

**DHG PHARMA**  
*For a more beautiful and healthier life*



Sustainable Values  
**SHINING FAITH**

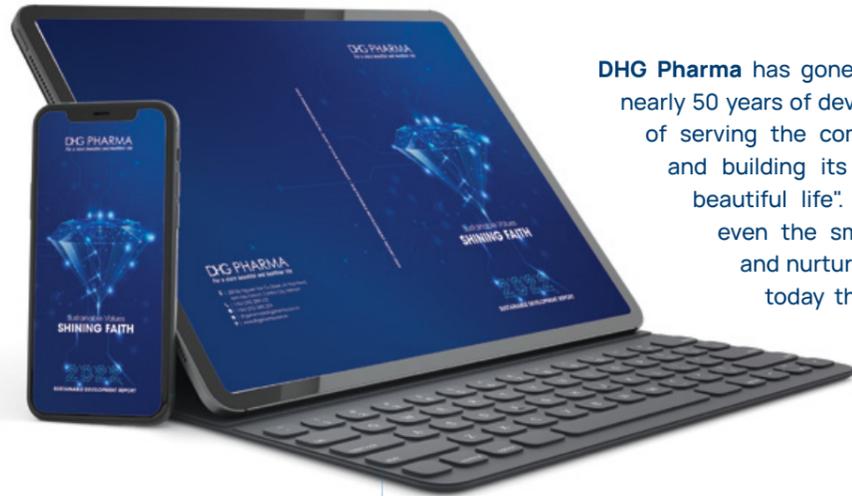
**2022**

**SUSTAINABLE DEVELOPMENT REPORT**

DHG PHARMACEUTICAL JOINT-STOCK COMPANY - SUSTAINABLE DEVELOPMENT REPORT 2022

**DHG PHARMA**  
*For a more beautiful and healthier life*

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DHG Pharma has gone through a long-standing period of nearly 50 years of development with a meaningful mission of serving the community on its journey of shaping and building its motto "For a healthier and more beautiful life". On that journey, so many values, even the smallest ones, are mindfully planted and nurtured by DHG Pharma every day so that today those values are widely spread. With that meaning, DHG Pharma has chosen the message "**Sustainable values, shining faith**" as the main theme for the 2022 Sustainable Development Report. The theme is closely associated with the noble image of a diamond.

**D**iamond - the image that symbolizes the **SUSTAINABLE STRUCTURE** together with the **ETERNAL VALUES** and **SHIRING**, because only **GENUINE VALUES** will stand the test of time and be honored true to the value they bring. So is DHG Pharma, with its solid foundation and brand reputation of nearly half a century and the values it has brought and well-established in the market. These are most apparent and convincing proofs of the value of the **SHINING TRUST** in the hearts of millions of customers. These, in turn, verify that DHG Pharma has excellently performed its role on the path of sustainable development and moving towards the future.

# LIST OF

## ABBREVIATIONS

<b>AGM</b>	Annual General Meeting	<b>HOSE</b>	Ho Chi Minh Stock Exchange
<b>BOD</b>	Board of Directors	<b>JSC</b>	Joint Stock Company
<b>BOM</b>	Board of Management	<b>KPH</b>	Undetected
<b>CGR</b>	Corporate Governance Report	<b>MDL</b>	Method Detection Limit
<b>CIT</b>	Corporate Income Tax	<b>OISW</b>	Ordinary Industrial Solid Waste
<b>DHG Pharma</b>	DHG Pharmaceutical Joint Stock Company/Parent Company	<b>PIC/s</b>	Pharmaceutical Inspection Co-operation Scheme
<b>DSW</b>	Domestic Solid Waste	<b>QCVN</b>	Vietnamese standards
<b>EC Dept.</b>	Environment and Labor Safety Department	<b>RM</b>	Risk Management
<b>GMP</b>	Good Manufacturing Practice	<b>SDR</b>	Sustainable Development Report
<b>GMS</b>	General Meeting of Shareholders	<b>VND</b>	Vietnamese Dong
<b>GRI</b>	Global Reporting Initiative	<b>WHO</b>	World Health Organization

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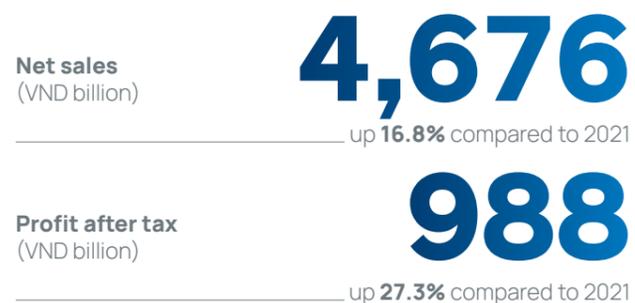
# MESSAGE

## of the Sustainable Development report



In a context where the whole world underwent catastrophes of epidemics, natural disasters, wars, economic recessions, the whole community went through a harsh natural screening and filtering process through which each of us needs to recognize and appreciate more properly on the role and mission of sustainable development in business. Above all, such challenges seem to optimize our society's resilience and make people become stronger and more willing to change to better suit all contexts. Also, the core values of society, among which the issues of Safety, Health, Environment, and Social Security get much closer attention from the public.

**As for the case of DHG Pharma, by the end of 2022, the Company recorded the highest revenue and profit rates in the 48-year history of development with**



In addition to these impressive business results, DHG Pharma also achieved success in stabilizing employees' lives through maintaining their jobs and incomes, and serving the public with measures for protecting people's health. More outstanding, the Company's strategic goals have been outlined with a clear orientation towards the implementation of policies focusing on environmental protection.

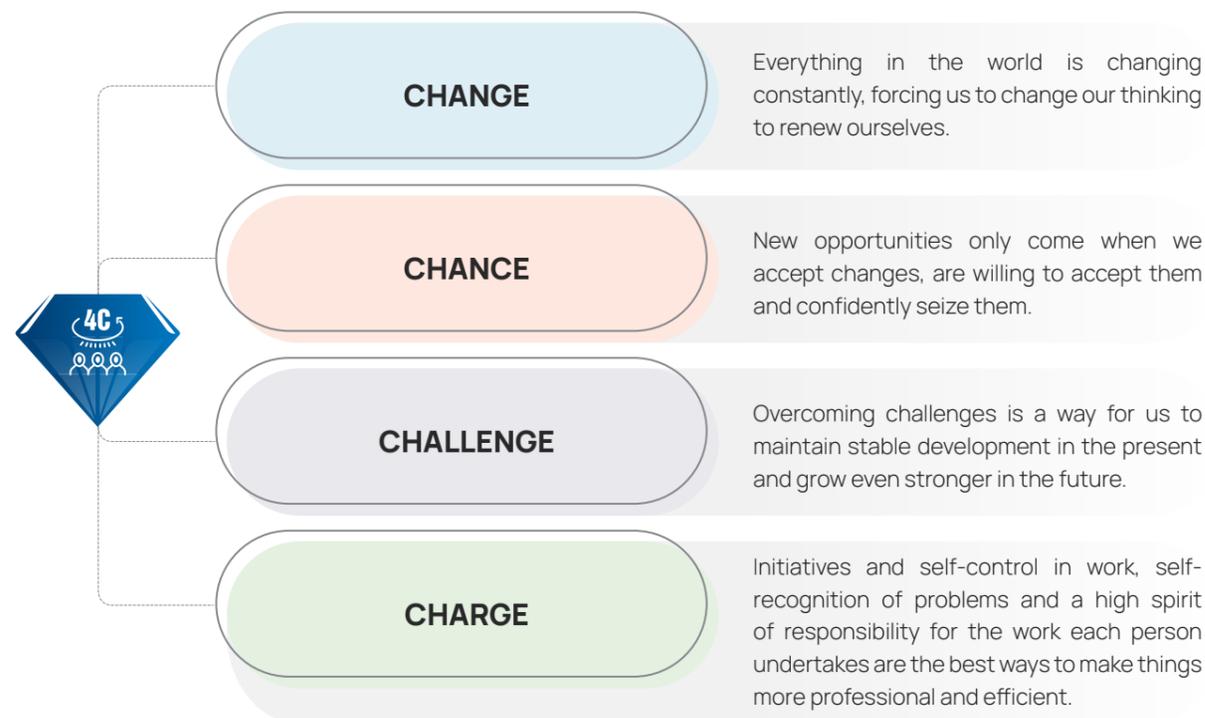
At the COP26 event taking place in the UK at the end of 2021, Vietnam officially announced its commitment to achieve net zero emissions by 2050. In such a context, DHG Pharma is fully aware of its responsibility and important role in contributing to this commitment of the country. Climate change and global warming affect us all and each of us should take responsibility; as such DHG Pharma has taken specific measures to support this movement through practical actions. DHG Pharma has signed cooperation agreements with the Green Yellow Vietnam for implementing the Rooftop Solar Power Project with a total capacity of 2.7 MWp for the plant in Tan Phu Thanh Industrial Park, Chau Thanh A District, Hau Giang Province. This opens a new chapter of the Company's vision for sustainable development.

**Dear shareholders, partners, customers and all employees!**

We have gone through a period of difficult economic times together with a wonderful spirit of unity to overcome all challenges, and today the first thing I would like to say is to send my deepest gratitude to everyone for your meaningful support that has made a strongly-grown DHG Pharma as it is today.

Ladies and gentlemen!

**T**he 48-year journey of building and development of DHG Pharma is a long-standing process of preserving and promoting the Company's respectable traditional cultural values as well as constantly consolidating its internal strengths and perfecting the management system based on its fundamental values that can be summed up in four Cs:



When the above messages are conveyed and spread every day to each member of the big family of DHG Pharma, I strongly believe that over time, it is our enthusiasm and passion that will bring amazing miracles. Entering 2023, we still have much work to do and many obstacles to overcome together. Yet, in any situation, we each need to firmly keep in mind the word "Heart" for those who have a mission to serve for the health of the community. This is the true path we have chosen and followed for the long-term sustainable development. More importantly, staying firm and strong in the face of new challenges will help us maintain our position as the No. 1 Pharmaceutical Company in Vietnam.

Everything starts with trust, and we respond to your trust with its true values. We appreciate and are grateful for your companionship with DHG Pharma so far and we truly hope to continue to welcome your enthusiastic support in the future.

Wishing you health, happiness and success.

**TOSHIYUKI ISHII**  
General Director



## OVERVIEW

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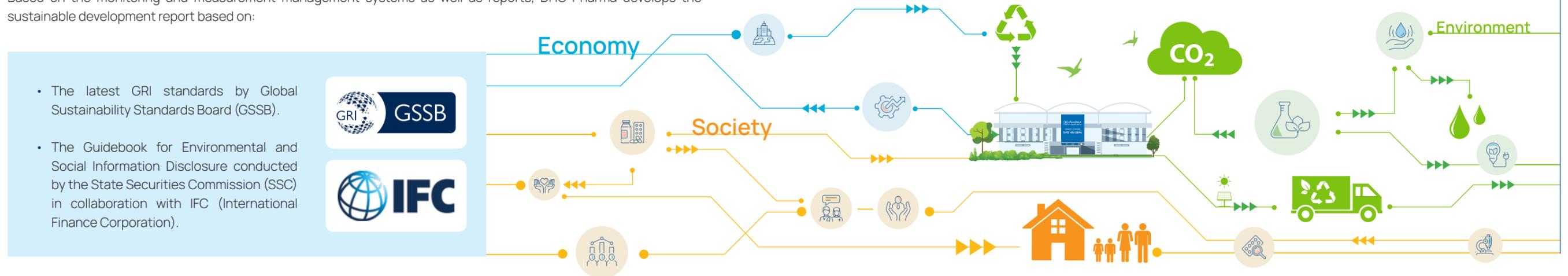
# OVERVIEW OF The Sustainable Development report

**S**ustainable development report (SDR) is prepared as a bridge between DHG Pharmaceutical JSC (DHG Pharma) 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 reports, DHG Pharma develops the sustainable development report based on:



## SCOPE OF THE REPORT

**Reporting period:** The SDR 2021 is prepared in accordance with the accounting year, starting from 01 Jan 2022 to 31 Dec 2022. The SDR is separated from the Annual Report and has the same reporting period with the 2022 Annual Report.

**Latest report:** 31 Dec 2021

**Reporting cycle:** Annually

**Scope of the report includes:**

- DHG Pharma's factory in Cantho
- DHG Pharmaceutical Plant Branch in Hau Giang
- 34 branches and 3 central warehouses in provinces and cities across the country (personnel, salary and bonus figures)
- 01 representative office in Ho Chi Minh City.

## 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:

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

 **02923 891 433** (Ext: 242)

 Ms. **Le Thi Hong Nhung** (hongnhung@dhgpharma.com.vn)  
Finance Director



# DHG PHARMA AT A GLANCE



The Company's name  
in Vietnamese:  
**Công ty Cổ phần  
Dược Hậu Giang**

The Company's name in English	: DHG Pharmaceutical Joint Stock Company
Abbreviation	: DHG Pharma
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 2022)	: 4.291.536.903.457 VNĐ
Charter capital (As at 31 Dec 2022)	: 1.307.460.710.000 VNĐ
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 2022



VISION - MISSION - CORE VALUES

VISION



For a more beautiful  
*& healthier life*

MISSION



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

CORE VALUES



## HISTORICAL MILESTONES

- 1974** Established and was formerly known as the 2/9 Pharmaceutical SOE Factory.
- 2004** Hau Giang Pharmaceutical Integrated Factory was equitized to become DHG Pharmaceutical Joint Stock Company.
- 2006** DHG Pharma's stocks were listed on HOSE.
- 2007** Reconfirmed the vision, mission and 7 core values. Increased the charter capital from VND 80 billion to VND 200 billion.

- 2012** The topic **"Today's solution is tomorrow's issue"** brought high efficiency to the Company in cost control, risk management and policies.
- 2013** Completed the construction of the new Non-Betalactam factory and DHG Printing and Packaging 1 Plant Project in Tan Phu Thanh Industrial Zone.

- 2017** Smooth transitions of the 2 senior positions in the Company: Chairman of the BOD and General Director.
- 2018** Lifting foreign ownership limit at DHG Pharma from 49% to 100% of charter capital.  
**PIC/s - GMP & Japan-GMP standards were granted for production lines.**

- 2021** **Marking the decade of innovation**  
DHG Pharma constantly strives to overcome the pandemic to provide consumers with quality products of **international standards**.

- 2008** Implemented modern and effective management tools: 10.5S and **Balance Score Card**
- 2009** Successfully implemented the strategy - 20/80 products, customers and personnel.
- 2010** Successfully implemented **"tripod"**: the strategy shareholders, customers and employees.
- 2011** Successfully implemented the **"Factory Productivity Improvement Project"** and the **"Project to improve performance of subsidiaries"**.

- 2014** Celebrated **40<sup>th</sup>** years of establishing DHG Pharmaceutical Joint Stock Company and 10 years of equitization.
- 2015** Laid the **groundwork** or restructuring and internally prepared for the new growth period.
- 2016** **The first year** of the five-year strategy 2016-2020, the beginning of a sustainable and effective development.

- 2019** Marked the **45** historical milestone and the first year to become a member of Multinational Pharmaceutical Companies when Taisho has officially owned 51.01% of the Company's capital.
- 2020** **The film-coated tablet production line was certified**  
**Japan-GMP** and the tablet line continued to be re-granted **Japan-GMP** certificate.

- 2022** **Commencement of construction of the Betalactam factory meeting JAPAN/EU-GMP standards**



**BUSINESS LINES**

The core business lines of DHG Pharma are to manufacture and trade



**PHARMACEUTICAL**



**HEALTH SUPPLEMENT**



**COSME-CEUTICAL**

DHG Pharma owns a diversified portfolio of

**>300**

**PRODUCTS**

In which:

Nearly 100 products under the form of tablets, film-coated tablets, effervescent tablets and effervescent granules meeting Japan-GMP standards.

