AND FIGHTING MEASURES

- Every week, 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 departments.
- Equipping fire pumps for the 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 neatly and clearly, paying attention to exits.
- Not storing flammables/explosives with other goods.
- Concerned departments must regularly inspect electrical safety, equipment safety. Self-repair of electricity and uncontrollable uses of electricity is prohibited. Electrical appliances are turned off when not in use.

MEASUREMENT & TESTING OF THE WORKING ENVIRONMENT

Measuring method:

It is in accordance with the 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 an appropriate location to ensure sufficient light for employees to work.
- Areas with high temperatures 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-canceling 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 are 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 is prohibited.





DEVELOPING PROFESSIONAL PERSONNEL

ADAPTING TO THE CONTEXT OF DISEASE AND NEW NORMAL STATE

Facing the threat of Covid-19, improving employees' health has become DHG Pharma's top priority and ultimate mission. Not only did employees receive professional training, work in a professional environment, enjoy good benefits, and be well-taken care of, but also well protected with their physical and mental health during the pandemic period. Through numerous measures implemented properly - sufficiently - timely and strictly, the Company always stood side by side with employees to promptly respond to the pandemic through the following activities:

- ✓ Establishing a Steering Committee for Covid-19 Prevention and Control to regularly update the situation as well as direct quick and effective prevention measures.
- ✓ Developing Standard Operating Procedure (SOP) with guidelines for disease prevention.
- ✓ Ensuring that all employees comply with the 5K Message launched by the Ministry of Health "Masks - Disinfection - No Gathering - Medical Declaration - Distance", measuring body temperature before entering the Company.
- ✓ Offering employees and their families products for health protection, resistance enhancement, dry hand sanitizer gel, etc.
- ✓ Activating the plan for working from home in case the pandemic grows complicated.

“ Thanks to the dedicated and wholehearted care, all employees feel secure in the production and fully perceive the professionalism and loving care from the Company, and the production and business activities are maintained stably in the new normal state.



DIVERSITY, EQUAL OPPORTUNITY, AND NON-DISCRIMINATION

DIVERSITY OF LEADERS AND EMPLOYEES

DHG Pharma always tries to build a fair working environment, respects and listens to employees' opinions, and all employees have equal access to resources and opportunities in training, development, and promotion at all levels regardless of their gender, ethnicity, skin color, region, social classes, marital status, creed, religion, health status,

etc. This is the driving force for a 46-year-old Company like DHG Pharma to continue to grow, develop and maintain its leading position in the Vietnamese pharmaceutical market. In 2020, DHG Pharma did not record any complaints or incidents related to discrimination.

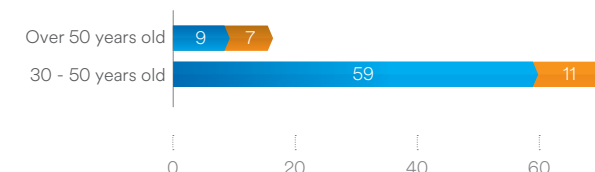
Number of employees by gender, age group, functional groups, labor contracts, educational level, region and ethnicity

No.	Classification	Male	Female	Total
1	Statistics by age group	1,607	1,105	2,712
	Under 30 years old	461	234	695
	30 - 50 years old	1,080	846	1,926
	Over 50 years old	66	25	91
2	Statistics by functional groups	1,607	1,105	2,712
	Back-office sector	398	424	822
	Production sector	315	381	696
	Sales sector	894	300	1,194
3	Statistics by type of labor contracts	1,607	1,105	2,712
	Indefinite term	1,240	930	2,170
	Definite term of 1 to 3 years	365	169	534
	Seasonal and short-term contracts	2	6	8
4	Statistics by educational level	1,607	1,105	2,712
	Post-graduate	35	37	72
	University	541	379	920
	College, Vocational school	685	503	1,188
	Druggist	39	79	118
	High school	307	107	414
5	Statistics by region	1,607	1,105	2,712
	The North	255	96	351
	The Central	167	35	202
	The South	1,185	974	2,159
6	Statistics by ethnicity	1,607	1,105	2,712
	Kinh people	1,565	1,081	2,646
	Hoa people	20	15	35
	Khmer people	13	7	20
	Others	9	2	11

In 2020, the total number of employees was 2,712 people. The number of female employees accounted for 40.7% of the total number of employees. Particularly, the number of leaders was 86 people, accounting for 3.2% of the total number of employees. In which, female leaders accounted for 20.9% of the total number of leaders, up 4 people compared to the same period last year.

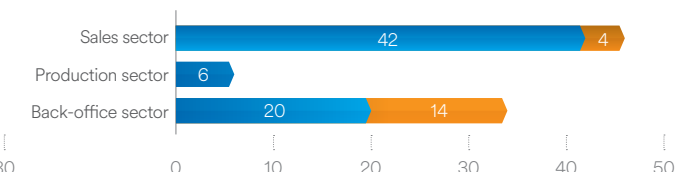
Leaders by gender and age in 2020

● Male ● Female



Leaders by gender and functional groups in 2020

● Male ● Female





DEVELOPING PROFESSIONAL PERSONNEL

POLICIES FOR WOMEN

At

DHG Pharma, ALL 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 females and males are not different. DHG Pharma has paid salary and bonus pursuant to the 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 breastfeeding a child under 12 months of age; except the 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 a 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 labor 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 suitable jobs and get monthly pregnancy examinations; 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 an 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 the annual health checks, women are also counseled on women-related diseases for effective prevention.

“With the role of connecting and ensuring fairness among all employees, the Trade Union of the Company always cares about women and organizes numerous exciting and meaningful activities on the occasion of International Women's Day on 8 Mar, Vietnamese Women's Day on 20 Oct, etc to thank women for their effort, intelligence, and creativity, contributing to the fulfillment of the assigned targets and plans. In addition to positive contributions to the development of the Company, women are always good wives and mothers, and actively participate in the Company's activities.

COLLECTIVE BARGAINING AND NO USE OF CHILD LABOR, FORCED OR COMPULSORY LABOR

“Over the years, the Company has constantly 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 to, 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 and employers are involved in the development and planning of personnel and creating a working environment of trust, mutual respect, stability, and efficiency.

Every year, the Labor Conference is held to listen to employees' aspirations and legitimate requirements, to carry out positive reforms every day aiming towards sustainable development. At this conference, employees listen to reports on production and business situation during the year, next year's business and production plans, emulation, reward, accruals and use of funds (Bonus and Welfare Fund, Trade Union Fund, etc.)

as well as collecting opinions of employees on the collective labor agreement. After the employees agree, the collective labor agreement has been signed at the annual labor 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, each department has a Trade Union member representing employees to ensure that all employees are treated equally and enjoy the Company's appropriate protection against any discrimination in the workplace or profession. 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, labor conference, etc. Trade Union leaders from leader positions or above are trained to promptly grasp the difficulties and problems of employees in groups, sectors, and clusters and promptly report them to their superiors. In 2020, the Company continued to implement a centralized information reception channel so that all feedback and opinions can be received quickly and confidentially. Besides, DHG Pharma refrained from child labor as well as abuse, forced, and compulsory labor.





FULFILLING CUSTOMERS' NEEDS

QUALITY ASSURANCE



“ DHG Pharma always puts 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 high-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 the quality management system but also applied the most modern equipment and scientific research into products to bring the best values to consumers. Tablet and film-coated tablet production lines of Non-Betalactam plant were certified to meet Japan-GMP standard by the Pharmaceutical and Medical Devices Agency of Japan (PMDA) in Feb 2019 and Oct 2020. Japan-GMP is a standard of Good Manufacturing Practice that symbolizes Japanese quality issued and directly certified by the Japan Pharmaceutical and Medical Devices Agency (PMDA) - under the Ministry of Health, Labor and Social Security of Japan (MHLW). To be granted Japan-GMP certification, DHG Pharma needs to overcome the technical barriers evaluated by specialists. These barriers are rigorous in terms of technical documents, requirements on input material standards, production condition, storage condition, quality management system, etc. to ensure that medicines meet the highest quality when it reaches patients.

After overcoming all the rigorous technical barriers of PMDA to achieve Japan - GMP certification, both tablet and film-coated tablet production lines of DHG Pharma must then undergo an evaluation by the Drug Administration of Vietnam, the Ministry of Health of Vietnam. As such, the Drug Administration of Vietnam announced the achievement of Japan-GMP. Today's Japan-GMP standard could be seen as the result of 3 consecutive years of building and maintaining a good production system, investing in hardware (factory, equipment, etc.), and upgrading software. Along with that, it is impossible not to mention the dedicated support of Taisho experts from Japan in technical expertise and the relentless efforts of each individual, department, and the Board of Management of DHG Pharma.