To easily manage and invest in brand building, DHG Pharma divides its product portfolio by treatment function into the following categories:



Category 1

**ANTIBIOTIC**



Category 2

**ANALGESIC - ANTIPYRETIC**



Category 3

**RESPIRATORY**



Category 4

**NUTRITION**



Category 5

**MUSCULOSKELETAL**



Category 6

**GASTROINTESTINAL - HEPATOBIILIARY**



Category 7

**NEUROLOGY - OPHTHALMOLOGY**



Category 8

**CARDIOVASCULAR - DIABETES**



Category 9

**BEAUTY CARE**



Category 10

**IMPORTED PRODUCTS**



OPERATING MODELS



DHG Pharmaceutical Manufacturing Plant in Can Tho

Area (land): **62,602**m<sup>2</sup>

Design capacity:

- Pharmaceutical** (million units of products/year) **460**
- Health supplement** (million units of product/years) **1,135**
- Hati water** (units of product/year) **390,000**

Total employees: **~200** people

DHG Pharmaceutical Manufacturing Plant in Hau Giang

Area: **69,662**m<sup>2</sup>

Design capacity:

- Non-Betalactam Factory** (billion units of products/year) **4**
- Betalactam Factory** (billion units of products/year) **1**

Total employees: **~500** people

Packaging and Printing Plant in Hau Giang

Area: **11,062**m<sup>2</sup>

Design capacity: **470** million units of products/year

Total employees: **~100** people

**Pharmacy channel** >**30,000** customers

**Hospital channel** established professional sales channels in **34** provinces

**Modern trade channel** ≤**1,500** pharmacies of 5 major pharmacy chains

**Sales representative** ~**500** people

**Export** **20** export markets  
**139** SKUs (Stock Keeping Unit)

**34** branches from North to South

**3** central warehouses in Cantho, Hanoi, Ho Chi Minh City - East

**1** representative office in HCMC

Owner's equity (VND billion)

**4,291**

Total employees (People)

**2,700**

Total training hours

**124,740** HOURS

Training expenses

**3** VND BILLION

# MANAGEMENT

## Towards sustainable development

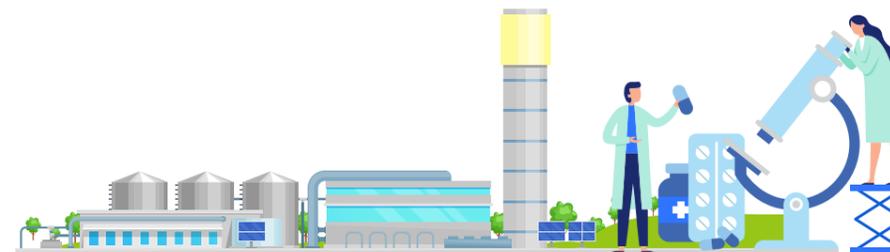
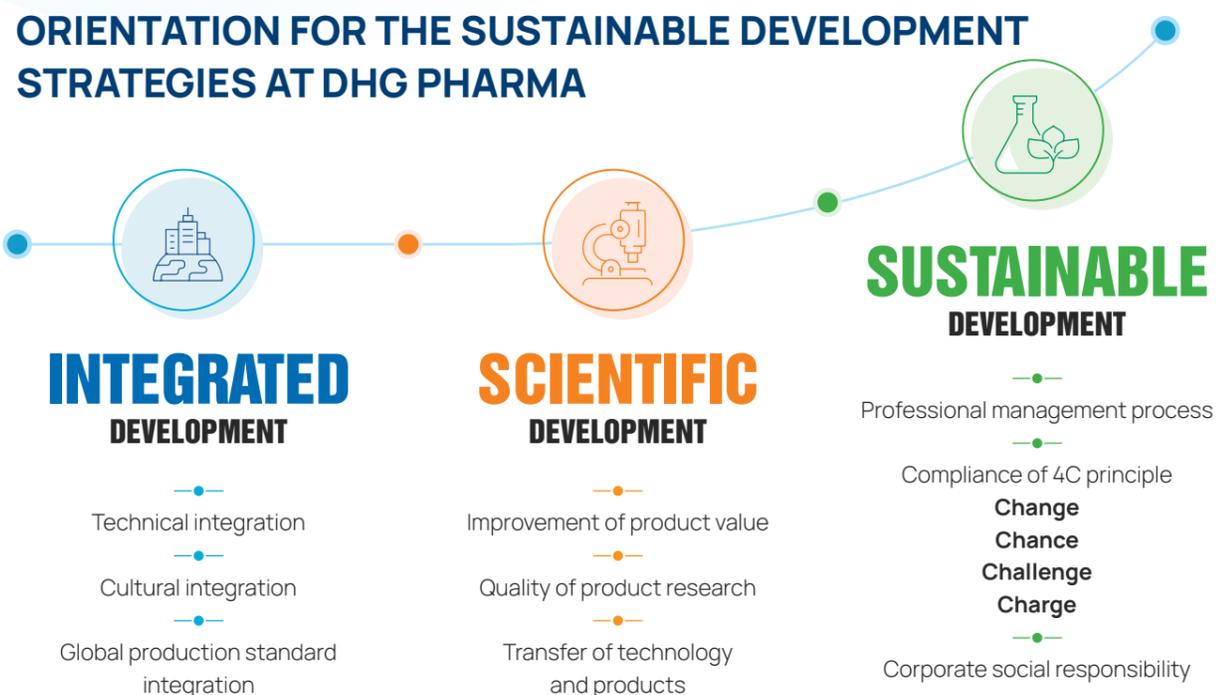
Climate change and natural loss are increasing day by day. According to reports on climate change, human activities are affecting the weather and extreme climate events in all regions worldwide. Nature is deteriorating at an unprecedented rate, with the health of ecosystems rapidly declining.

The dual crisis of climate change and natural loss also poses a health crisis. WHO has warned that climate change is the greatest threat to human health that humanity faces. From 2030 to 2050, climate change is expected to cause an additional 250,000 deaths per year due to malnutrition, malaria, diarrhea, and heat stress.



**T**he healthcare sector plays a dual role in overcoming this challenge. As a company operating in the healthcare sector, DHG Pharma always strives to limit the impact of climate change by complying with relevant laws and regulations, combining with international corporate governance practices, sustainable development, and continuously improving its management structure towards international standards. Additionally, DHG Pharma provides healthcare products that meet the evolving needs of development.

### ORIENTATION FOR THE SUSTAINABLE DEVELOPMENT STRATEGIES AT DHG PHARMA



### KEY SOLUTIONS

#### 1 Upgrading production lines according to global GMP standards and maintaining domestic standards.

- Continuing to upgrade the remaining production lines to global GMP standards and maintaining domestic standards.
- Improving production capacity by deploying production on newly invested high-capacity automatic machines in factories.
- Improving supply chain, ensuring stable supply of goods by controlling production, ensuring proper inventory, proper capacity of each warehouse, purchasing raw materials and packaging steadily, adding supplying sources for the main raw materials.
- Enhancing the transfer of new products and comprehensive cooperation with Taisho investor.

#### 2 Enhancing the position & competitiveness of DHG Pharma as a multinational pharmaceutical company

- Increasing investments in research and development of Generic products with high potential, quality and value.
- Expanding network, increasing loyal customers and improving sales performance in big cities.
- Focusing on branding, product portfolio strategy and key products.
- Building new channels for supplements and beauty care products.
- Promoting the effectiveness of sales policies and sales support programs.

#### 3 Strengthening the organization and developing the internal governance platform.

- Building a workforce, stabilizing the organization, assessing the quality of personnel and screening; training, coaching and promoting employees with outstanding performance achievements; succession training.
- Optimizing the management system on the 4C criteria: Change - Chance - Challenge - Charge.
- Strengthening compliance training throughout the Company. Developing methods and signs to promptly identify possible risks to enhance the business performance.
- Developing a roadmap and implementing the transformation of financial statements in accordance with international standards (IFRS).
- Applying information technology to improve the operational efficiency of the Company.
- Effectively managing receivables and overdue debts, optimizing support policies for debt collection.

#### 4 Being a symbol of humanity in contributing to the society in order to improve the quality of life

- With the locality:** always accompanies the locality with practical sponsorship programs, especially in the fields of health and education.
- With people:** always care and help them to actively improve their awareness of health care for themselves and their families in a scientific and economic way.

# CORPORATE Governance

## SUSTAINABLE GOVERNANCE OF DHG PHARMA

**5** There are 5 steps in DHG Pharma's sustainability management process:

**E**conomic development accompanied with environmental protection and the harmonization of the interests of stakeholders is always a matter of concern to DHG Pharma. Therefore, the sustainable governance process is regularly evaluated and reviewed based on the direction of the BOD and the dialogue process between DHG Pharma and stakeholders. An effective management process will ensure the progress of solutions and consistency in strategies and directions for sustainable development.



**ORIENTATION**

The BOD is responsible for identifying priorities in the Company's sustainable operations, directing and issuing strategies and orientations on issues related to the Company's sustainable development. These strategic directions are realized by objectives and action plans to implement the sustainable development strategy. At the same time, the BOD will supervise the implementation of the strategy, ensuring that DHG Pharma's operations comply with the provisions of the law, the Charter, and the internal regulations of DHG Pharma.



**ESTABLISHMENT AND MONITORING**

Sustainability is one of the core elements of DHG Pharma's strategy. The General Director and the BOM are responsible for developing and submitting to the BOD the goals and action plans for sustainable development of DHG Pharma. Sustainable development strategies, goals and plans will be specifically oriented and implemented throughout the Company. The General Director and the BOM are also responsible for urging and supervising the implementation of the plan, ensuring the achievement of the goals.



**EXECUTION**

Under Sectors and departments level, the sustainable development plan is implemented and realized in accordance with the direction of the General Director and the BOM, ensuring consistency in activities. In addition, leaders of the departments/boards are entitled to propose sustainable development orientations at the functional level.



**IMPLEMENTATION**

Employees perform specific daily tasks related to the Company's sustainable development goals, and fully comply with international frameworks and practices on sustainable development.



**DISCLOSURE**

The Sustainable Development Report is developed to evaluate and disclose information about the Company's performance in terms of environmental and social aspects, in addition to information on financial performance and management. The content of the report demonstrates DHG Pharma's responsibility and commitment to sustainable development to stakeholders regarding the Company's activities.

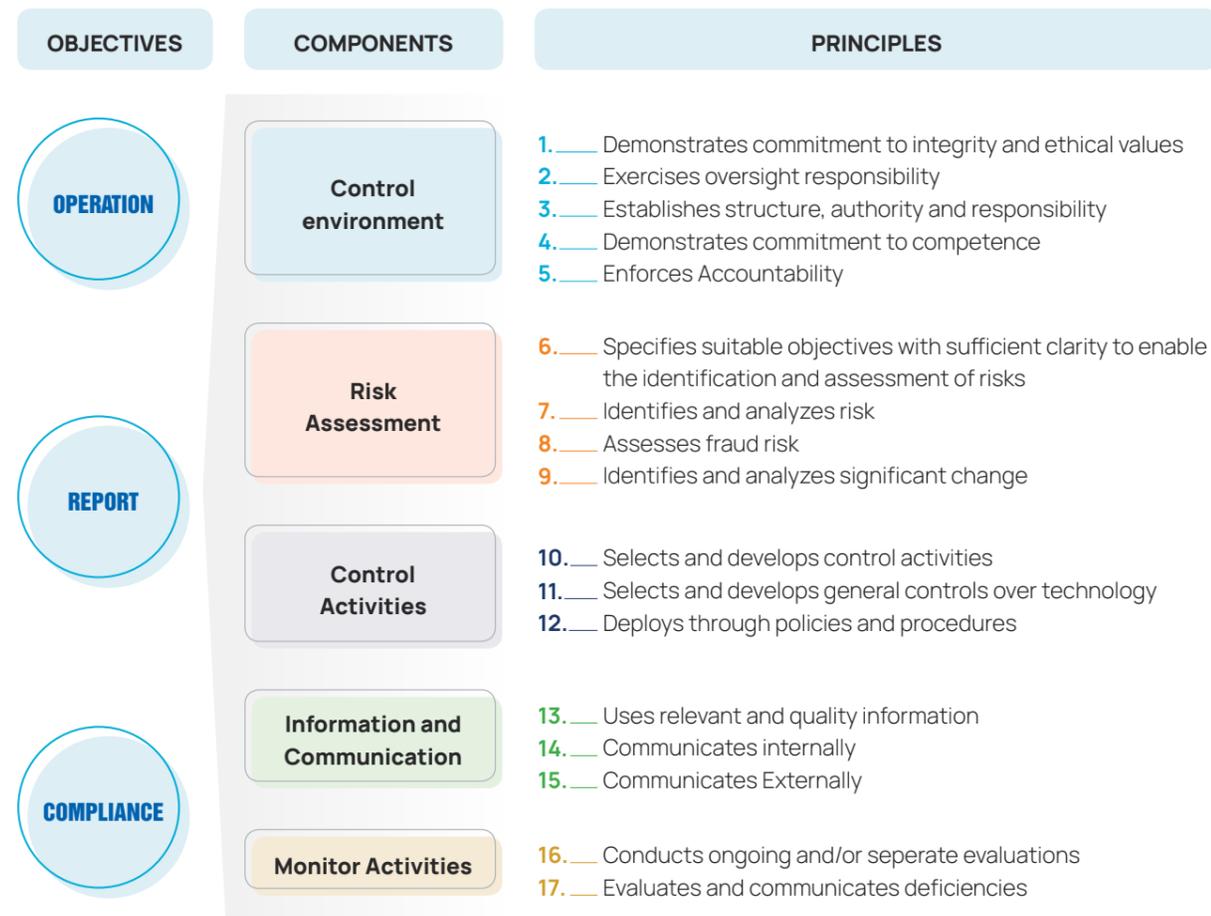


## INTERNAL CONTROL

DHG Pharma focuses on the role of the Internal Control System, continuously operating the business in harmony between the operational objectives of revenue and profit, the report objectives of a reliable financial report, and the compliance objective for honest and ethical business aims.

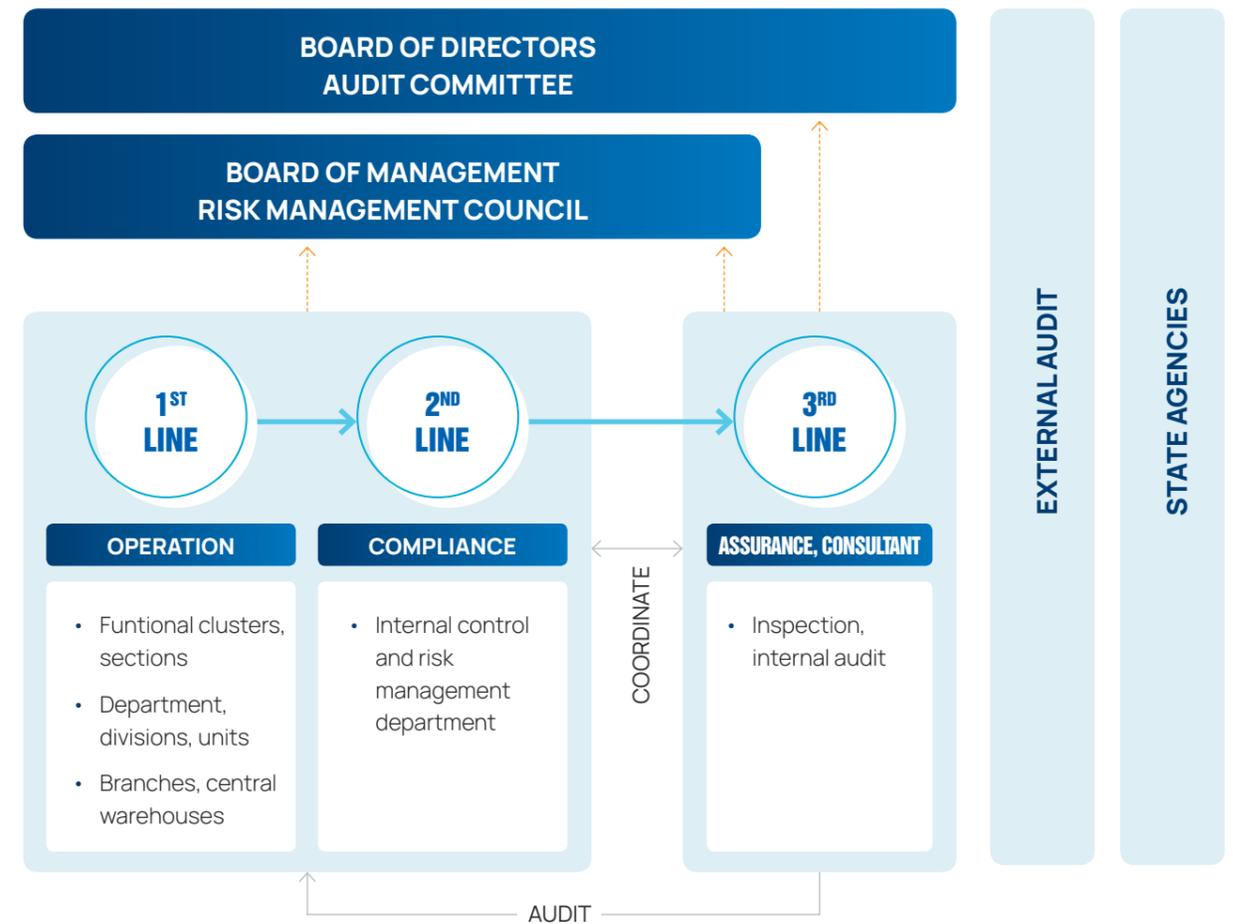


At DHG Pharma, Internal Control is not an independent unit or function but rather a system that inextricably links to operations and business from the organizational level down to the individual units. The Internal Control System is structured in a unified and holistic manner. DHG PHARMA uses the Internal Control Platform of Committee of Sponsoring Organizations of the Treadway Commission (COSO), which consists of 5 components and 17 principles that serve three goals:



A three-line defense model is established and implemented to ensure the Company's operation to achieve its objectives based on a strong and controlled governance structure to operationalize these principles.

Control is not a separate function in this model; it exists widely but separately. All operations necessitate some level of control, and as such, the first line of defense should include all specialized task units in charge of operation and self-control. The compliance function and the main task of the internal control system are assigned to a specialized unit, the Internal Control & Risk Management Department, as the second line of defense. Internal Audit is in charge of implementing the third line, which is responsible for assurance and consulting. The lines of defense are directed by the Board of Management and overseen by the Audit Committee under the Board of Directors, with interaction with stakeholders. DHG Pharma strives for a strict internal control system that includes control, integrated operation, and independent assurance.



In addition to its existing internal controls, DHG Pharma is also on its way to becoming a global company. Along with its inner strength, seriousness, and determination to establish and operate the internal control system, DHG Pharma is gradually harmonizing and connecting control standards under international practices with the support of the Taisho Group. DHG Pharma recognizes that a system that is not constantly evaluated and tested will quickly become outdated. In 2022, and in previous years, DHG Pharma has undergone internal evaluations and implemented standards based on good practices and JSOX internal control standards from Japan with the support of Taisho. The evaluation process requires DHG Pharma to review, identify and improve its systems constantly.



**In terms of system operation, in the spirit of both construction and operation combined with inspection and supervision, in 2022, DHG Pharma has implemented the following:**

- 1 — Management, construction, and updating of the internal document system to ensure meeting job requirements, completing operational objectives, complying with regulations, and reporting. The promulgation of the Control Regulation has standardized the roles, functions, and responsibilities of the control system at DHG Pharma. New issuance, review, and adjustment of all internal documents under management are permitted to adapt and change timely to environmental changes in the workplace, related legal regulations, and good practices.
- 2 — Strengthening control capabilities through technology via the DMS project allows sales, delivery, and payment operations to be automated, controlled, and monitored in real-time.
- 3 — Conducting regular system assessments by the Internal Control and Risk Management Department and Risk Management, in coordination with Taisho, through J-SOX evaluations to identify and continuously improve the internal control system step-by-step at DHG Pharma.
- 4 — Comparing and contrasting actual implementation with policies and procedures that have been issued and actual operations to assess compliance and effectiveness of regulations through field inspection.
- 5 — Developing a separate and explicit compliance training program according to effective programs from the parent company, Taisho.
- 6 — Supporting the Board of Management to enforce the Whistleblowing Policy to record feedback, investigate, and confirm reported and denounced information via the General Director's mailbox, thereby enhancing self-awareness and cross-monitoring in the system, gradually contributing to improving operational capacity and efficiency.

## INTERNAL CONTROL ACTION PLAN FOR 2023



**Intending to continuously improve the internal control system to support the Board of Management in enhancing its ability to achieve operational and strategic objectives, DHG Pharma has developed the following action plans for 2023:**

- 1 — Internal Control framework: For goals of guaranteeing and enhancing the control capacity of the system, DHG Pharma will continue to establish, standardize, review, and adjust regulations to ensure that controls are compatible with operations, the environment, legal requirements, and best practices. Additionally, DHG Pharma will focus on developing and improving automated controls through technology and establishing control standards based on best practices.
- 2 — Maintaining monitoring activities through ongoing and separate evaluations. Focusing resources on developing control tools through the JSOX program evaluation activities from Taisho's Internal Control Department. Prioritizing field assessments to gather feedback and observations to avoid ineffective or inadequate regulations.
- 3 — Continuing to communicate and cultivate a compliance culture by implementing compliance training programs consisting of basic and advanced levels. Compliance culture development aims to focus on awareness and voluntary compliance. In-depth and wide-ranging training will be conducted, with attention to developing training programs tailored to specific target groups, universal applicability, and practicality.
- 4 — Participating in computerization projects to monitor and support the efficient and precise construction of control designs that are tailored to DHG Pharma's operating characteristics and an increasingly changing business environment.
- 5 — Continuing to monitor anti-corruption and conflict of interest prevention activities, control transactions with related parties, support the General Director in managing Whistleblower Policy, propose specific measures to handle related issues, and protect DHG Pharma's values.

RISK MANAGEMENT

The year 2022 ends with a positive recovery of the economy after the pandemic, but global challenges such as inflation, supply chain disruptions, and soon have significantly affected the operations of businesses. In this context, risk management continues to be emphasized as an effective tool for DHG Pharma to proactively cope with challenges and seize opportunities to pursue sustainable growth and development goals.

DHG Pharma's risk management structure is still maintained with four layers: identification, execution, management, and assurance.



The Company's risk management process is integrated into its operations regularly and continuously, helping the Company's leaders to make timely and flexible decisions to ensure that the set plans and objectives are achieved.

Quarterly or when important events affect the Company's operations/strategy, the Company will review and update its list of significant risks in all operational aspects. From there, the Company identifies high-risk areas and implements timely and comprehensive response plans.



Critical risk management:

1 Interruption of materials for production

Risk description

Not promptly and sufficiently supply raw materials for production at reasonable costs.

Risk trend

The global supply chain is currently subject to many fluctuations due to geopolitical events, in addition to China continuing to maintain its zero Covid policy which the world supply chain may be at risk of interruptions at factories and key shipping hubs in China. Therefore, an important measure is to diversify suppliers, be proactive in the purchasing process and develop diverse channels and sources of raw materials.

2 Product quality assurance

Risk description

Products when reaching the final consumer do not guarantee quality.

Risk trend

Product quality is always the Company's top priority. Therefore, in addition to continuing to ensure stable product quality, the Company is also gradually improving and enhancing product quality, conducting risk assessments before applying new technologies or carrying out changes that may affect product quality.

Critical risk management (continued):

**3 Competitive pressure in the domestic market**

**Risk description**

Not promptly prepare and handle competitive pressures from companies in the same industry in the market.

**Risk trend**

The risk trend is increasing as pharmaceutical companies invest significantly in upgrading quality standards and competing on product prices.

The primary solution is to diversify and differentiate products while strengthening the deployment of quality standards for factories.

**4 Information security**

**Risk description**

Risk of system interruption and loss of important information to the outside.

**Risk trend**

Digital transformation positively impacts company operations, but it also has potential risks to information security. Therefore, two core solutions implemented throughout the operation process are strengthening the implementation of solutions to improve data and information security controls and continuous communication and training to enhance user knowledge.

**5 Compliance with HSE regulations**

**Risk description**

Failure to promptly detect and prevent violations of HSE regulations (Health, Safety, Environment).

**Risk trend**

Health, safety, and environmental risks always carry unexpected factors. Therefore, the Company always maintains regular training and testing for the implementation and compliance of HSE: regular HSE training and practice, fire prevention and rescue training, environmental monitoring, an inspection of the operation and efficiency of environmental treatment equipment, and ensuring compliance with environmental regulations and production standards.

**6 Fluctuations in exchange rate & interest rate**

**Risk description**

Exchange rates & interest rates negatively fluctuate for business activities.

**Risk trend**

The Covid-19 pandemic has left many potential repercussions, with risks related to global economic recession and currency markets. However, by managing import and export plans tightly in terms of implementation deadlines and payment terms, as well as managing foreign currency demand and security measures for foreign currency payments, and regularly updating and forecasting exchange rate fluctuations to balance need and adjust plans accordingly, the Company has been able to control and stabilize this risk.



# RISK MANAGEMENT PLAN FOR 2023



To increasingly bring risk management activities with high applicability into daily work and become an essential part of pursuing the Company's strategic objectives, creating conditions for the risk management system to reach a new level of maturity, the risk management plan for 2023 is oriented as follows:

- 1 Regularly reviewing and updating the risk portfolio, closely aligned with the Company's operational strategy, focusing on critical risks that affect the achievement of the Company's strategic objectives.
- 2 Quantitatively improving the system of risk criteria and parameters, fully dividing them into different levels while determining appropriate and comprehensive measurement methods, and synchronizing the risk assessment process.
- 3 Researching, evaluating, and developing proactive risk warning indicators and appropriate risk management software for automation.
- 4 Reviewing and adjusting/updating risk management policy and process for each specific context and stage.
- 5 Continuing to combine internal control and internal audit activities based on risks to ensure consistent connectivity and optimize evaluation results with the most reasonable cost and resources.

# ETHICS

## And integrity



In the context of the pharmaceutical industry's continuous growth and the increasing demand for medicines and healthcare products, businesses in this field are required to commit to ensuring product quality and reliability while adhering to ethical principles and integrity in their business operations. Ethics and integrity are core factors in building credibility and trust with customers and the community, as well as attracting talented professionals in the industry.



Therefore, DHG Pharma has clearly defined its commitment to comply with ethical standards and integrity through specific actions, focusing on the following points:

- 1 — Complying with the constitution and the laws of Vietnam as well as in all jurisdiction in which the Company operates.
- 2 — Complying with rules and regulations issued by the Company and in compliance with the laws.
- 3 — Ensuring information confidentiality, managing and protecting assets of the Company.
- 4 — Optimizing values added for all stakeholders and cannot compromise its moral values.
- 5 — Performing social responsibility as a mandatory requirement for all members of the Company.
- 6 — Ensuring fair competition 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.
- 9 — Viewing employees as valuable assets - a crucial resource that needs training, caring, respecting and treating fairly.

# ASSESSMENT OF CHALLENGES

## And opportunities brought by climate change

Climate change is a worldwide issue that has created far-reaching impacts globally, especially in recent years. With the current level of economic growth and significant increase in population, carbon emissions are increasingly being emitted into the environment, causing negative environmental, economic and social impacts. Mitigating the impacts of climate change and achieving sustainable development has become a major challenge for the whole world, especially in the current context.



In Vietnam, climate change is a serious problem. With its unique geographical location and natural conditions, Vietnam is highly vulnerable to the impacts of climate change with typical manifestations such as unusual floods, droughts, sea level rise, extreme weather phenomena, and high temperature. At the same time, the Vietnamese economy is facing serious challenges when it aims to meet the needs of economic development without causing negative impacts on the environment. Enterprises need to be fully aware of the importance of sustainable development in their production and business activities to help reduce their impact on the environment. At the same time, they need to enhance production efficiency and enhance their reputation.

For DHG Pharma, the Company has identified the following opportunities and risks from climate change impacts:

### RISKS

- Causing new infectious diseases or increasing the frequency of spiking old ones, raising the demand for drugs and creating great pressure on pharmaceutical enterprises.
- Causing frequent natural disasters such as floods, droughts or hurricanes, affecting raw material supplies and production processes, causing damage to infrastructure for drug production and distribution.
- Decreasing drug quality or causing other problems during the production and transportation process since conditions for drug production, storage and transportation change.

### OPPORTUNITIES

- Promoting research and development of new products, improving the quality of existing products to be safer and more effective to better serve the needs of the market.
- Investing in green technologies and promoting the use of renewable energy sources to reduce the impact of production activities on the environment.
- Enhancing staff training and raising their awareness towards the impacts of climate change.
- Diversifying the supplier network to improve the proactiveness of enterprises.

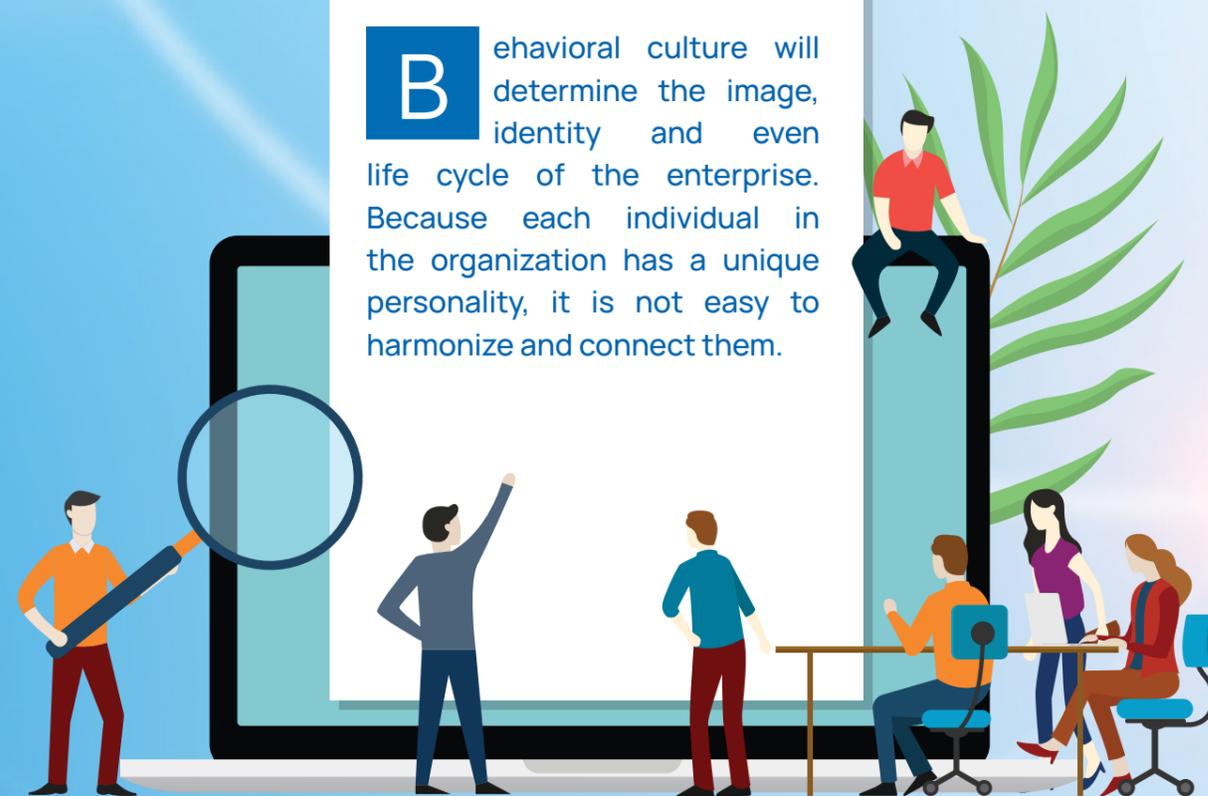
# CODE OF CONDUCTS

## With Stakeholders

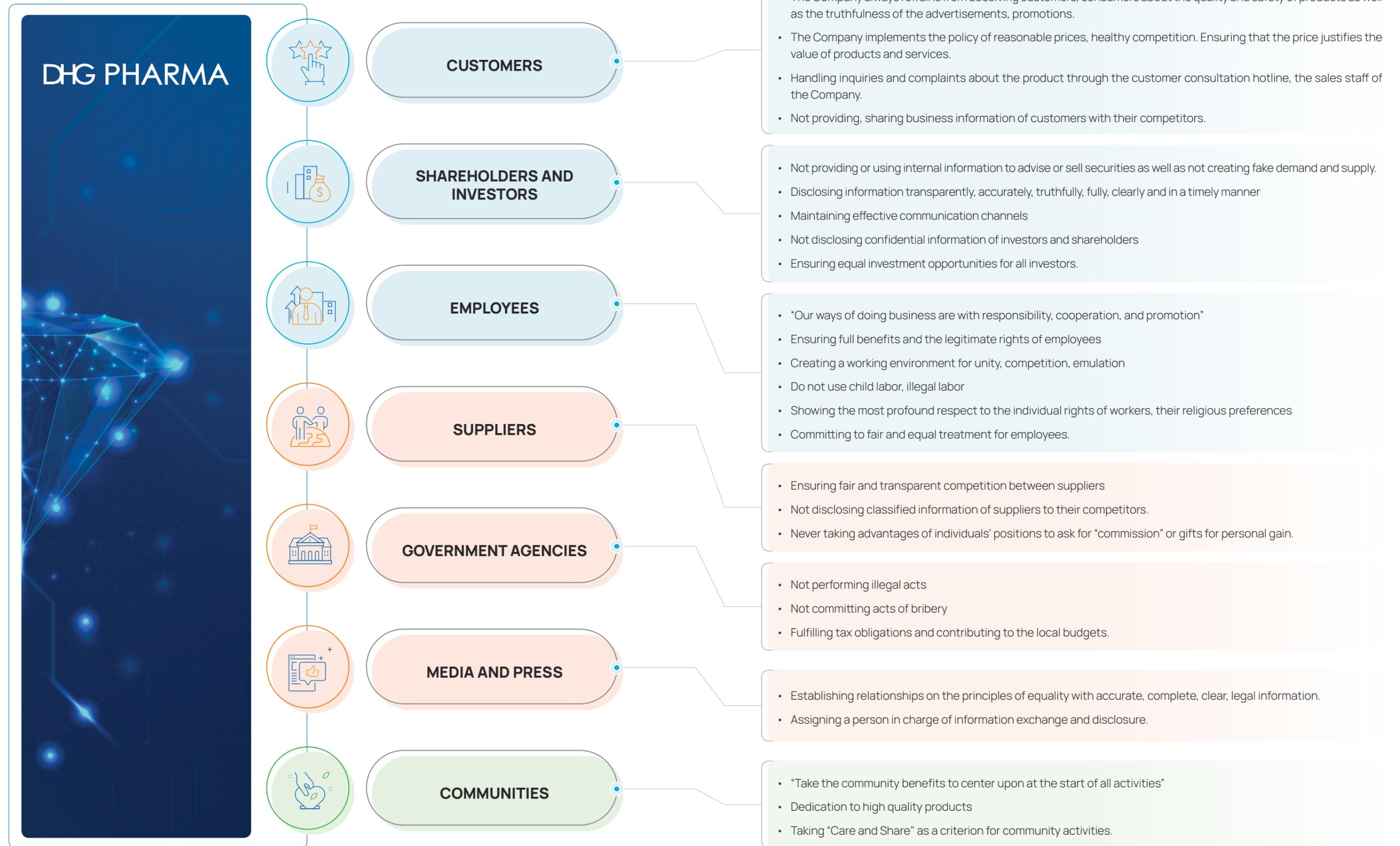
Behavioral culture in the enterprise is a premise to create a close and sustainable connection between individuals in an organization, contributing to the success of the enterprise in all business fields. Understanding the behavior culture as well as applying the right code of conduct will contribute to the establishment of a friendly, united and highly effective working environment.



**B**ehavioral culture will determine the image, identity and even life cycle of the enterprise. Because each individual in the organization has a unique personality, it is not easy to harmonize and connect them.