“Priority on high quality is not only applied for drugs, but also many other product lines in Japan. Therefore, to maintain stable production of high-quality products, it is necessary not only to implement consistent and aligned management from the research to the production stage. It is also of crucial importance to have a product management system in place which reflects a clear perspective on data integrity and risk prevention. And above all, each person in that production system needs to be fully equipped with knowledge and well-trained. JAPAN-GMP not only ensures product quality and enhances the credibility of DHG Pharma's products but also opens up opportunities for domestic consumers to use international quality drugs at affordable prices. It will also be the national pride when Vietnamese medicinal products can reach out to the world”.

Mr. Tomoyuki Kawata
Deputy General Director in charge of Production, Supply Chain, and Technology Transfer shared

In addition to ensuring the quality of products during the production process, DHG Pharma further ensures product quality through strict control over the process to meet high-quality standards at all relevant stages, from the purchase of raw materials, input packaging to the stages of import-export and distribution of finished products.

IN ADDITION TO THE FACTORY WITH A PRODUCTION LINE MEETING JAPAN-GMP STANDARDS, DHG PHARMA ALSO HAS

A storage and distribution system that meets the standards of Good Storage Practices for drugs and medicinal ingredients (GSP)

A distribution system that meets Good Distribution Practice standards (GDP)

THESE ALL ENSURE THAT THE PRODUCTS ALWAYS REACH CUSTOMERS WITH THE BEST QUALITY.



FULFILLING CUSTOMERS' NEEDS



PRODUCT LABELING

To provide the most sufficient product information to consumers, in addition to meeting the regulatory requirements of the government and the Ministry of Health on product labeling, DHG Pharma also concentrates on clear and specific labeling designs for all products such as ingredients, indications, usage, targeted users, storing conditions, etc. Since then, customers can understand and use the products easily and properly which results in the best performances. Simultaneously, we also encourage patients to ask doctors before use and alert patients to several risks they may encounter such as unwanted side-effects, cases for consideration and contraindication, solutions for the wrong dosage, etc.

BIOEQUIVALENT TESTING

To ensure 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 customers the products with the same quality as the brand-name drugs with the best affordable prices.

As at 31 Dec 2020, the total number of products that achieved bioequivalence was 40.



LIFTING UP THE PRESTIGIOUS BRAND

“ Researching and developing products and constructing a brand name instilled in people’s hearts is one of the key prerequisites contributing to DHG Pharma’s success over its 46-year development journey.



With such mentality, DHG Pharma has always been a pioneer in researching, applying, investing in modern technology, and transferring technology to develop high-quality products that satisfy consumers’ needs. Engineers, pharmacists, researchers, and specialists have also been sent overseas for training and professional exchange. The most vivid proofs for the values of these activities are that the Japan-GMP certified film-coated tablet and tablet production lines along with the quality system that meet international standards. All of these have contributed to strengthening the trust of customers, improving the prestige, and launching the company's products to more far-reaching markets in other countries in the world. DHG Pharma currently has 284

products with circulation registration numbers nationwide. Among these, nearly 100 products are manufactured on two lines that have been certified with Japan-GMP standards. Consumers can now rest assured and have easy access to antibiotics (Clabact 250 and 500, Zaromax 250 and 500), pain relievers and antipyretics (Hapacol 325, 650, etc.), neurological drugs (Neni 800), hepatobiliary (Raxium), cardiovascular (Vastec), respiratory (Telfor 60, 120, 180), diabetes, etc. that are produced on production lines meeting the international standard at competitive prices. Through various marketing communication activities with inspiring stories about the commitment of scientists, product information is provided honestly and accurately whereas product quality is guaranteed along with appropriate distributing channels. Alongside these, DHG Pharma's products are easily and scientifically accessible to customers, featuring a clear trait of DHG Pharma's humanity. Furthermore, DHG Pharma has always strictly adhered to regulations on the communication of marketing information, including advertising, promotion, and sponsorship activities.





FULFILLING CUSTOMERS' NEEDS

APPRECIATING CUSTOMER FEEDBACK

Each customer feedback is an invaluable gift, helping the Company timely grasp customers' urgent needs as well as increasingly ameliorating and improving the quality of products and services. DHG Pharma has developed several channels for customers to easily share opinions, such as direct meetings, phone, email with the sales team, or give feedback at annual seminars and conferences.



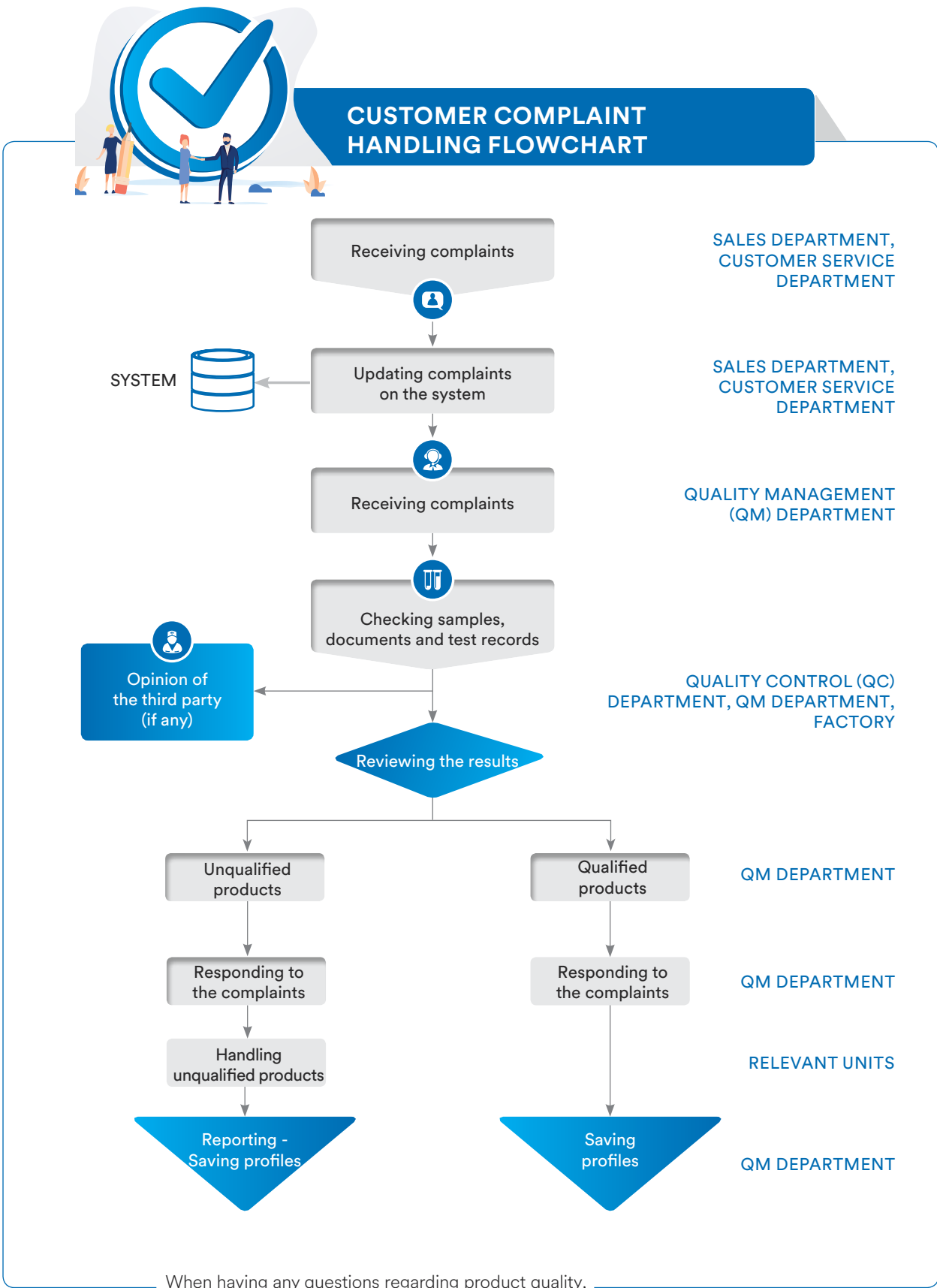
Besides, if there are complaints about products, the QM Department will send information to the relevant departments and conduct a cause investigation, verify the entire production process, check samples, and identify the cause. In case of having a quality dispute claim, the QM Department will send the sample to a third party for confirmation of the analysis result. After receiving the above results, the Company will determine the cause and proceed to resolve the complaint. In particular, employees, who receive complaints will respond to customers in less

than 7 working days. With regard to complicated cases taking more time to investigate, the QM Department will inform customers via telephone and contact them as soon as the investigation result is revealed. Employees make monthly, quarterly, and yearly summary sheets, regularly review customer complaints dossiers, and timely report to the 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.