DHG PHARMA'S STAKEHOLDERS



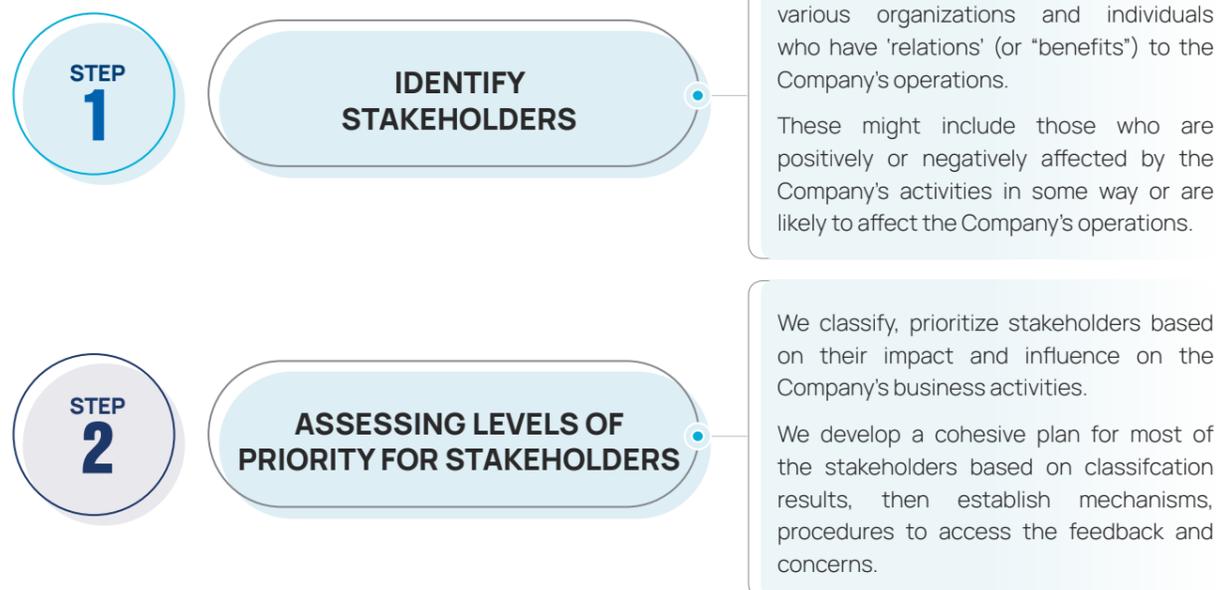
# STAKEHOLDER Engagement



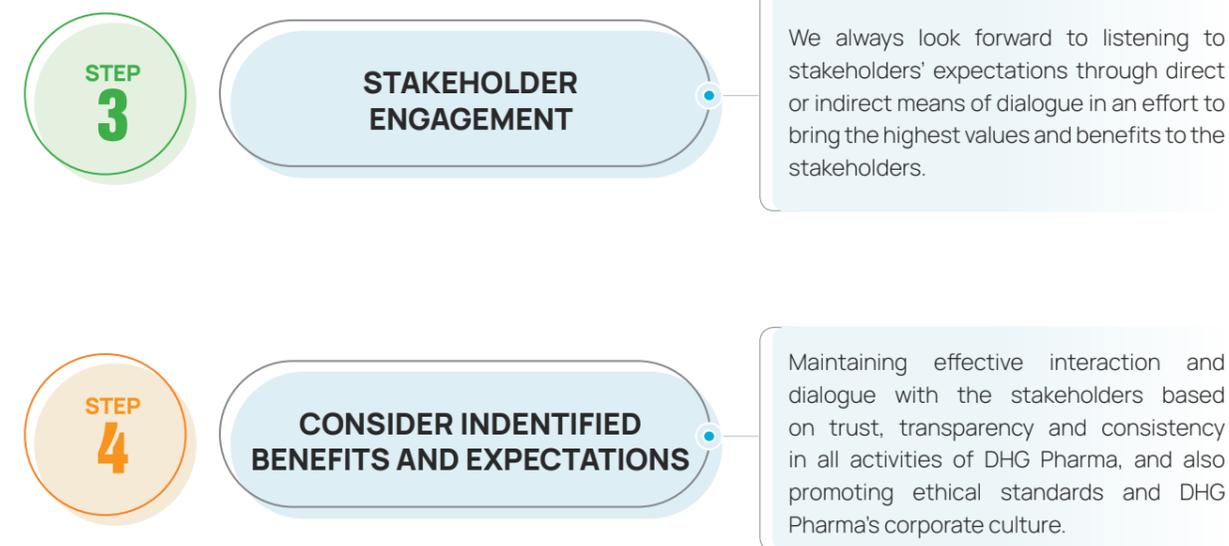
## GENERAL MANAGEMENT METHOD

**D**HG 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, corporate governance, development of human resources, and environmental protection.

## STAKEHOLDER ENGAGEMENT



DHG Pharma's important stakeholders are identified as follow:



# STAKEHOLDER ENGAGEMENT



## CONTACT CHANNELS WITH STAKEHOLDERS



### CUSTOMERS

- 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

- 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

- 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.



### SUPPLIERS AND PARTNERS

- 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

- 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.



### MEDIA AND PRESS

- Information disclosure, press conference
- Interview and press release
- DHG Pharma's website
- Social media: facebook, youtube, etc
- DHG Pharma's news.



### COMMUNITY

- Face to face meeting
- Medical consulting seminars and examinations
- Coordination with local authorities
- Press.

# IDENTIFYING Material aspects

## PRINCIPLES

**A**s 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



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 2022, creating the premise for improving the goals and strategies for sustainable development in the coming year.

**GRI 416**  
**CUSTOMER HEALTH AND SAFETY**

NEARLY **100** PRODUCTS under the form of tablets, film-coated tablets, effervescent tablets and effervescent granules obtained Japan - GMP standard.

**100%** of infrastructure was evaluated and checked annually.

**GRI 417**  
**MARKETING AND LABELING**

DHG Pharma **did not record** any violations related to product information and labeling of DHG Pharma.

**GRI 418**  
**CUSTOMER PRIVACY**

DHG Pharma **did not record** any violations related to customer privacy.

# PERSON IN CHARGE of Sustainable Development programs at DHG PHARMA



## WORKING ENVIRONMENT

1. **Vu Thi Huong Lan**  
HR Director
2. **Phan Vu Anh Ngoc**  
Deputy Head of HR Department cum Team leader of Recruitment and Personnel Management
3. **Le Thi Thu Hang**  
Team leader of Training and Personnel Management
4. **Vo Thi Hang**  
Team leader of Compensation and Benefit

**Contents in charge**

Working environment, recruitment, training, personnel development, compensation and benefits.



## PRODUCT RESPONSIBILITY

1. **Tomoyuki Kawata**  
Deputy General Director in charge of Production, Supply Chain and Technology Transfer
2. **Nguyen Ngoc Diep**  
Deputy General Director in charge of Production and Supply Chain
3. **Tran Binh Thuan**  
Head of Quality Management

**Contents in charge**

Product quality.



## ENVIRONMENT AND LABOR SAFETY

1. **Vo Thanh Hung**  
Head of Environment and Labor Safety Department
2. **Duong Thi Thanh Truc**  
Environment and Labor Safety Specialist
3. **Nguyen Thi Minh Chi**  
Environment and Labor Safety Specialist
4. **Nguyen Thi Mai Xuan**  
Environment and Labor Safety Specialist

**Contents in charge**

In charge of environment, occupational health and safety, fire prevention and control, and pest control.



## REPORT PREPARERS

1. **Le Thi Hong Nhung**  
Finance Director
2. **Tran Thi Nhung Gam**  
Head of Finance Department, BOD Secretary, PIC of corporate governance
3. **La Thi Minh Thu**  
Investor relations Specialist
4. **Dang Quynh Giao**  
Investor relations Specialist
5. **Nguyen Thi Ngoc Chau**  
Investor relations Specialist

**Contents in charge**

Data collection and report preparation.

A large graphic on the left side of the page features a glowing blue diamond shape composed of a network of lines and dots. Inside the diamond, the letters 'ESG' are written in a bold, blue, sans-serif font. Below the diamond, a globe of the Earth is depicted with green continents and blue oceans, also rendered in a wireframe style. The background is a dark blue gradient with various icons and light trails, including a leaf, a heart, a building, and a bar chart.

ESG

A circular graphic containing the number '10.2' in a stylized, digital font. The number is composed of glowing blue lines and dots, similar to the diamond graphic. The circle is partially filled with a solid blue color.

10.2

## MATERIAL ASPECTS

- 50 Local economy
- 58 Procurement practices
- 60 Human resources
- 76 Customer health and safety
- 82 Journey to enhance health and social responsibility
- 90 Environment

# LOCAL ECONOMY



Maintaining the **leading** position in Vietnam Pharma Industry for **26 consecutive years** in terms of sales and profit

Sales  
**4,676**  
VND billion



Profit after tax  
**988**  
VND billion

Dividend payment in 2022

**458**  
VND billion



**Top 50** leading brands in Vietnam  
voted by Forbes Vietnam Magazine

Contribution to the State budget

**366**  
VND billion



Contribution to the State budget in the last 5 years

**1,485**  
VND billion

All transactions, external relations, business activities, and other activities were closely monitored to ensure **that DHG Pharma's development goals are on track**

## ECONOMIC VALUES

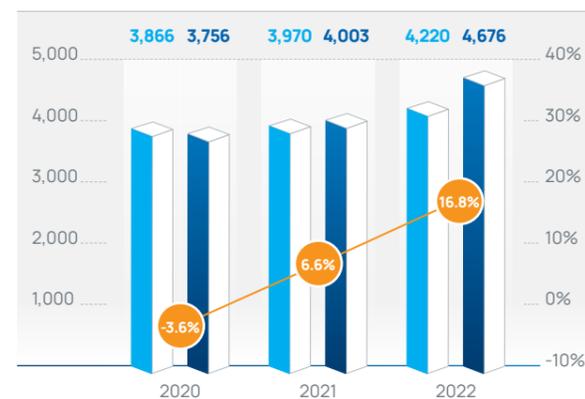


### OVERVIEW

The year 2022 witnessed a strong recovery in healthcare spending, in which one cannot fail to mention the significant consumption demand for medicine. The Covid-19 pandemic has been under control, but many new and potentially dangerous variants can cause an outbreak at anytime. People have increased demands for preventive and post-Covid-19 treatment medications. In addition, diseases like influenza and dengue fever demonstrated unusual signs, causing the need for medicine to increase.

#### NET SALES (VND billion)

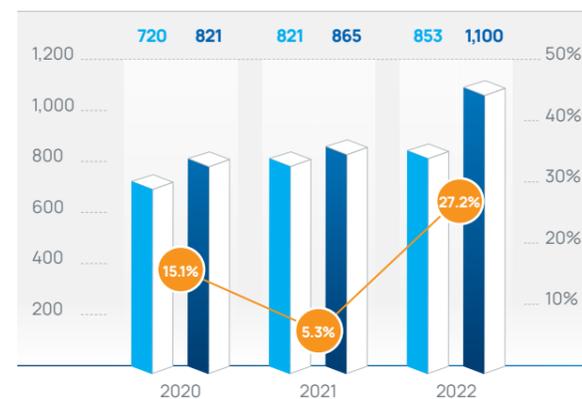
● Plan ● Actual — % Growth



DHG Pharma entered a phase of flexible safety adaptation while simultaneously ramping up production to meet the market's medicine demand quickly. By closely following the targets assigned by the General Meeting of Shareholders, DHG Pharma has successfully completed 110.8% of the net sales plan and 128.9% of the pre-tax profit plan. Profit after

#### PROFIT BEFORE TAX (VND billion)

● Plan ● Actual — % Growth



Source: Audited financial statements of DHG Pharma

tax reached VND 988 billion, up 27.3% over the same period. This is the highest profit level during the Company's operation, demonstrating the dedication and responsibility in the work of the staff, the Executive Board, and the Board of Directors, contributing to helping the Company maintain its leading position in the Vietnamese pharmaceutical market.

### NET SALES

Net sales in 2022 reached



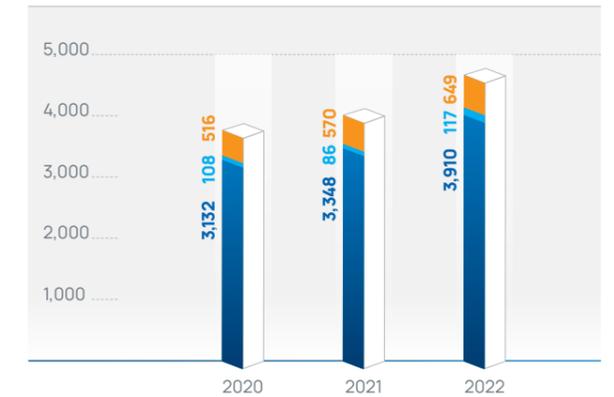
# 4,676

up 16.8% yoy  
(VND billion)

#### In which:

- Domestic goods played a crucial role in net sales growth, with a contribution value of VND 562 billion. Domestic net sales in 2022 reached VND 3,910 billion, up 16.8% over the same period. This is the highest growth rate in the same period in the last five years. The compound annual growth rate (CAGR) of domestic goods in 2018 - 2022 reached 6.7%, higher than the average growth rate of 4.8% of total net sales.
- Exports recorded a remarkable growth with an increase of 35.7%, equivalent to a rise in the value of VND 31 billion. Export sales increased mainly in Afghanistan, Cambodia, Malaysia, Turkey, Moldova, and Indonesia.

Unit: VND billion  
● Domestic sales ● Export sales ● Other sales



Source: Audited financial statements of DHG Pharma

- Other goods include processing, raw material trading, promotional goods, OEM business, and other goods. Sales from other goods reached VND 649 billion, up 14.0% over the previous year. The most significant contribution to this growth is outsourcing activities, as this is a product line to support the treatment of respiratory diseases. As a result, the demand increases, so the partners increase processing orders for DHG Pharma.

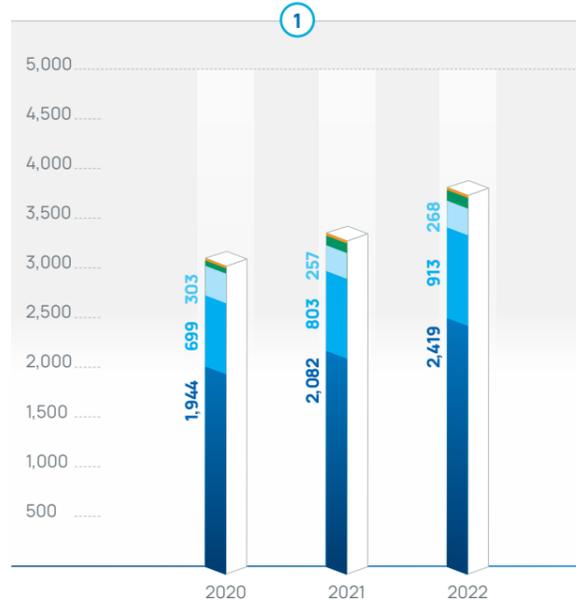


# LOCAL ECONOMY

## COST STRUCTURE

Unit: VND billion

- 1 COGS Selling expenses Administration expenses Financial expenses Other expenses
- 2 % COGS/Net sales % Selling expenses/Net sales % Administration expenses/Net sales % Financial expenses/Net sales % Other expenses/Net sales



Source: Audited financial statements of DHG Pharma

From 2020 to 2022, costs of goods sold accounted for the highest proportion of total expenses and accounted for about 52% of DHG Pharma's total sales. However, the cost of goods sold to the total sales structure of DHG Pharma was the lowest compared to other pharmaceutical manufacturers. In 2022, despite facing many difficulties, such as the Russia-Ukraine war, the shutdown of the Chinese economy during the Covid-19 pandemic, and the Federal Reserve's (FED) interest rate hike, DHG Pharma still had the advantage of scale and on-time raw materials storage, which helped DHG Pharma minimize the impact of scarce raw material supply, the sales sudden increase in raw material prices and fluctuations in the USD/VND exchange rate. This is the most advantageous point of DHG Pharma compared to other pharmaceutical manufacturers.

Selling expenses accounted for an average rate of over 19% of total sales. This cost is relatively high compared to listed companies in the same industry. As a result, selling expenses to total sales in 2022 decreased compared to 2021. However, the absolute number increased by VND 110 billion mainly due to the increase in costs for sales staff and due to the increase in bonuses based on sales; the seminars and events were held again when the pandemic

was under control, and transportation costs rose due to increased fuel prices.

Administration expenses fluctuated over the years. In absolute numbers, administration expenses in 2021 decreased by 15.1% and increased by 4.3% in 2022. However, administration expenses to total sales gradually reduced from 8.1% in 2020 to 5.7% in 2022. In 2022, the salary and bonus costs for staff of the back-office sector were relatively stable based on the Key Performance Indicator (KPI), and the Company refunded provisions for bad debts and allowance for job loss.

Financial expenses had a decreasing proportion of total sales between 2020 to 2022 at the rate of 3.2% - 2.5% - 2.2%. However, financial expenses in 2022 still increased by VND 2 billion due to an increase in the loss of exchange rate difference of nearly VND 9 billion despite a decrease in payment discount over the same period.

Other costs accounted for a tiny proportion of the cost structure, less than 1%. In 2022, DHG Pharma did not record a loss on liquidation of fixed assets but increased by more than VND 9 billion from individual business household tax.

## TAX



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.



Total contribution to the State budget in 2022

# 366

VND BILLION

Total contribution to the State budget in the last 5 years

# 1,485

VND BILLION

DHG Pharma is committed to complying with the laws and constitution of Vietnam and will take responsibility for any actions that do not adhere to these regulations. In 2022, the Company fully met its tax obligations in line with the law and the State while enjoying tax incentives from the government. To ensure compliance with laws and tax regulations, DHG Pharma will work with consulting firms and keep up with any new regulations or amendments. Tax-related risks are identified, analyzed, evaluated, and controlled by the Finance Department, Accounting Department, and Internal Control & Risk Management Department. Additionally, DHG Pharma publishes financial statements on its website as required, ensuring accuracy and honesty. The Audit Committee and independent auditor also examine the financial statements before being released to the public.

The total contribution to the State budget in 2022 was VND 366 billion. In particular, the contribution to the State budget in Can Tho City and Hau Giang province was VND 118 billion and VND 62 billion, respectively. Value-added tax (VAT) accounted for the highest proportion, nearly 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 1,485 billion.

## CONTRIBUTION TO THE STATE BUDGET IN 2018 - 2022

Unit: VND billion

- VAT
- Import & export
- CIT
- PIT
- Others



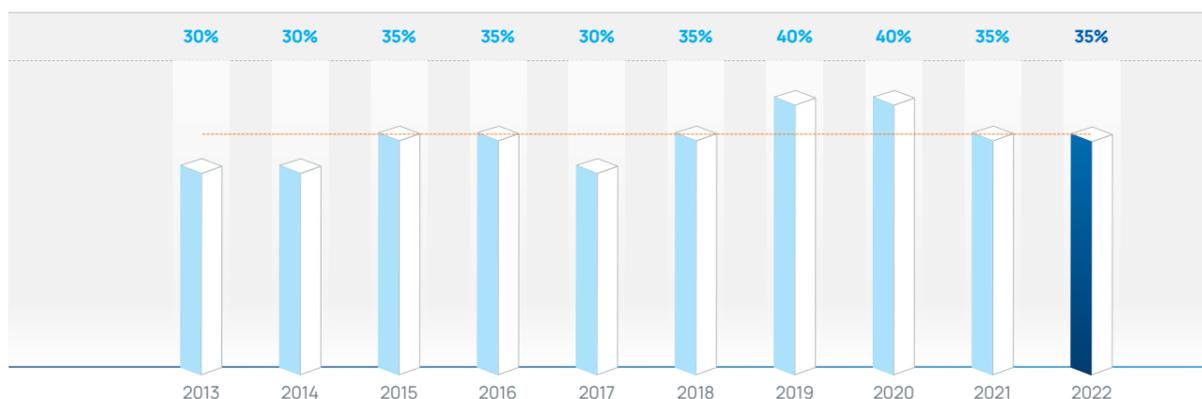
Source: Audited financial statements of DHG Pharma

**DIVIDEND PAYMENT POLICY**

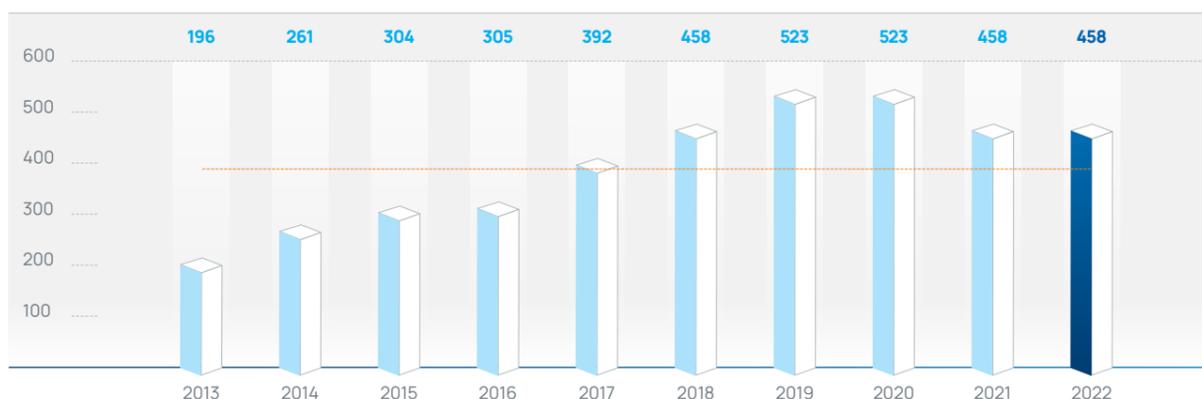


The Vietnamese stock market has significantly declined and hit its lowest level in the past two years. As a result, the prices of many stocks have plummeted, negatively impacting the overall market. However, the stock prices of pharmaceutical companies have remained competitive, particularly DHG Pharma. Furthermore, the Company pays cash dividends at a high average rate of 35% annually. This comprehensive, long-term, sustainable commitment demonstrates the Company's dedication to shareholders' rights. DHG Pharma is among the few pharmaceutical companies that offer attractive dividend yields. The average dividend value is nearly VND 400 billion annually and has shown an upward trend in recent years.

**DIVIDEND RATIO 2013 - 2022**



**DIVIDEND VALUE 2013 - 2022**



DHG Pharma always fully pays dividends to shareholders within 30 days after the resolution of the BOD/GMS is passed.

The Company has paid cash dividends at the rate of 35%/par value, announced on 18 Mar 2022, the record date was 04 Apr 2022, payment date was 15 Apr 2022.

Dividend of the fiscal year 2022: The BOD submitted to the GMS (Apr 2023) the dividend at 3,500 VND/share.

Information on dividends is announced by the Company within 24 hours from the date of the resolution of the BOD/GMS. The Company will consider disclosing the dividend policy on the Company's website.

**ANTI-COMPETITIVE BEHAVIOR**

Competition is one of the significant challenges for businesses in today's market. However, maintaining healthy and fair competition is essential for achieving long-term success. DHG Pharma recognizes the importance of this and has implemented strict regulations in the "DHG Pharma Cultural Identity" to prevent anti-competitive acts. Each employee possesses sufficient knowledge and abides by the Company's regulations, allowing DHG Pharma to gain the respect and trust of customers while fostering an environment of fair and healthy competition in the market.



**T**he 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 business competition is humanity. Humanity with competitors is the viewpoint of all DHG Pharma's members.**

- 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 policy statement and website, public speeches, and other publications. Concurrently, give credit to the source of information when using it. Do not collect information about the competitors in illegal or immoral ways.
- 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.

# PROCUREMENT PRACTICES

Quantity of raw materials  
**3,004** TONS



Each material of DHG Pharma has  
**2-3** suppliers

Raw materials are always carefully reviewed by  
**DHG Pharma**  
and chosen from reputable suppliers  
in the world and in Vietnam

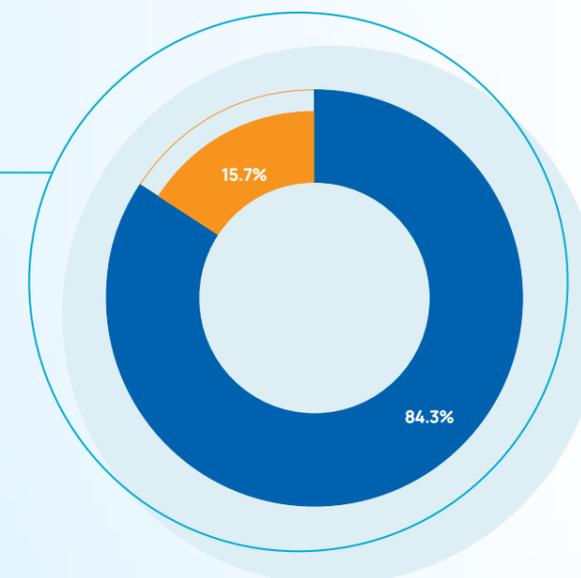
Every year, DHG Pharma uses a large number of raw materials & adjuvants, empty capsules, aluminum films, coldforming films, PVC, bags & tubes, and packaging. Due to the nature of the pharmaceutical industry, quality assurance is a top priority, so DHG Pharma does not reuse or recycle raw materials and packaging.

Securing the source of raw materials is crucial for producing high-quality products. This is particularly critical in the case of pharmaceutical materials, as its quality directly impacts consumer health. Therefore, DHG Pharma, the largest generic manufacturer in Vietnam, carefully selects and focuses on the quality of materials.

**DHG Pharma has established reliable partnerships with reputable suppliers in Vietnam and throughout the world, ensuring the supply of materials with the highest quality. With dedicated attention and continuous efforts, DHG Pharma is devoted to providing customers with high-quality goods that satisfy their needs and preferences while advancing the domestic pharmaceutical business.**

## Purchase value from domestic and foreign suppliers in 2022

- Purchase ratio from foreign suppliers
- Purchase ratio from domestic suppliers



## CRITERIA FOR EVALUATING SUPPLIERS

Evaluation and selection of manufacturers are becoming more important in the Company's operations. This helps ensure product quality, meet business objectives, and enhance inventory management capabilities. With this purpose, DHG Pharma has issued a manufacturer evaluation process to guide the relevant departments in evaluating and selecting suitable manufacturers.

Manufacturers must provide capacity information, relevant quality system documentation and send product samples for research. If the evaluation results meet the requirements, the Company will perform a desktop audit or establish an Audit team to conduct an on-site audit.

Regular reviews and on-site audits assist in monitoring manufacturers, assessing risks, and ensuring product quality. The manufacturer evaluation team comprises members from Quality Management Department, Quality Control Department, factories, etc., with expertise in the respective evaluation field/standards.

If a manufacturer shows signs of quality changes or fails to meet agreed-upon commitments without notification, the Company will conduct the incident audit. Manufacturers will be removed from the approved list if they violate errors such as failing to meet the quality of input materials/ other materials, not cooperating in resolving complaints, or receiving warning letters from relevant authorities regarding input materials/other materials or their production certificates are no longer valid.

DHG Pharma is committed to conducting accurate evaluations and selection of manufacturers, ensuring product quality, and improving business efficiency.

# HUMAN RESOURCES



Created jobs

**2,700**  
employees nationwide

Total training hours: **124,740** hours  
Training cost: VND **3** billion  
Total number of training courses: **75** courses with **20,156** trainees

Average income

**22.6**  
VND MILLION/PERSON/MONTH

The minimum income of DHG Pharma's employees is 5 times higher than the minimum wage in the compared localities

**100%**

employees provided comments on collective labor agreement and democratic regulations.  
employees are regularly evaluated for job performance.

**Did not record**

any violations related to corruption.

Female employees accounted for

**40%**

**16%**

senior leaders are female

**100%** of benefits for maternity, women raising children under 12 months of age, etc was guaranteed.



New hire ratio **7%**

Resignation ratio **6.1%**

Voluntary resignation rate: 4.8%

Received **135** ideas and improvements.

Cost of health check-ups **3.4** VND BILLION

100% of employees were offered periodic health check-ups

Investment in occupational safety **8.5** VND BILLION

Did not use child labor and did not mistreat, coerce, or force its employees.

OVERVIEW OF

# Human resources

Human resource is the core asset and most decisive factor in the Company's sustainable development. Therefore, a primary focus in DHG Pharma's long-term development plan has always been to invest in a **talented, energetic, and passionate workforce**.

DHG Pharma received an honor as a demonstration of its commitment.



**BEST WORKING ENVIRONMENT IN THE PHARMACEUTICAL/ MEDICAL EQUIPMENT/HEALTHCARE INDUSTRY**

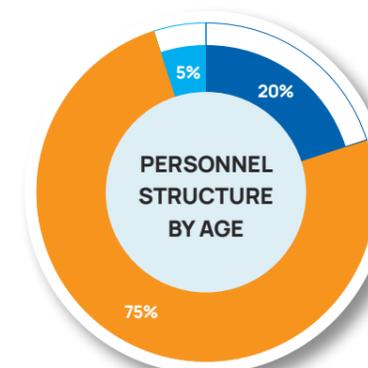
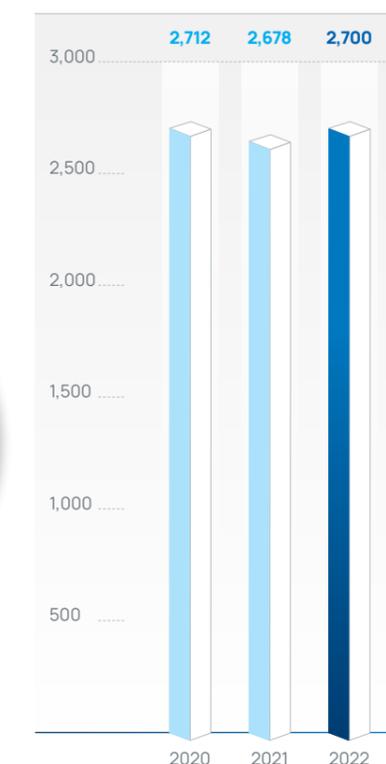
**BEST PLACES TO WORK IN VIETNAM**

For DHG Pharma, building a high-quality staff team is about achieving business goals and realizing the Company's vision for sustainable development. DHG Pharma values the contributions and values created by its employees, who contribute to overall success. The Company emphasizes responsibility, cooperation, and employee welfare as guiding principles. With a solid vision for a high-quality staff team, DHG Pharma is committed to providing training programs, skills development, and promotion opportunities for its employees while fostering the best working environment. As a result, DHG Pharma is attracting and retaining talents while ensuring that the Company continues to develop and create value for society.

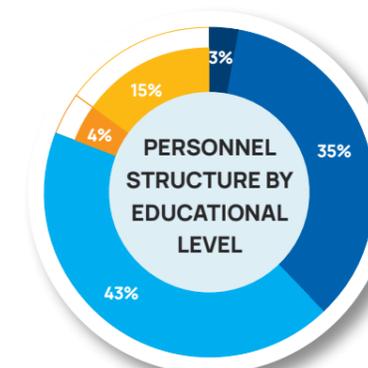


With 34 branches across the country, DHG Pharma is aware that the Company has significant contributions and a great influence on the general situation of society. Therefore, the Board of Management of the Company always pays great attention to creating jobs for employees and increasing the average annual income to ensure the living standards of employees. Through these efforts, DHG Pharma has become one of the best companies to work for in the pharmaceutical industry in Vietnam, recognized by various reputable organizations.

**HEADCOUNT IN 2020 - 2022**



- Under 30 years old
- 30-50 years old
- Over 50 years old



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

As of 31 Dec 2022, the total headcount at DHG Pharma was 2,700, of which 3.2% of the members are managers. The majority of the managers are Vietnamese citizens, accounting for 93.1%. DHG Pharma develops a diverse, creative, dynamic, and innovative workforce. Employees below 50 comprised 95% of the workforce, with those under 30 accounting for 20%. The quality of the workforce is also affirmed by their high educational qualifications, with 81% of the staff holding a college degree or higher (excluding temporary staff).

## SALARY, BONUS, WELFARE, AND OTHER POLICIES

DHG Pharma recognizes that employees are its most valuable asset for creating value for the Company and society. Therefore, the Company always prioritizes caring for its employees by building an attractive salary & bonus system and continuously focusing on employee welfare, the welfare of their families and family members. The salary, bonus, and welfare policies include:



### Salary

The Company has established a well-defined salary structure for each employee level to ensure competitiveness in the market and meet the needs of each employee. Annually, the Company reviews and adjusts salary levels to align with market demands and evaluate the competence and performance of each employee. All salary decisions are made openly, transparently, and reasonably to ensure that employees are compensated appropriately based on their effort and contributions to their work.



### Bonuses

In addition to salaries, depending on the Company's business performance, DHG Pharma provides various types of bonuses to its employees, including performance bonuses, a 13th-month salary, bonuses for holidays and festivals throughout the year, bonuses to celebrate the Company's anniversary, and rewards to recognize achievements for individuals and teams with innovative ideas, outstanding performance, and contributions to production/business efficiency.



### Welfare policies

- Full compliance with social insurance, health insurance, unemployment insurance, advanced health insurance, insurance for occupational accidents and diseases
- Regular health checks/Compensation for hazardous work and allowance in kind
- Annual travel and vacation.
- Business trip allowance/Vehicle and travel allowance/Phone allowances/Uniform/Hardship allowance.
- Gifts for employees on occasions such as New Year, Mid-Autumn Festival, birthdays, funerals, and weddings.
- Gifts for employees' children on occasions such as Children's Day, Mid-Autumn Festival, Christmas, children who passed the university entrance exam and achieved outstanding academic performance.
- Supporting expenses in case of hospitalization, surgery, and suffering from long-term treatment
- Retirement benefits for employees who have worked at the Company for at least 20 years (equivalent to one-half of a month's salary for staff and one month's salary for managers and above), and New Year gifts for retired employees.



### Special policies for female employees

The Company has established special care policies for female employees, including gifts on International Women's Day (8 Mar) and Vietnamese Women's Day (20 Oct), support for childcare expenses, maternity benefits, and monthly allowances for female workers. These policies aim to honor the role of women in society and ensure that female staff are thoroughly cared for and supported during their work at the Company. In addition to the above regimes, the Company has also included a section on "Prevention of sexual harassment in the workplace" in its labor regulation to protect women.



### Welfare facilities

The Company has invested in building comprehensive and modern welfare facilities for its employees, including a shared kitchen, shuttle buses, study space, a kindergarten, a swimming pool, and a football field. These welfare facilities provide convenient amenities for employees at the workplace and create a comfortable, friendly, and well-equipped working environment. Employees may save time and transportation costs with the shared kitchen and shuttle buses, ensuring stability in their daily lives. The study space and kindergarten help staff advance their careers and efficiently care for their families, fostering the growth of their kids. After a long day at work, employees may unwind and release tension at the football field and swimming pool.