MEASUREMENT INDICATORS

No.	Criteria	Recognition level
1	The number of factories meeting GMP	100% of production lines meet WHO-GMP standards. In which, 3 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	



CUSTOMER SERVICE HOTLINE

(+84) 292 3899 000 dhgpharma@dhgpharma.com.vn



BUILDING SUSTAINABLE RELATIONSHIPS WITH PARTNERS AND SUPPLIERS

PROCUREMENT PRACTICES

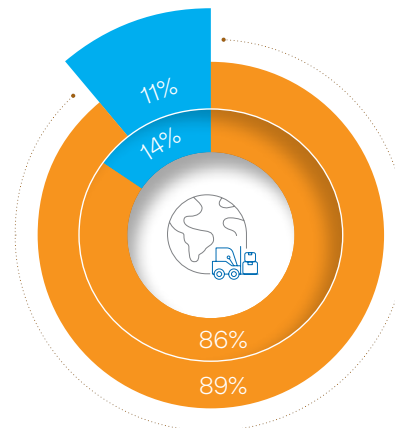
“ The Vietnamese pharmaceutical industry is heavily dependent on raw materials and packages imported from abroad, in which the import proportion is about 90%. Therefore, many companies are vulnerable to fluctuations in exchange rates, supplies, prices due to environmental impacts. On a large scale, DHG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

In 2020, the number of materials used by DHG Pharma was as follows: 3,224 tons of raw materials and adjuvant; 925 million empty capsules of various kinds; 1,364 tons of aluminum film, coldforming film, PVC; 11 million boxes & tubes; 6,336 kg of other packaging and 305 million paper packaging of all kinds.

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 Vietnam.

- **Raw materials and adjuvants:** DHG Pharma prioritizes import from large and prestigious manufacturers in the US, Europe (France, Germany, Italy, Spain, Sweden, Slovenia, etc.), Asia (Japan, China, India, Southeast Asian countries, etc.)
- **Empty capsules:** France, Indonesia, etc.
- **PVC + Aluminum film + Coldforming film + Aluminum foil laminated paper:** Austria, Thailand, China, Vietnam
- **Most of the paper packaging** (boxes, labels, manuals, etc.) are produced by DHG Pharma.

PURCHASE VALUE FROM DOMESTIC AND FOREIGN SUPPLIERS IN 2019 AND 2020



- Purchase value from foreign suppliers/ Total purchase value
- Purchase value from domestic suppliers/ Total purchase value



CRITERIA FOR EVALUATING SUPPLIERS

“ The selection and evaluation of suppliers increasingly play an important role in the 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.

To assess suppliers of raw materials and packaging used in production, DHG Pharma issued a Supplier Assessment Procedure to guide 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 certificates and/or other certificates, sending samples for research, etc.). If the aforementioned research and evaluation results meet the requirements, the Company will perform a desktop audit or establish an Audit team to carry out an on-site audit.

The supplier will not be added or rejected from the approved supplier list if violating one of the following errors:

- The quality of input materials/other materials does not meet the Company's requirements (affecting product quality).
- The supplier does not cooperate and resolve complaints properly.
- The supplier receives a warning letter from an authority with the reason related to the raw materials/materials which the Company is using or an export certificate is no longer suitable.





SPREADING COMMUNITY RESPONSIBILITY

“The unforgettable year 2020 has passed, but what remains in every Vietnamese person is not only the days of social distancing, the heavy effects of the Covid-19 pandemic or the Central region struggling against floods and storms but also the compassion and love for fellow citizens, which are always warmly expressed in times of need. With the total cost of funding activities for Covid-19 and the Central region of nearly VND 12 billion, it is no exaggeration that DHG Pharma’s joint hands have contributed to partially alleviate the "scars" caused by Covid-19 and the floods.



As soon as the first case was recorded in Vietnam on 23 Jan 2020, with the spirit of **"community benefits drive all activities"**, DHG Pharma quickly responded by continuously issuing timely support measures for the health sector of the country.

"Those in the front line always bear the most onerous responsibility. I couldn't help but be touched when the doctors and nurses had to wear protective clothing, drench in sweat with blurred glasses and face mask marks on; they do not have time to drink water, not even dared to go to the toilet during their shifts. They have to work 24 hours a day. Apart from their expertise, they also help with cleaning up, rush to eat packed meals, and have not come home for weeks. Deep in their kindness and devotion, they have a burning heart, and value the health of the community more than anything of their own."

Mr. Doan Dinh Duy Khuong

Chief Operating Officer of DHG Pharma
expressed his appreciation and gratitude to the doctors and nurses
on the front lines against the pandemic

TO THE NORTH

When the Covid-19 pandemic became more complicated, the leaders of DHG Pharma have contributed their income to add "armor" to hospitals on the front lines of the fight against the pandemic. With the desire to join hands to alleviate some of the difficulties and shortages of front-line hospitals, and to empower the medical team to feel more secure in medical examination and treatment, VND 2.6 billion was urgently transferred to the Central Hospital for Tropical Diseases (Dong Anh Campus), Hanoi Medical University, Ho Chi Minh City Hospital for Tropical Diseases during the most intensive time of the pandemic.

FROM THE SOUTH

On 10 Dec 2020, 2 weeks after the first case was detected, DHG Pharma quickly sponsored the Can Tho Department of Health with a remote thermometer to use in disease surveillance at the airport. At the same time, DHG Pharma also provided propaganda materials to raise people's awareness in properly understanding the disease and effective prevention in Can Tho City.

TO THE CENTRAL REGION

In July and Aug, when Da Nang and Hai Duong were considered the largest outbreaks in Vietnam, spreading to many provinces and cities, to maintain the spirit of optimism, effectively supporting doctors in the anti-pandemic journey, more than 3,800 bottles of Bioskin antibacterial hand sanitizer gel and 800 tubes of Bocalex vitamin supplement effervescent tablets were delivered to doctors and nurses at hospitals, medical centers, etc. in Da Nang, Hai Duong, Quang Ngai, etc.





SPREADING COMMUNITY RESPONSIBILITY

"Clean hands
- Go to school
with self-
confidence"

NEW NORMAL STAGE



Strategically, maintaining optimism but not being subjective in disease prevention is the most effective vaccine in the period when the pandemic subsided but is likely to flare up at any time.

- 1 To continuously implement the chain of community health care activities from the beginning of the pandemic to the new normal stage to continue, DHG closely cooperated with the education sector in Can Tho, Hau Giang, and Ho Chi Minh City to continue the journey for their community through the program "Clean hands - Go to school with self-confidence". With the belief that the program will contribute to forming a habit of washing hands for better health for the school right from the simplest but most important step, thousands of bottles of Bioskin antibacterial hand gel have been delivered to teachers and staff in the education sector in the cities.
- 2 As part of a series of activities for a better community in regard to the fight against the unpredictable development of Covid-19 pandemic in the new phase, DHG Pharma has equipped automatic antibacterial hand washing machines, Bioskin antibacterial hand gel at 55 public places in Can Tho City, to contribute to reducing the risk of disease spread in the community. In addition, DHG Pharma also accompanied the 2020 high school graduation exam through sponsoring antibacterial hand sanitizer gels for 24 test points, 2 exam boards, and 5 backup points on the days of the National High School Graduation Exam in Can Tho. The total value of sponsorship for the campaign is up to VND 400 million.
- 3 The program "Walking for poor patients" held on the occasion of the company's birthday has become a proud tradition of DHG Pharma for many years because of the human values it brings. In 2020, being aware of prioritizing public health due to the impact of the Covid-19 pandemic, DHG Pharma purposefully canceled this annual activity. Instead, an online walking competition for employees was initiated to train employees' sports awareness, thereby positively impacting the community. For each kilometer that employees completed, DHG Pharma would contribute VND 10,000 to the Covid-19 Fund, supporting the frontline units to fight the pandemic. The event attracted more than 2,500 employees, completed over 60,000km, corresponding to the donation amount of over VND 600 million.
- 4 Right after the Covid-19 pandemic began to be stably under control, people had to fight with storms and floods for many long days. In that situation, DHG Pharma COMMITTED NOT TO INCREASE THE PRICE of any products during this time to support the local Health Departments to provide necessary medicines to the people.



**Committed
NOT TO
INCREASE
THE PRICE
of any products**





SPREADING COMMUNITY RESPONSIBILITY

HUMANITY IN THE PANDEMIC



Due to the impact of the Covid-19 pandemic, blood banks at hospitals across the country were severely insufficient for emergency and treatment. Meanwhile, people were afraid of the pandemic, so they could limit their visits to blood donation points. Many hospitals had to mobilize doctors and nurses to donate blood on the spot, but it was completely inadequate, and many patients who had been hospitalized for a long time still did not receive a blood transfusion. In the face of an alarming shortage, several large enterprises have mobilized their staff to join hands with the health sector to donate blood to save lives during the pandemic.

On the morning of 22 Feb, employees at DHG Pharma, in response to the call of the leaders of the Company, put aside their family work, overcame the fear of Covid-19 to donate blood with the desire to bring life opportunities to many patients.

Over the past 12 years, “**DHG Pharma’s Living Blood Bank**” has donated more than 3,300 blood units to Can Tho Hospital of Hematology and Blood Transfusion, promptly saving many patients’ lives.

HUMANITY IN NATURAL DISASTERS

When the whole country paid special attention to the Central region, which was severely damaged after the historic flood, DHG Pharma, with the spirit of solidarity, continued to send timely support to the Central region, contributed a modest part to help alleviate the difficulties faced by the people in the Central region.



Also on 1 Nov, DHG Pharma and a group of volunteer doctors were present in Huong Xuan Ward and Quang Tho Commune to promptly examine and distribute free medicines to people. These were the two places upstream of the flood, suffering the most damage, but access to medical care was extremely difficult.



On 1 Nov 2020, on the occasion of the fundraising musical program “**Can Tho towards the Central region**” directed by the People’s Committee of Can Tho City, DHG Pharma’s BOM decided to quote VND 300 million to share with people in the Central region. At the same time, the Company also supported the families of employees working in the disaster area VND 331 million. The total amount for this activity was voluntarily donated by all employees of the Company.



“When answering questions from a member of the National Assembly, Deputy Prime Minister Vu Duc Dam said: “**Is there any country where people still love and care for each other during such the pandemic, storms, and floods?**” Indeed, from time to time, it can only be the national spirit and deep compatriotism that create such great strength and faith for the country to overcome all difficulties and pains. And DHG Pharma believes that the fire of national unity and compatriotism will burn forever from generation to generation at the leading pharmaceutical company in Vietnam.”



SPREADING COMMUNITY RESPONSIBILITY

HIGHLIGHTS OF DHG PHARMA'S REMARKABLE COMMUNITY ACTIVITIES IN 2020



In Nov 2020, DHG Pharma became a medical sponsor with the task of taking care of the health of people who came to visit "Tourism Festival - Ninh Kieu Lantern Night, Can Tho".



DHG Pharma accompanied the Mekong Delta Marathon Hau Giang 2020, responding to the message "Every step - A heart to share with the Central region".



In Dec 2020, DHG Pharma and a team of volunteer doctors organized a medical examination and medicine distribution program for more than 400 people in Thoi Dong Commune, Co Do District, Can Tho City.



On the morning of 14 Nov 2020, DHG Pharma coordinated with a team of volunteer doctors to organize a program of free medical examination and distribution of medicines and gifts for more than 400 disadvantaged households in Thoi Thanh Commune, Thoi Lai District, Can Tho City.



On 24 Oct, DHG Pharma and a team of volunteer doctors from the Department of Health of Can Tho visited and distributed medicine and gave gifts to 300 poor patients in Truong Long Commune, Phong Dien District after a long time of Covid-19 prevention and control, unable to go to the hospital for medical examination and treatment.



SPREADING COMMUNITY RESPONSIBILITY

HIGHLIGHTS OF DHG PHARMA'S REMARKABLE COMMUNITY ACTIVITIES IN 2020



On 10 Mar 2020, representatives of DHG Pharma and Thanh Nien Newspaper in Can Tho visited and presented health care products during the pandemic season to more than 1,000 people isolated at units under the Command of Military Region 9.

Executive Board of DHG Pharma Trade Union in collaboration with the Labor Union of Can Tho City visited and presented 100 gifts including cash and learning tools to students who overcome difficulties and study well at two schools: Thanh Phu Dong and Tan Thoi 1 (Can Tho).



To provide official and useful information on how to deal with the pandemic, DHG Pharma organizes live streams, prints posters, and helps raise awareness for the community.



Executive Board of DHG Pharma Trade Union directly visited and presented pandemic season products to forces directly participating in the prevention of the Covid-19 pandemic in Can Tho City and Hau Giang Province.



LINKING WITH ENVIRONMENTAL GOALS

- 122 Energy
- 126 Water and Effluents
- 132 Emissions and Waste
- 138 Environmental Compliance





ENERGY



“Electricity is an important energy source for the production activities of the factories and for everyone’s daily life. Simple actions that help save power such as using electricity at the right time, at the right place, and turning off when not in use, etc all contribute to a greater goal of protecting our living environment.



MANAGEMENT APPROACH



Monitoring monthly electricity consumption to promptly take action to save energy.



Enhancing a sense of responsibility toward energy conservation of each employee.



Encouraging employees to constantly initiate measures to minimize energy consumption in each factory, department, and branch.



Electromechanical Department is in charge of electricity management. This department is responsible for planning and reporting on monthly/yearly energy management, as well as implementing and evaluating the effectiveness of energy-saving solutions.

ELECTRICITY CONSUMPTION FOR PRODUCTION AND DAILY LIVING

Contents	Unit	2016	2017	2018	2019	2020
Productivity	Million units of products/year	4,414	3,948	4,548	4,218	4,301
Electricity consumption	Kwh/year	23,147,168	25,156,034	26,275,665	26,257,028	25,860,365
Intensity	Kwh/Million units of products	5,244	6,372	5,777	6,224	6,012
Total electricity bills	VND billion/year	36,80	40,66	41,67	45,38	44,27

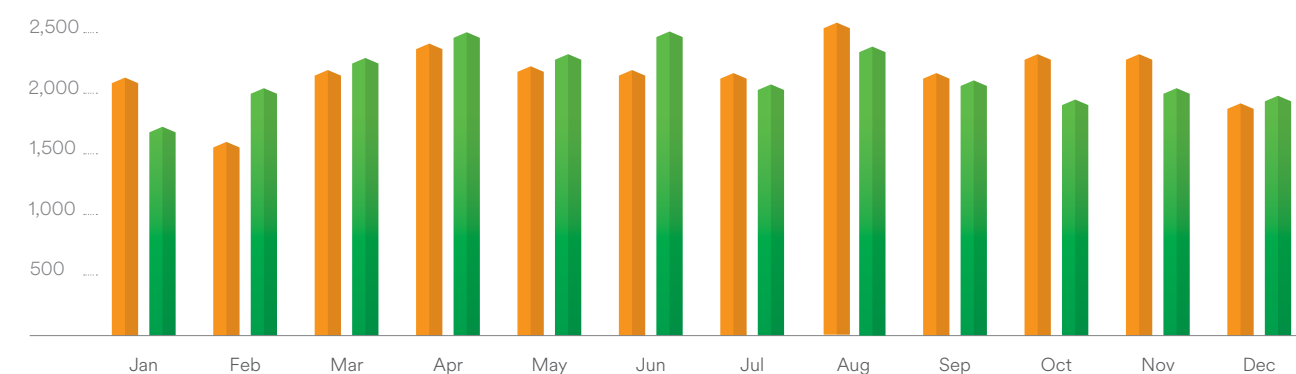
DHG Pharma calculated electricity consumption in accordance with total monthly electricity bills at 2 locations: headquarters of the Parent Company (288 Bis Nguyen Van Cu, Ninh Kieu, Cantho) and DHG Pharmaceutical Plant Branch (Tan Phu Thanh Industrial Zone, Chau Thanh A, Hau Giang). The total electricity consumption and total cost of electricity consumption in 2020 both decreased slightly compared to that of 2019, 25,860,365 Kwh (-2%) and VND 44.27 billion (-2%) respectively.

DHG Pharma always supervises monthly electricity consumption, details as follows:

MONTHLY ELECTRICITY CONSUMPTION

(Thousand kwh/month)

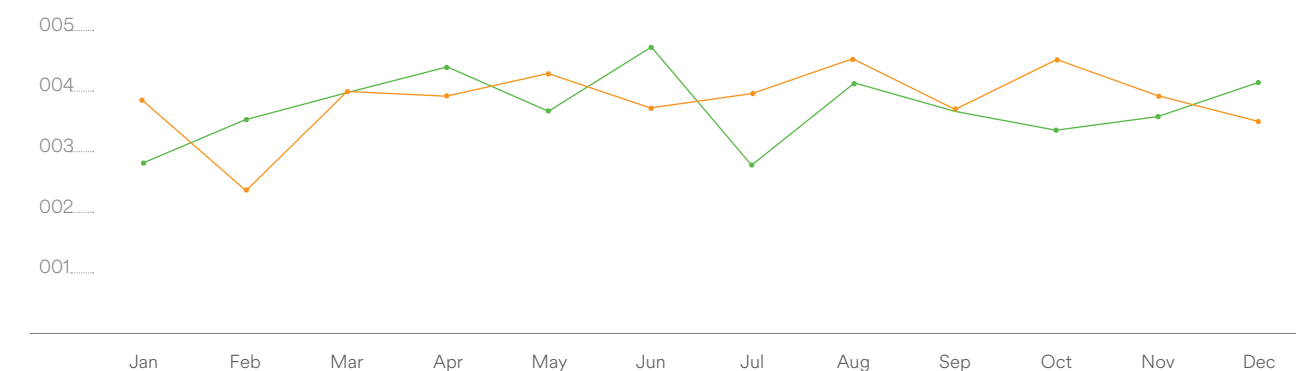
● 2019 ● 2020



TOTAL MONTHLY ELECTRICITY BILLS

(VND billion/month)