**In 2022, the average income of DHG Pharma employees reached over VND 22.6 million/month, nearly five times higher than the minimum salary compared to other localities. The minimum income for newly recruited employees at DHG Pharma is VND 5.8 million/person/month, 1.2 - 1.4 times higher than the minimum salary in Hanoi, Ho Chi Minh City, and Can Tho. Furthermore, the minimum income for grade 6 and 7 employees (specialist/executive/worker) was VND 19.9 million/person/month, more than four times higher than the minimum salary in Hanoi, Ho Chi Minh City, and Can Tho.**

## DIVERSITY, EQUALITY, RESPECT AND FREEDOM ON COLLECTIVE BARGAINING



In today's modern world, diversity, equality, respect, and freedom of collective bargaining are increasingly important in the workplace. By embracing these values, DHG Pharma creates a positive working environment that fosters collaboration, innovation, and efficiency. Simultaneously, employees feel valued and motivated, leading to higher job satisfaction and retention rates. This motivation is what helps DHG Pharma continue to grow, develop, and maintain its leading position in the Vietnamese pharmaceutical market.

### DIVERSITY



DHG Pharma believes that diversity in the workplace is a core element in creating a positive and innovative work environment. The Company builds a diverse workforce in terms of age, gender, nationality, religion, ethnicity, culture, education, experience, and skills.

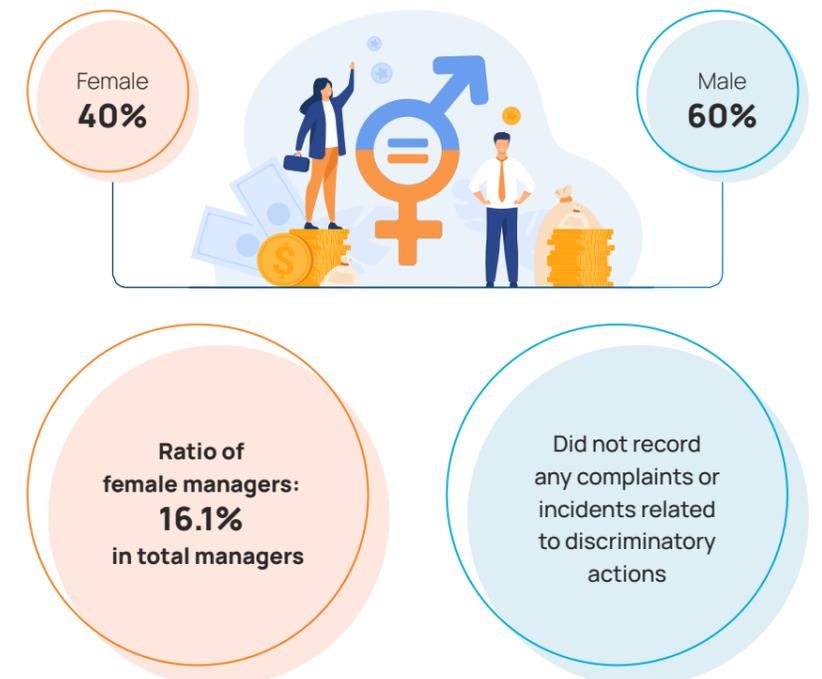
Diversity in the workplace helps DHG Pharma promote creativity and progress in work through diverse opinions, perspectives, and approaches. It also helps the Company better understand and serve customers. With a diverse team of employees, DHG Pharma has the capability to meet the needs and desires of each customer while providing the highest value to the community. DHG Pharma is committed to maintaining and developing diversity in the workplace in the future.

### EQUALITY

Equality in the workplace is an essential factor in a Company's success. At DHG Pharma, employees are evaluated based on their abilities, skills, and job performance without discrimination based on gender, race, religion, geography, age, marital status, health condition, or disabilities. 100% of employees and managers are evaluated for job performance using an efficient, quick, and accurate software system. As a result, DHG Pharma builds a fair working environment that attracts and retains talent from different cultures and genders, improves the workforce, and enhances the Company's competitiveness. Fair treatment of employees leads to respect and proper evaluation, strengthening professionalism and unity, thereby increasing job satisfaction with both the work and the Company.

In 2022, the ratio of male and female employees did not differ significantly, with a ratio of 60% male and 40% female. The number of managers were 87 people, and the female managers accounted for 16.1% of the total number of managers.

#### Ratio of men to women in the entire Company



### RESPECT



DHG Pharma always respects and acknowledges the opinions and viewpoints of its employees to build a dynamic work environment and enhance productivity and effectiveness. Therefore, the Company encourages feedback and discussion between employees and their superiors to ensure that all tasks are carried out to the best of their capabilities through the following actions:

- 1 — Creating opportunities for employees to share their opinions and suggestions through group meetings, individual discussions, or other forms of communication.
- 2 — Implementing a centralized information reception channel to promptly receive and securely handle all feedback and contributions.
- 3 — Creating a comfortable and friendly work environment that enables employees to feel at ease expressing their opinions and making proposals.
- 4 — Providing opportunities for employees to participate in important decisions.
- 5 — Providing deserving recognition and rewards to employees who have made positive contributions and performed their job well.



Initiatives/improvements in 2022

No.	Content	Rewarding decisions	Efficiency initiatives
1.	Reducing loss of aluminum and PVC	Decision No.002/QĐ-KHCN dated 7 Jul 2022	<ul style="list-style-type: none"> <li>Changing the type of aluminum and PVC for products that use a cutter on the blister packaging machine.</li> <li>Operating the machine easy. Avoiding waste.</li> <li>Reducing loss of aluminum, PVC</li> </ul>
2.	Adjusting to shorten the analysis dossier	Decision No.002/QĐ-KHCN dated 7 Jul 2022	<ul style="list-style-type: none"> <li>The document content remains unchanged but has been shortened.</li> <li>Saving on printing paper helps reduce operating costs for the Company.</li> <li>Anti-waste and saving on printing paper contribute to environmental protection.</li> </ul>
3.	Improving the humidity drying room	Decision No.003/QĐ_KHCN dated 19 Dec 2022	<ul style="list-style-type: none"> <li>Increasing airflow by controlling the appropriate air flow to enhance drying efficiency. Controlling the inlet air temperature and outlet air temperature.</li> <li>Effectively controlling the exhaust air flow.</li> <li>Preventing cross-contamination.</li> <li>Reducing drying time.</li> </ul>
4.	Using a bag filter to discharge powder after dry mixing of Glumeform product	Decision No.003/QĐ_KHCN dated 19 Dec 2022	<ul style="list-style-type: none"> <li>Reducing the dispersion of dust into the production environment, protect the health of workers.</li> <li>Minimizing product loss.</li> <li>Facilitating faster cleaning.</li> </ul>
5.	Installing solar energy system for Tan Phu Thanh factory - phase 1	Decision No.003/QĐ_KHCN dated 19 Dec 2022	<ul style="list-style-type: none"> <li>Reducing CO<sub>2</sub> emissions into the environment.</li> <li>Saving electricity costs.</li> <li>Enhancing DHG Pharma's reputation in environmental protection projects.</li> </ul> <p><b>The estimated benefits of the project include:</b></p> <ul style="list-style-type: none"> <li>Electricity cost savings (from year 1 to year 20): approximately VND 57 billion.</li> <li>Reduction in CO<sub>2</sub> emissions (from year 1 to year 20): approximately 53 tons.</li> </ul>
6.	Improving regulation of sampling quantity for intermediate products, products awaiting packaging	Decision No.003/QĐ_KHCN dated 19 Dec 2022	<ul style="list-style-type: none"> <li>Reducing the risk of re-sampling while meeting data preservation requirements.</li> <li>Avoiding taking unnecessary samples to reduce waste and save costs.</li> </ul>
7.	"Electronic New Year greeting cards" application	Decision No.003/QĐ_KHCN dated 19 Dec 2022	<ul style="list-style-type: none"> <li>Utilizing modern forms to bring new experiences to customers.</li> <li>Saving costs.</li> </ul>



COLLECTIVE BARGAINING FREEDOM

The freedom of collective bargaining in the workplace is the right of workers protected by laws and regulations within the Company. Every year, the Labor Conference is organized so that employees' aspirations and legitimate demands can be listened to; thereby, positive reforms are implemented daily toward sustainable development.

Essential documents for the conference, such as the collective labor agreement, the year-end report, regulation on the management and utilization of the bonus and welfare fund, allocation of the bonus and welfare fund, etc., are sent in advance for workers to review before the conference. The collective labor agreement is signed at this conference to ensure employees' and employers' rights and legitimate interests. This agreement is negotiated and signed voluntarily, equally, and transparently by representatives of the labor collective and employers.

In addition, the Trade Union in each department plays a vital role in ensuring fairness and protecting the rights and interests of all employees. All contributions, complaints, and desires of employees are encouraged and promptly resolved through various forms. Union officials from team leaders and above are trained to promptly grasp the difficulties and issues faced by employees at numerous levels and promptly report them to higher authorities.

# NURTURING Talent

Nurturing and developing talent is always a top priority at DHG Pharma. The Company focuses on training and developing its workforce to meet demands while building and enhancing the competence and professional skills of each individual within the Company.

To achieve this goal, DHG Pharma has established continuous and innovative training programs to meet the requirements and challenges of the current market. In particular, the Company provides opportunities for employees to share experiences and work effectively as a team, thereby strengthening teamwork abilities and achieving the best results in their work.

With caring and dedicated training, the Company has built a team of passionate, responsible, and dedicated employees who are ready to embrace change and adapt to a demanding business environment. DHG Pharma's Cultural Identity is preserved, creating employee loyalty and fostering a positive and sustainable working environment for the Company.



In fact, in 2022, the Company organized **75** training programs with a total of **20,156** participants, consisting of **124,740** hours of training, at an approximate cost of **VND 3 billion**. In 2023, the Company plans to implement **95** training programs with an estimated cost of **VND 5 billion**.

Average training hours for female employees is **42.5** hours/person

Average training hours for male employees is **58.8** hours/person

Average training hours for managers is **36** hours/person

Average training hours for employees is **52** hours/person

### Training programs for the managers:

Leadership skills, Change management, Effective planning and organizing skills, Communication and teamwork skills, Presentation skills, Negotiation skills, Coaching and Mentoring skills, Human resources management, Motivation skills.

### Professional training programs for employees in the following areas:

**Marketing - Distribution - Sales:** Consumer psychology and behavior, Brand communication, Digital marketing tools, Channel & shopper marketing, Marketing strategy and plan design, Integrated marketing communication planning for the pharmaceutical industry, Update on new design according to modern trends, Creating innovative events according to concepts, Establishing event organization and management processes, Finance applied to Brand-Trade-Sales, Updating new professional skills in market research, Effective sales methods for pharmaceutical enterprise management, Advanced sales, customer care and training skills, Developing sales via account data analysis, segment evaluation, and territorial organization for the sales team, Specialized marketing in ETC.

**Production, research & development and product registration:** Specialized training on GMP and advanced GMP, Liquid chromatography coupled to mass spectrometry, Calculation of measurement uncertainty and calibration of breast measuring equipment, Skills for quality management and technical management/ Selection and confirmation of the validity of methods, Technique for testing oriental medicinal herbs and finished products with markers, Measures to enhance stability, design stability studies and predict the shelf life of drugs, Updating advanced preparation knowledge, Circular on drug/cosmetic registration, Registration regulation in Malaysia, Professional training on drug development research and registration, Circular/regulations related to Bioequivalence, Circular/regulations on Pharmacovigilance, GCP training.

**Others:** Legal skills related to the Company's business activities in relation to customers, partners and employees, Improving legal knowledge on intellectual property and industrial property rights, Laws on business/commerce/investment, Training to improve legal and practical knowledge related to international trade, Skills in contract drafting and dispute resolution skills arising from contracts and operations business, Knowledge of debt handling and debt recovery in the enterprises, Building an internal management system, etc.

## ANTI-CORRUPTION

**A**nti-corruption is an essential and urgent need of every enterprise as corruption causes very high costs and affects the business's reputation. In 2022, DHG Pharma synchronously implemented anti-corruption propaganda and training for all employees to enhance the sense of responsibility of each individual. The details are as follows:

- 1 — New employees are trained on the Company's culture, regulations, communication, and conduct.
- 2 — The use of budgets and procurement of assets is managed according to the Company's policies and regulations.
- 3 — Recruitment, training, and appointments are conducted in a transparent and public manner.
- 4 — Assets and income are declared in accordance with legal regulations.
- 5 — Employees signed material contracts to protect the Company's assets, manage them effectively, and ensure their proper use.
- 6 — Work-related decisions must aim at the Company's common interests, not for personal or other individuals/organizations' interests.
- 7 — "DHG Pharma Cultural Identity" and "Conflicts of interest policy" also specify measures to prevent conflicts of interest and transactions with relevant parties.
- 8 — The centralized information reception channel continues to be implemented to effectively 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 regulations and laws in a timely manner.



## OCCUPATIONAL HEALTH AND SAFETY



**T**o ensure long-term health for employees and create a safe working environment for them to work with peace of mind, DHG Pharma strictly adheres to legal regulations regarding occupational health and safety. These regulations are regularly disseminated in full to workers participating in the production process at the factory.

The Environment and Occupational Safety Department is established to advise and assist the Board of Management in organizing, implementing, inspecting, and monitoring environmental protection, occupational health and safety, and fire prevention within the Company and its affiliated units.



**PRIMARY RESPONSIBILITIES OF THE ENVIRONMENT AND LABOR SAFETY DEPARTMENT**



**Occupational health and safety**

This includes coordinating the development of rules, regulations, procedures, and inspections of machinery, equipment, and substances with strict occupational health and safety requirements. It also involves identifying risks, implementing preventive measures, organizing public outreach, and disseminating occupational health and safety regulations. Conducting inspections, measurements of occupational environment indicators, food safety inspections, and proposing remedial measures are also carried out. Organizing statistical compilation, annual year-end reports on occupational health and safety, and coordinating with the Trade Union Executive Board to guide professional work is also part of occupational health and safety efforts.



**Environmental protection**

Environmental protection includes preparing files, procedures, and compliance with environmental protection regulations. It involves risk assessment, developing preventive and emergency response measures, conducting environmental monitoring, and managing and processing waste according to regulations.



**Fire prevention**

Fire prevention includes preparing, retaining, and updating fire prevention files, inspecting and monitoring compliance, developing fire prevention and fire-fighting plans, organizing training, and inspecting fire safety.



**Pest control**

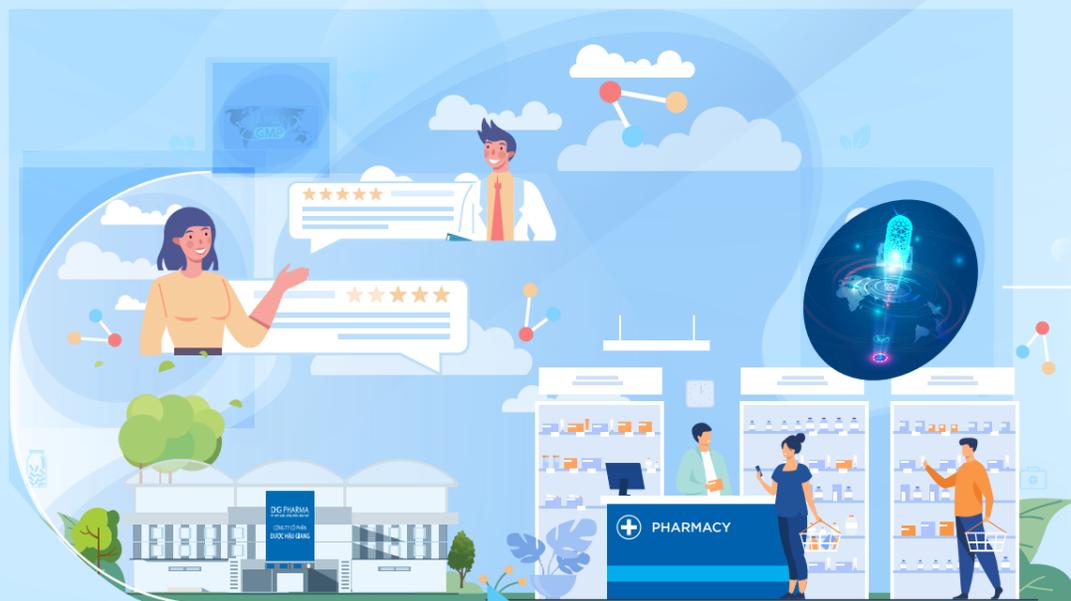
Pest control includes preventing the presence of pests in production and at the Company, identifying the causes of insect infestation and taking prompt corrective actions, inspecting and collaborating with the pest control team to implement pest control measures, and compiling data for analysis and proposing appropriate measures.



- 1 **Invested 8.5 VND billion** in equipping personal protective equipment, employee healthcare, risk assessment, and safety and occupational hygiene training. **& 3.4 VND billion** regular health check-ups.
- 2 Conducted CO<sub>2</sub> emissions assessment, including identifying emission sources, setting reduction targets, and aiming for 2030 targets.
- 3 Every year, DHG Pharma collects and categorizes waste and transfers it to authorized units for proper disposal in accordance with regulations. All wastewater generated, excluding rainwater, must be collected in a centralized wastewater treatment system before being discharged into the environment.
- 4 Surveying and statistically reporting on unused machinery and equipment at the headquarters of DHG Pharma. From that, measures are taken to dispose of unused scrap iron and steel at the Company to generate profit and ensure environmental and landscape safety and hygiene.
- 5 Developing occupational safety and hygiene plans. Providing complete and appropriate personal protective equipment for production.
- 6 Collaborating with relevant units to conduct monthly inspections on occupational safety and hygiene, fire prevention, environmental protection, and pest control at the Company's factories.
- 7 Carrying out strict equipment inspections related to occupational safety at the factories.
- 8 Organizing on-site fire and rescue drills for the Fire and Rescue Team members at the finished goods warehouse, DHG Pharma's headquarters, and the DHG Pharmaceutical Plant Branch. Maintaining and cleaning all fire-fighting equipment, pump systems, and fire alarm systems to ensure they were in good working condition.