● 2019 ● 2020





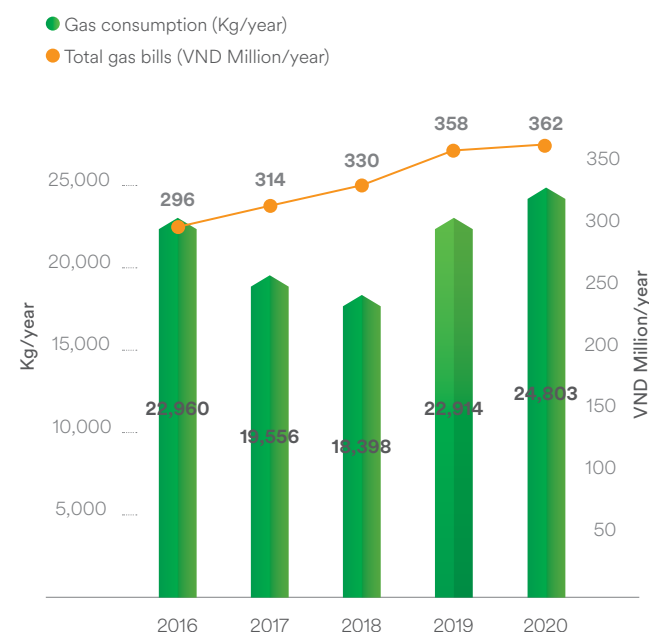
ENERGY

GAS AND COAL CONSUMPTION FOR PRODUCTION ACTIVITIES

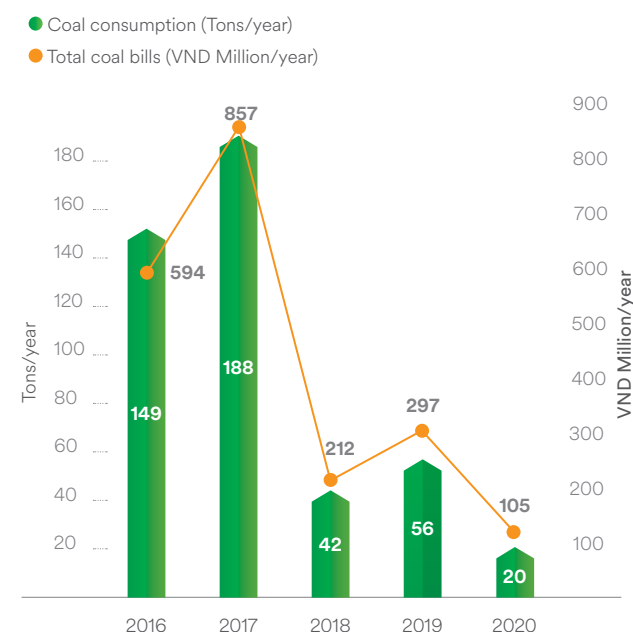
Contents	Unit	2016	2017	2018	2019	2020
Gas consumption	Kg/year	22,960	19,556	18,398	22,914	24,803
Total gas bills	VND Million/year	296	314	330	358	362
Coal consumption	Tons/year	149.13	187.88	42.38	56.11	19.82
Total coal bills	VND Million/year	594	857	212	297	105

Gas and coal consumption at DHG Pharma are negligible. Gas consumption at DHG Pharma is mainly for production activities at the liquid medicines' factory. Coal is mainly used for Plectranthus Amboinicus oil extract in An Giang. In 2020, the total cost of coal and gas consumption was VND 467 million, a decrease compared to the previous years.

GAS CONSUMPTION & TOTAL GAS BILLS



COAL CONSUMPTION & TOTAL COAL BILLS



ENERGY-SAVING SOLUTIONS



Re-enforcing internal communication to enhance a sense of responsibility toward energy conservation of each employee. Switching off unnecessary lights and electrical equipment when leaving the office or not in use.



Promoting the application of information technology 4.0, implementing the project of developing "DHG electronic office" to reduce the amount of paper discharged into the environment.



Regularly maintaining machinery, equipment and factories.



Regularly checking the layout and usage of electrical equipment, taking advantage of natural light and cool air, inspecting and maintaining electrical equipment and the Company's electrical network, etc.



Checking and installing the general lighting system in a reasonable manner, switching off the lights in corridor, yard, garden, and fence when not necessary.



Promoting campaigns for innovations/ ideas for saving electricity for all employees within the Company.



Establishing or assigning a division for taking charge of managing and operating the air-conditioning system at factories in a coordinated and logical manner, to optimize the performance in energy saving.



When replacing or repairing machinery and lighting equipment, priority should be given to products with energy-saving labels, replacing low-efficiency lighting systems (incandescent light bulbs, etc.) with energy-saving lighting devices (energy-efficient compact lighting, etc.)








WATER AND EFFLUENTS



“Water is an invaluable resource that plays a crucial role in industrial production and daily operations of the Company. Therefore, water conservation and saving are extremely necessary. However, this invaluable resource is now facing pressing problems such as the risk of pollution, shortage of clean water, and especially the impact of the global climate change increasing the risk of water scarcity.

MANAGEMENT APPROACH

-  Quality of input water is strictly tested and controlled.
-  The Environment and Labor Safety Department is assigned the task of inspecting, supervising, maintaining compliance in environmental protection activities at the Company.
-  Making monitoring reports on water quality after treatment in accordance with the law and the requirements of the competent authorities.

TOTAL VOLUME OF WATER WITHDRAWN BY SOURCE

Surface water	0 m ³ (not applicable)
Groundwater	0 m ³ (not applicable)
Seawater	0 m ³ (not applicable)
Produced water	0 m ³ (not applicable)
Third-party water	266,678 m ³ /year

Water used at DHG Pharma is provided by Cantho Water Supply - Sewerage Joint Stock Company (JSC) and Hau Giang Water Supply and Sewerage - Projects Urban JSC.

WATER CONSUMPTION FOR PRODUCTION AND DAILY LIVING

Water used at DHG Pharma 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). Meeting water demands in both quality and quantity is a prerequisite in DHG Pharma’s sustainable development strategy.

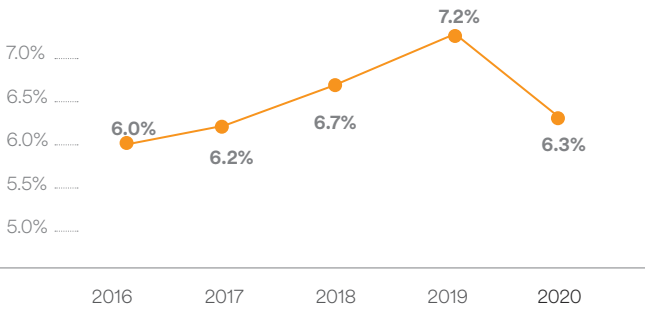
Contents	Unit	2016	2017	2018	2019	2020
Productivity	Million units of products/year	4,414	3,948	4,548	4,218	4,301
Water consumption	m ³ /year	211,046	240,568	215,746	221,734	266,678
Intensity	m ³ /Million units of products	48	61	47	53	62
Total water bills	VND billion/year	1.7	2.1	1.8	2.0	2.3
% of water recycle/total wastewater	%	6.0%	6.2%	6.7%	7.2%	6.3%

Water consumption at DHG Pharma was calculated in accordance with total monthly water bills of the Cantho Water Supply - Sewerage JSC and Hau Giang Water Supply and Sewerage - Projects Urban JSC. Water bills were measured at 2 locations: the headquarters of the Parent Company (288 Bis Nguyen Van Cu, Ninh Kieu, Can Tho) and DHG Pharmaceutical Plant Branch (Tan Phu Thanh Industrial Zone, Chau Thanh A, Hau Giang). Accordingly, water consumption in 2020 rose 20% compared to 2019, due to an increase in production volume and the operation of an additional RO water supply pretreatment system for QC and RD.

RECYCLED AND REUSED WATER

Climate change has been adversely affecting the quantity and quality of water sources, reducing the water resources of rivers and streams, increasing the risk of gradual depletion of clean water sources. Therefore, measures to save water resources, to reuse/ recycle water are extremely necessary. In recognition of these challenges for water resources, DHG Pharma has been oriented to save water resources, balance water usage 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.

% OF WASTEWATER RECYCLED/TOTAL WASTEWATER





WATER AND EFFLUENTS

WASTEWATER



HEADQUARTERS OF DHG PHARMA IN CANTHO

In 2020, production wastewater was recorded at about 10,945 m³/month, mainly generated from stages such as pharmaceutical production, machine, equipment, and factory cleaning.

Wastewater from daily activities of employees was about 1,464 m³/month.

Wastewater disposal: the joint drainage system of Nguyen Van Cu Street.

Total spending on wastewater treatment in 2020: Approximately VND 1.66 billion

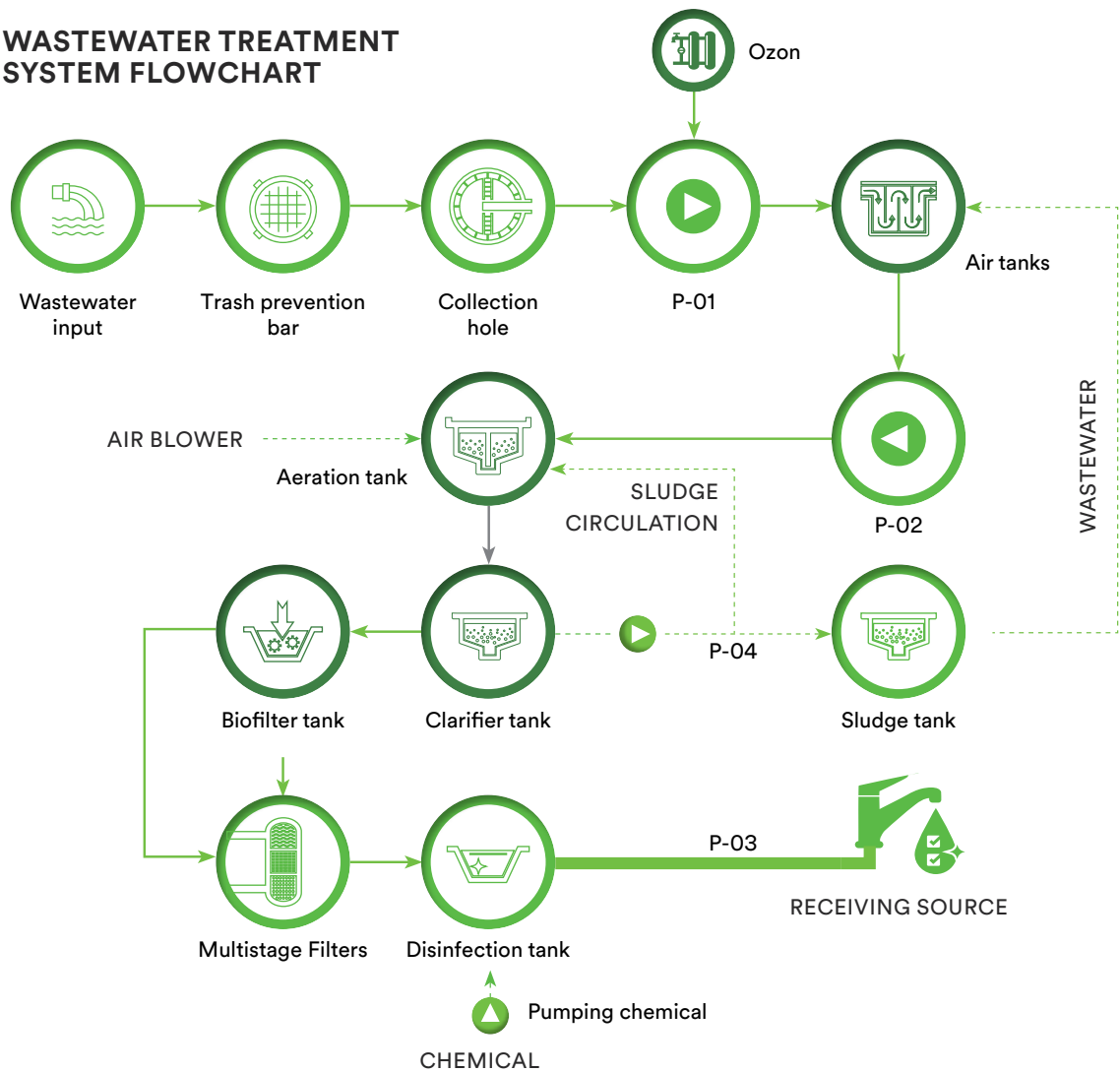
Treatment method: chemical physics + microbiology.

Wastewater treatment systems: 02 wastewater treatment systems:

- Wastewater treatment system 1 with capacity of 400 m³/day & night.
- Wastewater treatment system 2 with capacity of 400 m³/day & night.

Periodic water quality monitoring is conducted 04 times a year at the Headquarters of DHG Pharma in Cantho. In 2020, the Natural Resource and Environmental Monitoring Center of Cantho Department of Natural Resources and Environment carried out 4 times of monitoring on 09 Mar 2020, 24 Jun 2020, 23 Sep 2020, 14 Dec 2020.

WASTEWATER TREATMENT SYSTEM FLOWCHART



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

All of the monitoring results in 2020 are within acceptable limits of QCVN 40:2011/BTNMT, ensuring that DHG Pharma's production activities have little impact on the surrounding environment.

No.	Parameter	Unit	Measurement method	QCVN 40:2011/BTNMT	Wastewater treatment system 1 & 2
1	pH		TCVN 6492:2011	5.5 - 9	7.09
2	BOD ₅ 20°C	mg/l	TCVN 6001-1:2008	50	6
3	COD	mg/l	SMEWW 5220 COD-C:2012	150	16.7
4	SS	mg/l	TCVN 6625:2000	100	10.25
5	Total Nitrogen	mg/l	TCVN 6638-2000	40	1.35
6	Total Phosphoric	mg/l	SMEWW 4500-P B&E:2012	6	0.55
7	Chloride (Cl ⁻)	mg/l	TCVN 6194:1996	1,000	67.45
8	Color	Pt-Co	SMEWW 2120C:2017	150	KPH (MDL=4)
9	Phenols	mg/l	TCVN 6216:1996	0.5	KPH (LOD=0.0003)
10	Cyanide	mg/l	SMEWW 2120C:2017	0.1	KPH (LOD=0.0003)
11	Ammonium (calculated according to N)	mg/l	SMEWW 4500-NH ₃ .B&F:2012	10	0.525
12	Chromium VI	mg/l	SMEWW 3500-Cr.B:2017	0.1	KPH (LOD=0.003)
13	Mn	mg/l	SMEWW 3111B:2017	1	KPH (MDL=0.05)
14	Fe	mg/l	TCVN 6177:1996	5	0.055
15	Free Chlorine (Cl ₂)	mg/l	TCVN 6225-3:2011	2	KPH (MDL=0.3)
16	Sulfide (S ²⁻)	mg/l	SMEWW 4500-S ²⁻ .B&D:2017	0.5	KPH (MDL=0.22)
17	Coliform	VK/100 ml	TCVN 6187-2-1996	5,000	1,300
18	Mineral oil	mg/l	SMEWW 5520B&F:2017	10	0.8
19	Arsenic (As)	mg/l	SMEWW 3113B:2017	0.1	KPH (MDL=0.001)
20	Mercury (Hg)	mg/l	SMEWW 3112B:2017	0.01	KPH (MDL=0.0003)
21	Lead (Pb)	mg/l	SMEWW 3113B:2017	0.5	0.00765
22	Cadmium (Cd)	mg/l	SMEWW 3113B:2017	0.1	KPH (MDL=0.001)



WATER AND EFFLUENTS



DHG PHARMACEUTICAL PLANT BRANCH IN HAU GIANG

In 2020, the amount of wastewater of DHG Pharma Plant in Hau Giang was recorded at 21,745 m³/year, including production wastewater and domestic wastewater of employees.