**In 2022, there were 02 occupational accidents (1 minor and 1 severe case), and no occupational diseases occurred.**

# CUSTOMER HEALTH AND SAFETY



## Obtained **Japan-GMP**

certification for tablets, film-coated tablets, effervescent tablets, and effervescent granules

**Did not record** any violations related to product information and labeling of DHG Pharma

**100%** infrastructure is assessed and checked annually

**Did not record** any violations related to customer privacy



## QUALITY COMMITMENT

**F**or nearly half a century, DHG Pharma has continuously invested in its people, technology, raw materials, production conditions, and quality management to produce and distribute high-quality pharmaceutical products, providing consumers with peace of mind and trust. With the commitment to "For a healthier and more beautiful life", DHG Pharma has established a strong reputation in the Vietnamese pharmaceutical industry and is known as a reputable and reliable brand in the market.

With relentless efforts in the development process, DHG Pharma has achieved the Japan-GMP certification for tablets, film-coated tablets, effervescent tablets, and effervescent granules at the Non-Betalactam factory, with nearly 100 products granted registration numbers by the Vietnamese Ministry of Health. This is a significant achievement, marking the innovation and quality improvement of the Company's products. As a result, the products are widely distributed throughout the country, from major cities to remote areas. This has provided Vietnamese consumers access to high-quality, safe, and effective medications regardless of their social class or age.

To obtain Japan-GMP certification, DHG Pharma has had to complete the entire quality management system, production, testing, personnel management, and invest in machinery, equipment and factories. The Company has updated and issued new internal documents on product quality management processes, training knowledge and skills for employees, and enhanced professional competence and practical experience for its personnel. DHG Pharma ensures the control of cross-contamination

and compliance with regulations on air, wastewater, and exhaust treatment by the state. It imports machinery, equipment, tools, and supplies from reputable pharmaceutical manufacturers to ensure the origin and quality of raw materials. The Company's storage and distribution system also complies with Good Storage Practice (GSP) and Good Distribution Practice (GDP) standards and receives technical support from experts at Taisho.

In the near future, DHG Pharma plans to acquire a Betalactam factory and enhance its production system to global standards alongside the existing Non-Betalactam production lines that have already met Japan-GMP standards. This expansion aims to increase competitiveness in the domestic pharmaceutical market, maintain its leading position in the national pharmaceutical industry, and venture into the global pharmaceutical market. DHG Pharma's commitment to meeting international production and quality management standards is evidence of its long-term vision to become a leading pharmaceutical company in the region.

## PRODUCT DIVERSIFICATION

In today's highly competitive healthcare market, continuous innovation and product diversification to meet changing customer needs is essential for pharmaceutical companies to remain relevant and competitive. Recognizing the importance of change, DHG Pharma proactively conducts research, applies and invests in modern technologies, and transfers technology to develop high-quality products that meet consumer demands and contribute to people's health.

With over **300** registered products nationwide as of 31 Dec 2022, DHG Pharma has significantly expanded its product line in various fields. The Company's products span multiple categories:

- Antibiotics
- Analgesics - antipyretics
- Respiratory
- Nutrition
- Musculoskeletal
- Gastrointestinal - Liver
- Neurology - Ophthalmology
- Cardiovascular - Diabetes
- Beauty - Dermatology care



By diversifying dosage forms such as tablets, capsules, powders/granules, liquids, external preparations, eye drops, and nasal drops, DHG Pharma offers numerous options suitable for individual customer preferences.



Furthermore, DHG Pharma not only focuses on pharmaceutical products but also continuously expands its range of health protection food products. These products are becoming increasingly popular as consumers have become more conscious of their health. Notable health protection food products from the Company include Bocalex, Natto Enzym, Hoat huyet duong nao DHG, Spivital, Yunpro, etc. and the new product Alfe. The diversity of these products demonstrates DHG Pharma's commitment to meeting various customer needs.

At the same time, to meet special needs, the Company has researched and produced Hapacol products specifically for children in the form of packet medicines with dosages of 80mg, 150mg, and 250mg. This provides convenience for parents when administering medicine to young children and ensures safety and effectiveness in treatment.

Furthermore, the Company continues researching and developing natural-origin products such as Naturenz, Choliver, Hati ginger honey, Cozz candies, etc. This is DHG Pharma's investment in high-quality product research and development, meeting customer needs and demonstrating the Company's concern for health and the environment.

**DHG Pharma is committed to continuously researching and developing high-quality products to meet customers' healthcare needs and make positive contributions to the development of the healthcare industry in Vietnam. DHG Pharma hopes to become a reliable partner for customers and accompany people's health in the future.**

## DEDICATION TO CUSTOMERS

**C**ustomer dedication” is considered one of the key factors contributing to the success of any business, including the pharmaceutical sector. For DHG Pharma, this core value is always respected and prioritized. The Company always places customer satisfaction as a top priority and creates real value for customers. Being dedicated to customers not only fosters long-term and loyal relationships but also enhances the Company’s brand image and reputation while strengthening competitiveness with competitors in the industry.

To best care for customers, DHG Pharma has built a professional, dedicated sales team that always listens, advises, and supports customers effectively. The Company has applied modern technologies such as electronic devices, to provide customers with the best experience when using the Company’s products and services. At the same time, information about the Company and its products is easily accessible through various communication channels such as the website, television, Facebook, YouTube, LinkedIn, advertising screens at shopping centers, trade promotion events/programs, etc.



The information on product labels is also presented clearly and in detail using bilingualism, including ingredients, uses, instructions for use, target users, storage

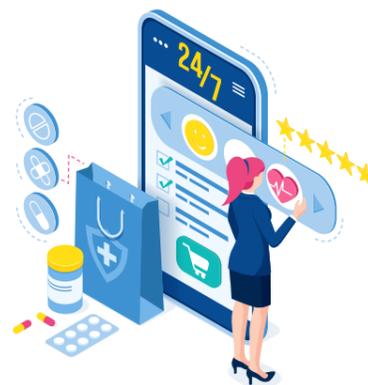
conditions, etc. As a result, customers can easily understand and use the products correctly to achieve optimal effectiveness.

DHG Pharma has also developed diverse promotional programs to enhance trust and high evaluation of the Company’s products and services.

If customers have any inquiries related to product quality, promotion information, or require guidance on product usage, DHG Pharma is ready to promptly resolve and meet the situation, creating satisfaction for customers through contact channels such as telephone, email, facebook, or directly the Company’s stores.

**Tel:** (+84) 292 3899 000  
**Email:** dhgpharma@dhgpharma.com.vn  
**Facebook:** DHG Pharma

Receiving 24/7 customer inquiries, complaints and responding to customers within 7 working days.



## INDICATORS RELATED TO PRODUCT RESPONSIBILITIES IN 2022

Criteria	Recognition level	
1 — Number of factories meeting GMP	100% of production lines meet WHO-GMP standards. In which, DHG Pharma has obtained Japan-GMP certification for tablets, film-coated tablets, effervescent tablets, and effervescent granule.	
2 — Factories with certified laboratory of GLP and ISO/IEC:17025	100%	
3 — Number of violations of food safety and hygiene	No case was recorded.	
4 — Number of product recalls as the quality is not ensured		
5 — The total number of violations related to information and trademarks of products and services		
6 — Selling prohibited or disputed products		
7 — The total number of communication and marketing violations, including advertising, promotion, and sponsorship		
8 — The total number of grounded complaints related to violations of customer privacy		
9 — The total number of leaks, steal or loss of customer data		
10 — Value of fines and non-monetary sanctions for non-compliance with laws and regulations in the social and economic area		
11 — Products recovered for recycling		Did not arise. Due to the nature of the pharmaceutical industry, DHG Pharma does not recycle products.

# JOURNEY TO ENHANCE HEALTH AND SOCIAL RESPONSIBILITY

## With sincere heart and meaningful efforts

to enhance human health, DHG Pharma has implemented practical activities that profoundly impact the community's awareness, aiming towards the common goal of caring for and protecting the health and spreading good values to build a healthier and more beautiful life.

# At DHG Pharma

social responsibility is not just a task but a tradition passed down and developed from generation to generation.

MEDICAL EXAMINATIONS AND MEDICINE DISTRIBUTION



CARING FOR THE UNDERPRIVILEGED



CONSULTATION AND HEALTHCARE FOR CONSUMERS



COMPANY ANNIVERSARY PROGRAM



## JOURNEY TO ENHANCE HEALTH AND SOCIAL RESPONSIBILITY

### MEDICAL EXAMINATIONS AND MEDICINE DISTRIBUTION

In 20 years of accompanying volunteer doctors persistently on the journey of community health care, DHG Pharma has provided medical examinations and distributed medication to over 500,000 people across the country, including more than 22,000 people from neighboring countries such as Cambodia and Laos. In 2022, DHG Pharma conducted 42 programs, providing medical examinations and medicine distribution to 21,000 people, with a total implementation cost of VND 3.3 billion.



In 2022, DHG Pharma conducted

# 42

PROGRAMS

# 21,000

PEOPLE RECEIVING MEDICAL EXAMINATIONS AND MEDICINE DISTRIBUTION



Total implementation cost

# 3.3

VND BILLION

**Mr. Doan Dinh Duy Khuong**  
the Chief Operating Officer of DHG Pharma, shared his emotions during the medical examination and medicine distribution journey in Huy Giap Commune, Bao Lac District, Cao Bang Province:

"Visiting Huy Giap is one of the most emotional journeys of DHG Pharma. In recent years, natural disasters have been a constant concern. A flash flood makes the already struggling small villages even more desolate. Therefore, through community-oriented activities, we hope to send our hearts to the remote mountainous villages, spreading the message of being healthy to love, and continuing to give. Seeing the joy of the people and the poor children here truly warms the hearts of those involved in the program."

**Dr. Trinh Ngoc Binh**  
commented on the medical examination and medicine distribution journey in Tra Thanh commune, Tra Bong District, Quang Ngai Province:

"Volunteering is the most beautiful journey of life. In these volunteer trips, besides the level of doctors, the quality and types of medication are crucial. And this has been successfully implemented in the medical examination trips of AloBacsi with the support of DHG Pharma."



**Dr. Huynh Thong Minh,**  
the head doctor of the delegation observed during the medical examination and medicine distribution journey in Nam Dong, Thua Thien Hue:

"The quantity of medication prepared by DHG Pharma for this volunteer trip was significant. Despite exceeding the target for medical examinations, the medication was plentiful and available until the last minute. The quality of the medication is beyond doubt, meeting the prescribed standards. Trusting in the quality and quantity of medication prepared for the program, our doctors confidently prescribed medications for the people, ensuring that no one would go without medication."



The medical examination and medication distribution journey of DHG Pharma is a meaningful community activity driven by compassion and social responsibility. The Company has created a program to help people in difficult circumstances access medical services.

This program not only enhances the population's health but also reduces the financial burden of healthcare expenses for the people. With large-scale operations in many provinces throughout the country and neighboring countries like Cambodia, the program has helped improve healthcare coverage and access for people in remote or underdeveloped areas.

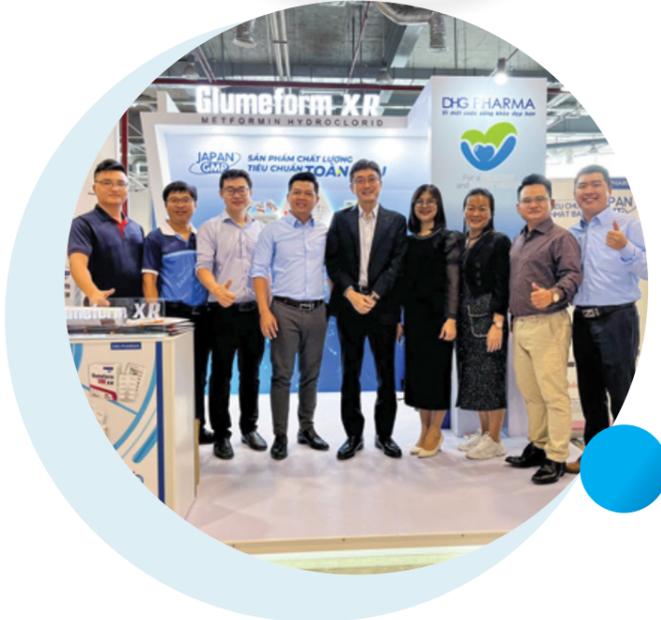
From humble activities, DHG Pharma has spread love and assistance to many people in need. This also contributes to the Company's sustainable development because the core values of DHG Pharma are not just about profits but also about serving the community and social responsibility.

## JOURNEY TO ENHANCE HEALTH AND SOCIAL RESPONSIBILITY

### CONSULTATION AND HEALTHCARE FOR CONSUMERS

In addition to the free medical examination and medication distribution programs, DHG Pharma has carried out various activities to provide consultation and healthcare for consumers, aiming to raise awareness about health and empower consumers to self-assess and make the best decisions for their health. In particular, in 2022, the Glumeform XR brand partnered with the Vietnam Society of Cardiology to organize the 18th National Cardiology Congress, and the NattoEnzyme brand partnered with the Sports Association and the Association of the Elderly of Lam Dong province to organize the Fitness and Wellness Competition in 2022. These programs not only introduce high-quality healthcare products but also provide healthy playgrounds for consumers nationwide. Furthermore, collaboration with industry experts enables DHG Pharma to provide appropriate formulas, products, and accurate advice, helping consumers sustainably care for their health and achieve optimal results.

All of these activities by DHG Pharma contribute positively to the sustainable development of the healthcare sector in Vietnam and demonstrate the company's high social responsibility towards the community. Through these meaningful activities, DHG Pharma is fulfilling its mission of improving community health and building a healthy living environment for everyone.



### CARING FOR THE UNDERPRIVILEGED

DHG Pharma has undertaken numerous humanitarian social activities, including taking care of orphans, underprivileged students, elderly individuals living alone, Heroic Vietnamese Mothers, and victims of Agent Orange. Recognizing its responsibility to the community, DHG Pharma has implemented various support and care programs for these vulnerable groups. These programs provide financial assistance, food, clothing, books, learning materials, medications, daily necessities, and most importantly, the care and attention of DHG Pharma's staff. These efforts have brought love, warmth, and hope to the community. Through these meaningful activities, individuals facing difficult circumstances are provided with better living conditions, contributing to the development of a more civilized, warm, and beautiful society. DHG Pharma is committed to continuing its active contributions to the community, implementing humanitarian activities, and spreading genuine values to society. The Company hopes these activities will inspire other organizations and create a positive wave of care and support for the underprivileged in society.



## COMPANY ANNIVERSARY PROGRAM



**DHG Pharma organized a series of meaningful activities to celebrate its 48th anniversary with the message of "Health and Love". This message was conveyed from the Company's employees to customers and the community to create a positive impact on people's health awareness.**

The celebration began with the DHG Get Go! walking program, which lasted for two weeks. With over 2,000 participants and 48,000 kilometers registered and completed, the program received significant attention from the community. Apart from physical training, the program brought moments of joy, bonding, and a sense of teamwork and compassion to everyone involved.

Parallel to the walking program, the Company also organized the "Healthy and Beautiful" photo contest to showcase a positive lifestyle and promote community exercise.

Above all, DHG Pharma's meaningful activities aim to bring forth positive values to the community, encourage people to exercise, maintain good health, and simultaneously spread a positive spirit to everyone in life.

# ENVIRONMENT



Electricity bills

**51.29**

VND BILLION

Total electricity consumption

**30,235,745**

KWH/YEAR

Total hazardous waste treatment

**1,096**

VND MILLION



Water bills

**2.4**

VND BILLION

Total water consumption

**264,477**

M<sup>3</sup>/YEAR

Wastewater recycled rate

**14.9%**

Wastewater treatment fee

**2.2**

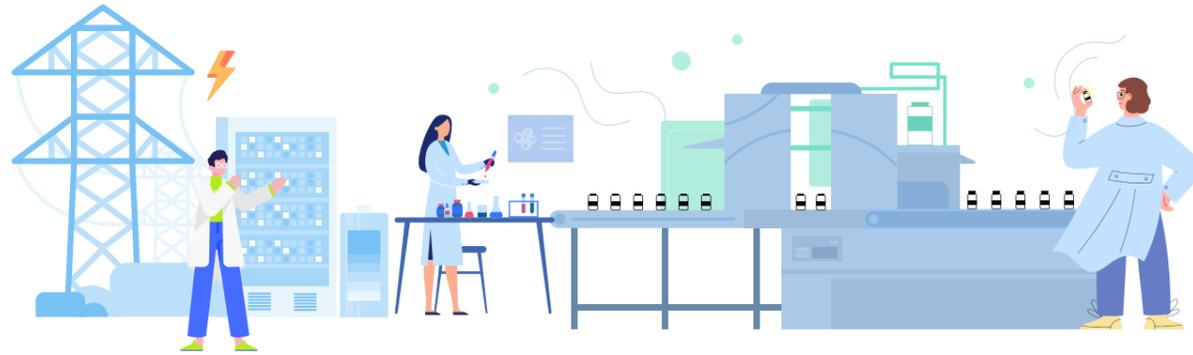
VND BILLION/YEAR

DHG Pharma

**did not record**

any violations of environmental laws and regulations.