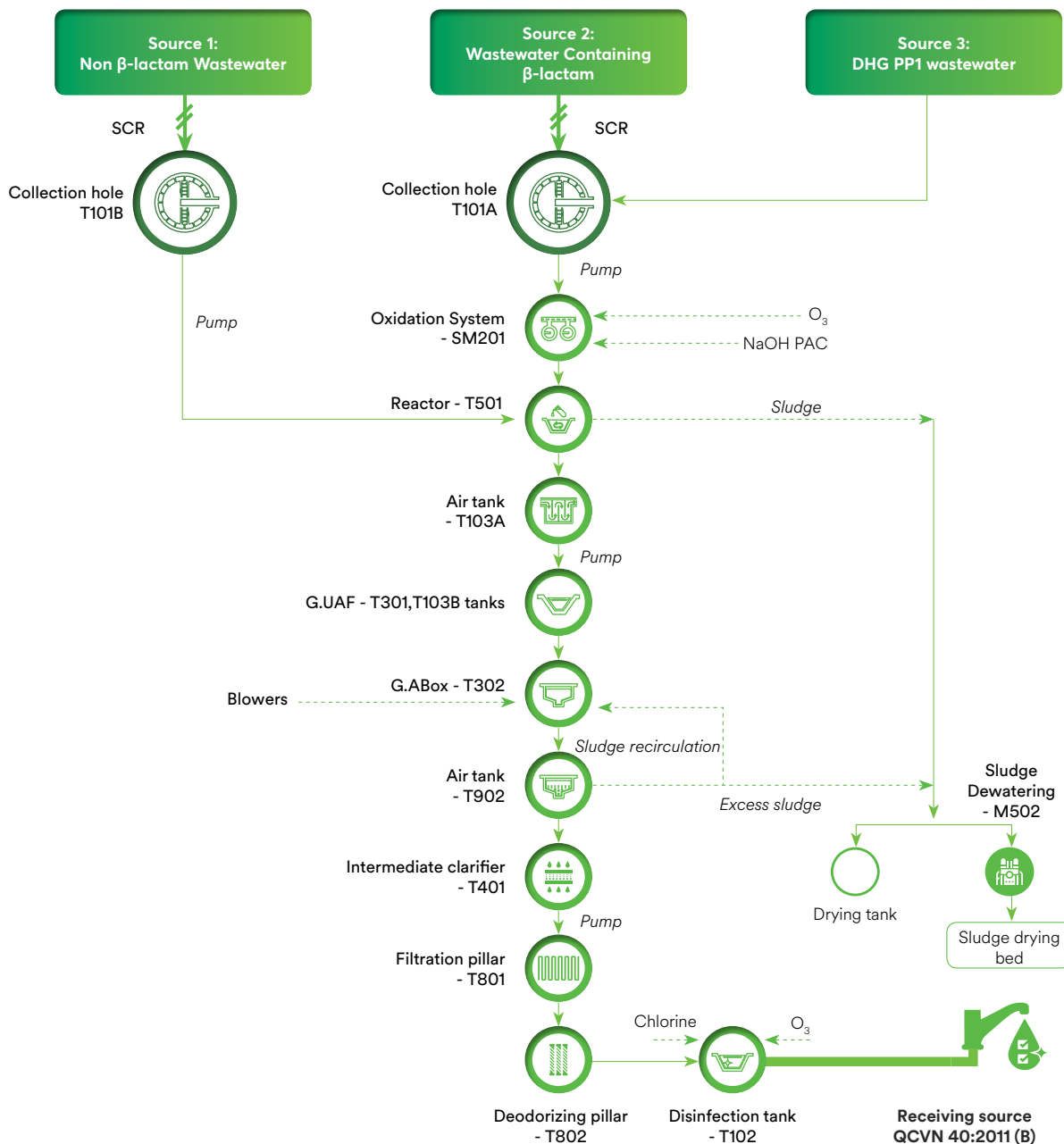
Connection point: Catchpit No. T6-14, Street No. 6, Tan Phu Thanh Industrial Zone - Phase 1.

Total spending on wastewater treatment in 2020: approximately VND 500 million.

Treatment method: chemical physics + microbiology.

Periodic water quality monitoring at DHG Pharma Plant in Hau Giang is conducted 04 times per year. In 2020, 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 carried out 4 times of monitoring (27 Feb 2020, 08 May 2020, 05 Aug 2020, 14 Oct 2020).

WASTEWATER TREATMENT SYSTEM FLOWCHART:



MONITORING RESULTS OF WASTEWATER QUALITY:

All of the monitoring results in 2020 are within acceptable limits of QC VN 40:2011/BTNMT, ensuring that DHG Pharma's production activities have little impact on the surrounding environment.

No.	Parameter	Unit	Measurement method	QC VN 40:2011/BTNMT	2020
1	Temperature	°C	SMEWW 2550B:2012	40	29.3
2	pH	-	TCVN 6492:2011	5.5 to 9	6.98
3	Color	Pt - Co	SMEWW 2120B:2012	150	22.43
4	TSS	mg/l	TCVN 6625:2000	110	6
5	BOD ₅ at 20°C	mg/l	TCVN 6001-1:2008	55	11
6	COD	mg/l	SMEWW 5220C:2012	165	21
7	Total Nitrogen	mg/l	TCVN 6638:2000	44	4.2
8	Total Phosphoric	mg/l	TCVN 6202:2008	6.6	1.51
9	Total Coliform	MPN/100ml	TCVN 6187-2:1996	5,000	KPH
10	Mineral oil	mg/l	SMEWW 5520 B&F:2012	11	1.4
11	Fe	mg/l	TCVN 6177:1996	5.5	0.23
12	Free Chlorine	mg/l	TCVN 6225-3:2011	2.2	KPH
13	As	mg/l	US.EPA Method 200.7	0.11	KPH
14	Zn	mg/l	EPA Method 200.7	3.3	KPH
15	Pb	mg/l	EPA Method 200.7	0.55	0.02
16	Cd	mg/l	Epa Method 200.7	0.11	KPH
17	Hg	mg/l	SMEWW 3112B:2012	0.011	KPH
18	Cu	mg/l	US.EPA Method 200.7	2.2	KPH
19	Cr ³⁺	mg/l	US.EPA Method 200.7	1.1	0.04
20	Cyanide	mg/l	SMEWW 4500-CN-.C&F:2012	0.11	0.022
21	Phenols	mg/l	TCVN 6216:1996	0.55	0.004

WATER-SAVING SOLUTIONS AT DHG PHARMA



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.



DHG Pharma propagated and enhanced a sense of responsibility for all employees toward water conservation, and efficient use of water.



Through the role of the Science and Technology Committee, praising and rewarding employees who proposed excellent initiatives, ideas, and solutions for saving water and efficient use of water.



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.



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



EMISSIONS AND WASTE

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



MANAGEMENT APPROACH

- Under the guidance of local environmental agencies, DHG Pharma conducts periodic environmental impact assessments 2 - 4 times a year to prevent environmental pollution and take timely measures as soon as there is pollution. Environmental monitoring results are evaluated in accordance with current Vietnamese standards (QCVN).
- The Environment and Labor Safety Department is assigned the task of supervising the collection, management, and treatment of wastes, as well as reporting to the state management agencies on environmental protection and environmental assessment annually according to regulations.

EMISSIONS MONITORING

Environmental monitoring activities are carried out regularly at DHG Pharma, at least twice a year. The monitoring results are within the allowable limits, ensuring production activities of DHG Pharma have little impact on the surrounding environment.

IMPLEMENTATION PERIOD:

No.	Location	Time and place of monitoring
1	Headquarters of DHG Pharma in Can Tho	4 times/year: Mar/2020; June/2020; Sep/2020 and Dec/2020
		Monitoring in 4 areas: <ul style="list-style-type: none">KK1: Production zone;KK2: Testing zone;KK3: Office area and security gate;KK4: Areas below the main wind direction.
2	DHG Pharmaceutical Plant Branch in Hau Giang	Twice a year: 27 Feb 2020 and 05 Aug 2020
		Monitoring in 2 areas: <ul style="list-style-type: none">KK1: Factory gate;KK2: 50m from the factory, below the wind direction.

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	

PARAMETERS AND MONITORING RESULTS OF AIR QUALITY



HEADQUARTERS OF DHG PHARMA IN CANTHO

No.	Indicators	Measurement method	Unit	2020			
				KK1	KK2	KK3	KK4
1	Noise	TCVN 7878-2:2010	dBA	67.4	65.9	67.3	68.4
2	Dust	TCVN 5067:1995	µg/m³	223.9	182.5	184.3	238.4
3	SO ₂	TCVN 5971:1995	µg/m³	15.1	15.3	16.6	19.5
4	NO ₂	TCVN 6137-2009	µg/m³	6.1	6.4	8.4	27.1
5	CO	HD 5.4 HLb 28.1	µg/m³	6,200	5,800	6,200	6,800
6	Temperature	QCVN 46:2012/BTNMT	°C	29.7	28.9		
7	Vibration	RIOVIBRO Vm-63a	dB	53.3	53.3		

The monitoring results showed that all the parameters at key areas of Headquarters of DHG Pharma in Cantho were very good and were 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.



DHG PHARMACEUTICAL PLANT BRANCH IN HAU GIANG

No.	Indicators	Measurement method	Unit	2020	
				KK1	KK2
1	Noise	TCVN 7878-2:2010	dBA	64	65
2	Dust	TCVN 5067:1995	µg/m³	95	81
3	SO ₂	TCVN 5971:1995	µg/m³	67.7	60.1
4	NO ₂	TCVN 6137:1996	µg/m³	58.7	47.8
5	CO	HDCV.TN-CO	µg/m³	4,128	2,943

The monitoring results of air quality at key areas of DHG Pharmaceutical Plant Branch in Hau Giang showed that all the parameters recorded were within the limits of QCVN 05:2013/BTNMT, QCVN 26:2010/BTNMT.



EMISSIONS AND WASTE



MITIGATION MEASURES FOR EMISSIONS

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.



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



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



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



Dust and emissions from pharmaceutical production:

Raw material dust:

- Dust generated from the pharmaceutical grinding and filtering, compression, etc will be kept in the central vacuum system. Dust is then transferred to the hazardous waste storage facility for a transfer to the treatment unit.
- Dust, emissions generated from the process of film coating and fluidized bed drying will be passed through the wet scrubber. The dust here is kept by the dust collector filters. Then, emissions and dust are absorbed by water. The emissions after being absorbed will exit, ensuring that they do not affect the workers and surrounding environment. The absorbed water after reaching the bottom of the scrubber will be led to the settling pond for sedimentation. The water will be taken to the centralized wastewater treatment system for treatment, the residue will be treated together with the sludge from the wastewater treatment system.



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



Regarding circulation areas of means: Layout of green trees, sweeping of roads, spraying water during the dry season to reduce dust and heat.

WASTE



NON-HAZARDOUS SOLID WASTE

The source of non-hazardous solid waste including domestic waste, and ordinary industrial solid waste includes all kinds of carton packaging, carton boxes. 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.

Non-hazardous solid waste	Unit	Headquarters of DHG Pharma	DHG Pharmaceutical Plant Branch
Domestic waste	m³/year	828.12	1,253
Ordinary industrial solid waste	Kg/year	37,350	416,931
Waste collection companies		Can Tho Urban JSC Viet Xanh Tay Do Environmental Company Limited	Hau Giang Water Supply and Sewerage - Projects Urban JSC Veritas Environment Company Limited (Sep/2019 - Sep/2020) Viet Xanh Tay Do Environmental Company Limited (from Oct/2020)



MITIGATION AND TREATMENT MEASURES



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



Every day, Can Tho Urban JSC gathers about 2.3 m³/day at the Headquarters of DHG Pharma, Hau Giang Water Supply and Sewerage - Projects Urban JSC collects 3.5 m³/day of domestic waste at DHG Pharmaceutical Plant Branch. Afterward, the cleaning staff clean, rinse and spray 0.4% sterilized Javelle solution.



Ordinary industrial solid waste is brought to the concentrated area in line with regulations. Purchasing firms come to collect under contracts, cleaning staff then comes to clean after the waste is collected.





EMISSIONS AND WASTE



HAZARDOUS WASTE

The source of hazardous waste includes oily rags, fluorescent lamps, waste oil, waste electronic component, etc.

Treatment cost: In 2020, the total cost of hazardous waste treatment is about VND 921.2 million, of which VND 408.2 million is from the Headquarters of DHG Pharma and VND 513 million is from DHG Pharmaceutical Plant Branch.

	UNIT	Headquarters of DHG Pharma	DHG Pharmaceutical Plant Branch	Total
Hazardous waste	kg/year	96,873	106,486	203,359
Treatment cost	VND million	408.2	513	921.2
Waste collection and treatment companies		Green Earth JSC.	Green Earth JSC. VietXanh Environmental Manufacturing - Trading - Services Limited Company.	



MITIGATION AND TREATMENT MEASURES



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



Hazardous wastes are packaged, labeled, and brought to hazardous waste storehouse. The factory contracted with Green Earth JSC and VietXanh Environmental Manufacturing - Trading - Services Limited Company to handle hazardous wastes in line with regulations.

No.	Name of waste	Code of hazardous waste	2020 (kg/year)	Treatments methods	Waste collection companies
1	Waste ink containing hazardous constituents	08 02 01	461	Burning - Solidification	Green Earth JSC + VietXanh Environmental Manufacturing - Trading - Services Limited Company
2	Waste ink cartridges containing hazardous constituents	08 02 04	1,061	Burning - Solidification	Green Earth JSC + VietXanh Environmental Manufacturing - Trading - Services Limited Company
3	Waste engine oils	17 02 04	23	Burning - Solidification	Green Earth JSC
4	Wipes contaminated with hazardous constituents	18 02 01	1,401	Burning - Solidification	Green Earth JSC + VietXanh Environmental Manufacturing - Trading - Services Limited Company
5	Chemical waste in Laboratories	19 05 02	9,600	Burning - Solidification	Green Earth JSC
6	Waste soft packages	18 01 01	39,934	Burning - Solidification	Green Earth JSC + VietXanh Environmental Manufacturing - Trading - Services Limited Company
7	Used active coal	02 11 02	2,609	Burning - Solidification	Green Earth JSC
8	Waste sludge from wastewater treatment system	03 05 08	32,241	Burning - Solidification	Green Earth JSC
9	Waste fluorescent bulbs	16 01 06	122	Crushing - Burning - Solidification	Green Earth JSC + VietXanh Environmental Manufacturing - Trading - Services Limited Company
10	Waste batteries and accumulators	16 01 02	28	PT (*) - Washing - Make full use/ Recycling - Burning - Solidification	Green Earth JSC
11	Waste electrical equipment and components	16 01 13	-	PT (*) - Make full use/ Recycling - Burning - Crushing - Solidification	Green Earth JSC
12	Saturated or used ion-exchanging plastic	12 06 01	11,392	Burning - Solidification	Green Earth JSC
13	Solid waste substances containing hazardous constituents	03 05 09	104,487	Burning - Solidification	Green Earth JSC
Total			203,359		

(*) PT: Separation/Extraction/Filtration/Precipitation

NOISE AND VIBRATION



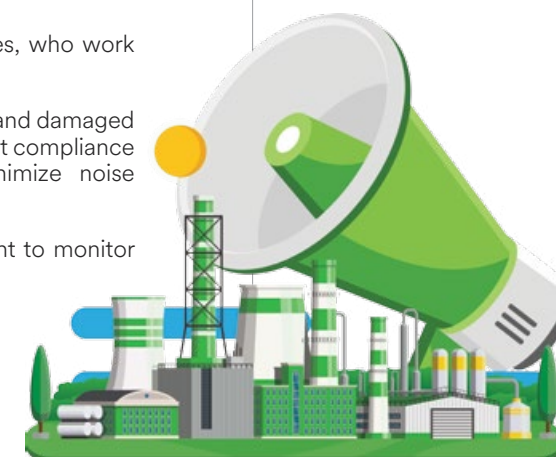
Sources:

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 in noisy environment.
- Regularly inspecting and promptly repairing worn and damaged equipment and machinery in conjunction with strict compliance with periodic maintenance regulations to minimize noise impact.
- Conducting measurement of working environment to monitor and improve working conditions for employees.
- Working on measures to reduce noise in the areas adjacent to residential areas.






ENVIRONMENTAL COMPLIANCE



“ Environmental protection has become a global issue. This is not only an urgent task for each country but also an obligation of every citizen and especially companies. Right from the first day of its business, the BOM of DHG Pharma has oriented the construction of a sustainable development strategy, with a close, reasonable and harmonious combination between economic development and environmental protection.









MANAGEMENT APPROACH

-  The Environment and Labor Safety Department of DHG Pharma is assigned the task of inspecting and supervising the implementation of environmental protection activities within the Company.
-  All employees of DHG Pharma, especially factory workers, are regularly disseminated and propagated on how to classify waste, recycle waste into useful items, save electricity, water, etc. in production and office activities as well as regulations on environmental sanitation and labor safety.
-  Environmental impact assessments and commitment to environmental protection are carried out at all factories of DHG Pharma. During the operation process, the factories have always strictly complied with environmental laws, conducted environmental measurements and monitoring every quarter and reported to relevant competent authorities.

IN 2020, THE COMPANY DID NOT RECORD ANY VIOLATIONS OF ENVIRONMENTAL LAWS:



ACTIONS TO MINIMIZE IMPACTS ON THE ENVIRONMENT

-  Operation and regular inspection of wastewater treatment systems to ensure that wastewater meets QCVN 40:2011/BTNMT standard.
-  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.
-  Developing a plan for occupational safety and health. Providing adequate and appropriate personal protective equipment in production. Supervising employees' activities for environmental protection.
-  Good handling of solid waste by proper collection and treatment.
-  Regular implementation of environmental monitoring programs periodically.
-  Planting trees around the premise for landscape and fresh air.
-  Using environmentally friendly paper bags instead of plastic bags.
-  Classifying domestic waste before treatment.

COOPERATION WITH SUPPLIERS TO PROTECT THE ENVIRONMENT

In order to preserve and protect the environment systematically and professionally, DHG Pharma has been signing contracts with suppliers providing services such as collection, transportation, treatment of domestic waste, hazardous waste, etc. DHG Pharma has annually monitored and evaluated the cooperation with suppliers and will continue to expand this activity in the coming years.



No.	Contracts with suppliers	Contents
1	Contract of industrial cleaning service	Providing daily cleaning service.
2	Contract for collection, transportation, treatment of domestic waste	Collecting, transporting, and treating generated domestic waste.
3	Contract for collection, transportation, treatment of hazardous waste	Collecting, transporting, and treating generated hazardous waste.
4	Contract for reporting on environmental protection	Collecting samples, analyzing periodical monitoring samples 4 times a year for effluents, emissions, etc. Making reports on environmental protection
5	Contract for measurement of working environment	Collecting samples of working environment indicators (microclimate, lighting, electromagnetic fields, etc.). Making a report on working environment measurement.
6	Contract for drainage and wastewater treatment services	Treating wastewater to meet grade B according to QCVN 40:2011/BTNMT before discharging it into the common wastewater collection system.










REFERENCE TABLE ACCORDING TO GRI STANDARDS








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