ENERGY



**ELECTRICITY CONSUMPTION FOR PRODUCTION AND DAILY LIVING**

DHG Pharma's electricity consumption is calculated based on 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). Due to high production volume, total electricity consumption and total cost of electricity consumption in 2022 both increased over 10% compared to 2021.

**Electricity consumption and total electricity bills**  
 ● Electricity consumption — Total electricity bills



**GAS AND COAL CONSUMPTION FOR PRODUCTION ACTIVITIES**

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. Gas and coal consumption in 2022 both grew over 10% compared to 2021 due to increased production plans.

**Gas consumption & total gas bills**

● Gas consumption — Total gas bills



**Coal consumption & total coal bills**

● Coal consumption — Total coal bills



**ENERGY-SAVING SOLUTIONS AND GREEN ENERGY USE**

- Re-enforcing internal communication to enhance a sense of responsibility toward energy conservation of each employee.
- Taking advantage of natural light and cool air, regularly checking the use of electrical equipment, inspecting and maintaining the Company's electrical network.
- Promoting campaigns for innovations/ ideas for saving electricity for all employees within the Company.
- Assigning a division for taking charge of managing and operating the air-conditioning system at factories to optimize the performance in energy saving.
- When investing, replacing and repairing machinery, priority should be given to the advanced and energy-saving equipment and technologies, replacing low-efficiency lighting systems (incandescent light bulbs, etc.) with energy-saving lighting devices (energy-efficient compact lighting, etc.)

**GREEN ENERGY**

DHG Pharma's development has always been associated with the sustainable development orientation, which closely and harmoniously combines economic development with environmental protection. With unremitting efforts in creating core values, in early 2023, DHG Pharma's BOM approved a solar energy system project with a total installed capacity of 2.7 MWp for the plant in Tan Phu Thanh Industrial Zone, Chau Thanh A District, Hau Giang Province. This milestone records a new chapter for the Company's sustainable development vision.

**The project consists of 2 phases:**

- Phase 1 (1.8 MWp)** — will be constructed, completed, and put into operation in the fourth quarter of 2023.
- Phase 2 (0.9 MWp)** — will continue to be deployed in 2024 after the new Betalactam Factory is completed.

The implementation of the solar energy project, which is estimated to accumulate over 20 years, will help DHG Pharma reduce electricity costs by VND 57 billion and cut CO<sub>2</sub> emissions by 53 tons.

The solar energy system is the first step of DHG Pharma in the journey of prioritizing the use of green energy in production and business activities, helping to save electricity costs, reduce CO<sub>2</sub> emissions into the environment, and contribute to part of enhancing DHG Pharma's reputation in actively participating in environmental protection projects.



## WATER AND WASTEWATER

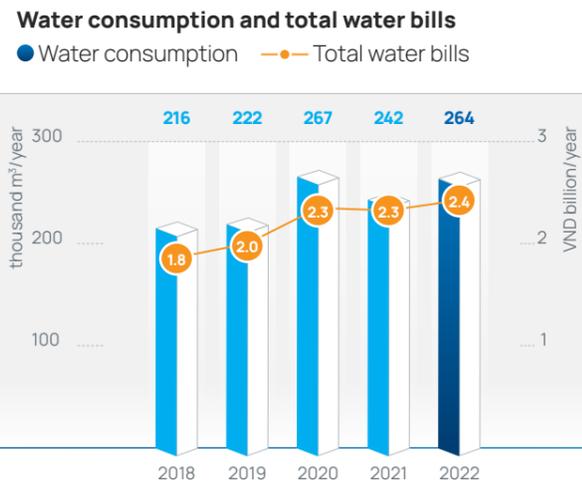


### TOTAL VOLUME OF WATER WITHDRAWN BY SOURCE



### WATER CONSUMPTION FOR PRODUCTION AND DAILY LIVING

Water demand at DHG Pharma includes water for daily living, production, cleaning machines, cooling equipment, watering plants, etc. Water consumption at DHG Pharma was calculated in accordance with total monthly water bills 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).



### 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 pumped to the tank at the dust treatment tower.



## WATER-SAVING SOLUTIONS AT DHG PHARMA

- In order to use and save water efficiently, DHG Pharma standardized its water pipes, installed water meters certified by the City Water Suppliers. 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 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 wastewater 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.

## WASTEWATER

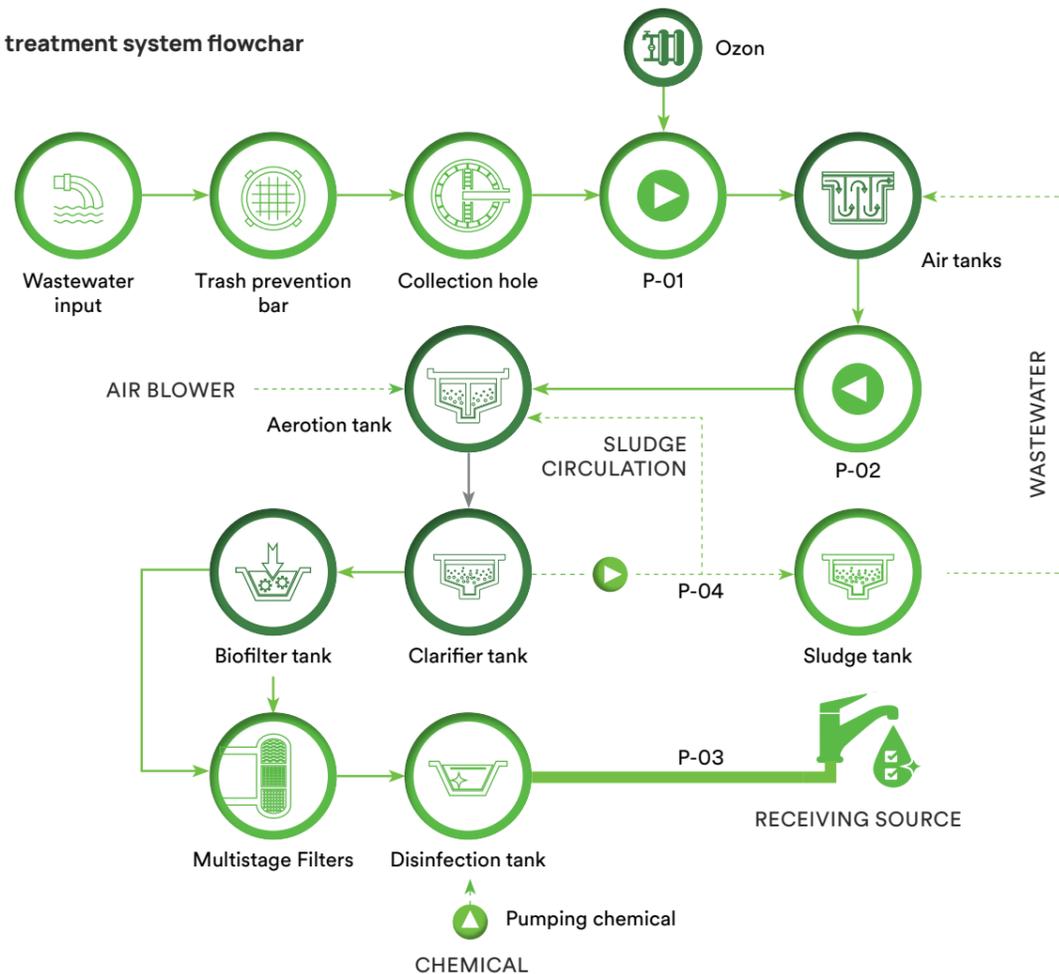
The control of wastewater is an environmental protection measure that has been applied at the Headquarters of DHG Pharma and DHG Pharmaceutical Plant Branch. The Company did not record any incidents of non-compliance with discharge limits in 2022.

### HEADQUARTERS OF DHG PHARMA IN CANTHO

- In 2022, production wastewater was recorded at about 10,625 m<sup>3</sup>/month, mainly generated from stages such as pharmaceutical production, machine, equipment, and factory cleaning. Wastewater from daily activities of employees was about 1,531 m<sup>3</sup>/month.
- Domestic wastewater is preliminarily treated through a 3 - compartment septic tank, then collected into 2 centralized treatment systems with a capacity of 400 m<sup>3</sup>/day/night/system for treatment along with production wastewater. The Company's wastewater treatment works are operating stably and there are no unexpected problems during operation.
- Total spending on wastewater treatment in 2022: Approximately VND 1.65 billion.
- In 2022, the Natural Resource and Environmental Monitoring Center of Cantho Department of Natural Resources and Environment carried out 4 times of water quality monitoring on 08 Mar 2022, 20 Jun 2022, 14 Sep 2022, 14 Nov 2022.

*(Please refer to Appendix for monitoring results of wastewater quality)*

### Wastewater treatment system flowchar



### DHG PHARMACEUTICAL PLANT BRANCH IN HAU GIANG

The amount of wastewater in 2022 was recorded at 22,909 m<sup>3</sup>/year.

Current wastewater treatment works of the factory include:

- Septic tank for preliminary treatment of domestic wastewater
- Centralized wastewater treatment system with a capacity of 300 m<sup>3</sup>/day & night.

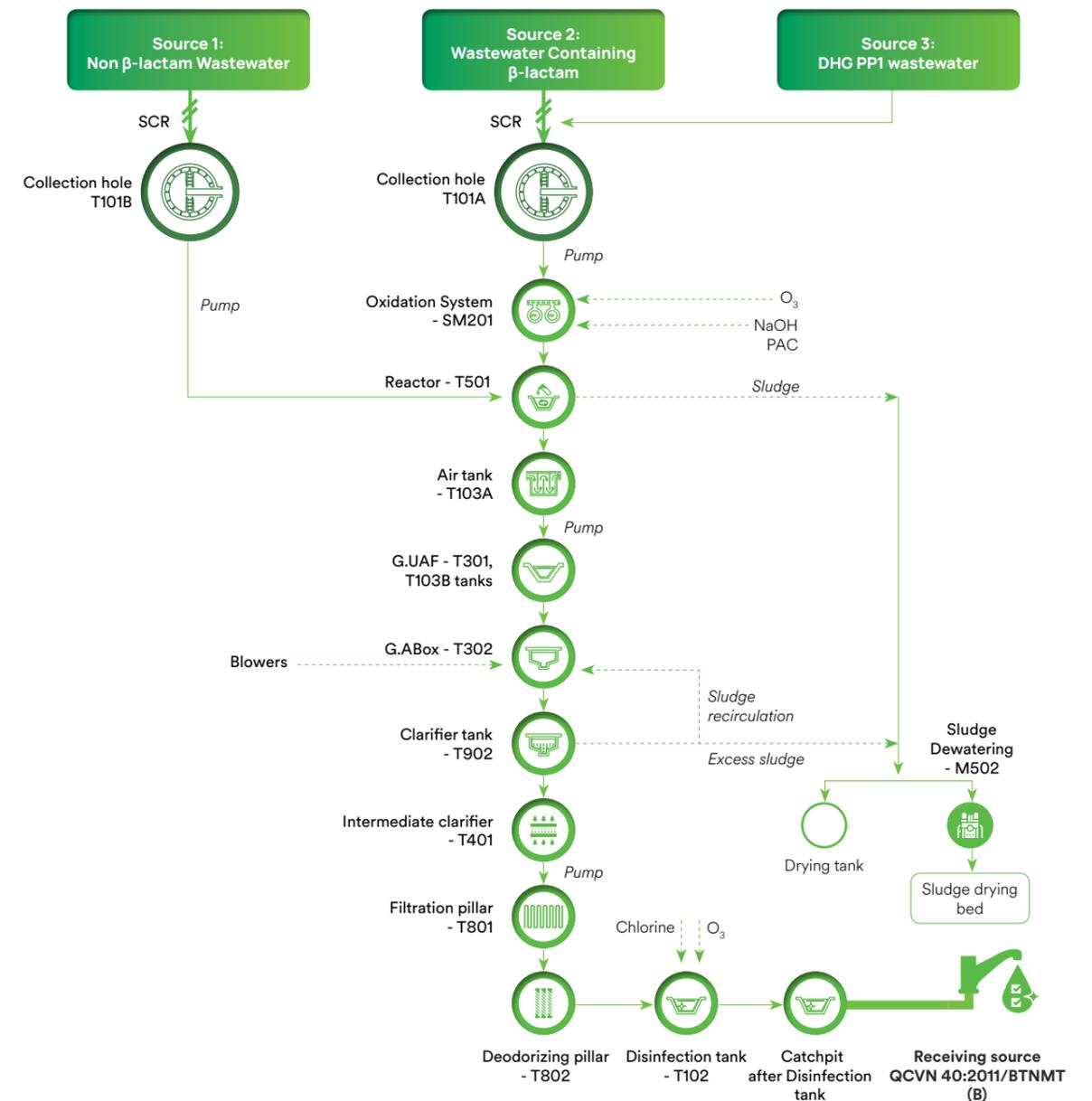
*(Please refer to Appendix for monitoring results of wastewater quality)*

Wastewater generated at the factory is collected and treated to meet the prescribed standards. Afterward, wastewater will be connected to the centralized wastewater treatment system of Tan Phu Thanh Industrial Zone - Phase 1.

Total spending on wastewater treatment in 2022: VND 546.1 million

In 2022, the Natural Resource and Environmental Monitoring Center – Department of Natural Resources and Environment in Hau Giang and Phuong Nam Environmental Measurement and Analysis Center measured and monitored water quality 04 times on 30 Mar 2022, 27-28 July 2022, 22 Sep 2022, 10 Nov 2022.

### Wastewater treatment system flowchart



**MEASURES TO CONTROL WASTEWATER AT DHG PHARMA**

- 1 — Operating and regularly inspecting the wastewater treatment systems to ensure that wastewater meets QCVN 40:2011/BTNMT standard.
- 2 — Regularly cleaning and maintaining the wastewater collection system, surface water and rainwater collection system, etc. to ensure that the discharge system is always clean and well-ventilated.
- 3 — The Company signs contracts with specialized units to conduct periodic wastewater monitoring 4 times per year and annually prepares Environmental Protection Reports and sends to the Environmental Protection Agency of Hau Giang province/Cantho City according to regulations.



**AIR MONITORING**

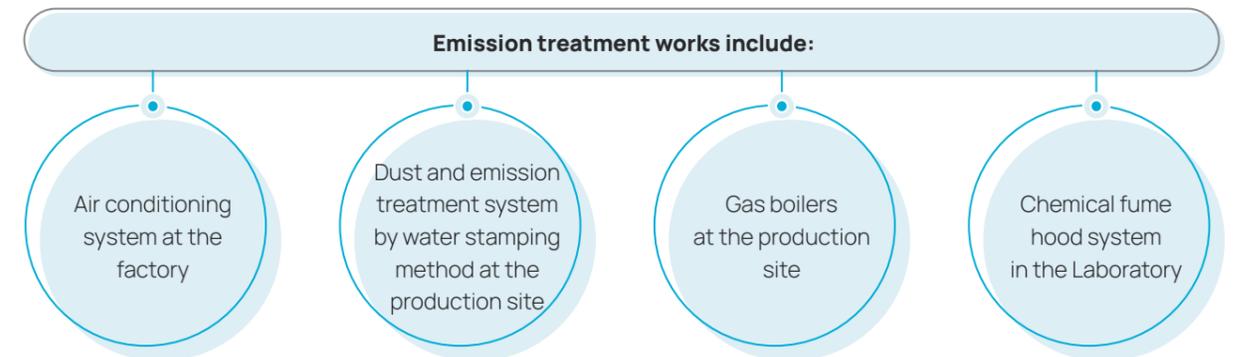
Under the guidance of local environmental agencies, DHG Pharma conducts periodic environmental impact assessments 4 times a year to prevent environmental pollution and take timely measures as soon as there is pollution. Environmental monitoring results are evaluated in accordance with current Vietnamese standards (QCVN).

*(Please refer to Appendix for air monitoring results)*



**ENVIRONMENTAL PROTECTION WORKS FOR EMISSIONS**

**HEADQUARTERS OF DHG PHARMA IN CANTHO**



In addition to the dust and emission treatment systems installed in the production site, the Company also implements measures to minimize the impact on the surrounding air environment such as cleaning the production site after each shift, planting trees in the factory premise, gas boilers to reduce pollution, etc.

## DHG PHARMACEUTICAL PLANT BRANCH IN HAU GIANG

At the factory, there are 6 sources of emissions. Among these, 4 sources have already got their treatment systems (including emissions from the laboratory; emissions from pharmaceutical production stages; emissions from wastewater treatment systems and emissions from printing and packaging processes). The two remaining sources have not got treatment systems, for which only mitigation measures are applied (including emissions from backup generators and emissions from laundry rooms), specifically as follows:

- (1) — Fume hood and emission treatment tower of laboratory.
- (2) — Central dust filter system and emission treatment tower at NonBetaLactam factory.
  - Emission treatment tower for fluidized bed dryer.
  - Emission treatment tower for film coating machine
  - Central dust collection system.
- (3) — Central dust filtration system and emission treatment tower at BetaLactam factory.
  - Dust collection and treatment system C.01, C.02 in Cefa area
  - Dust collection and air treatment system on the ceiling in Cefa area
  - Dust collection and treatment system P.01, P.02 in Peni area
  - Dust collection and air treatment system on the ceiling in Peni area.
- (4) — Emission treatment system of printing and packaging factory.



### 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 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.



### Reducing emissions from the laundry room

The factory has fully equipped labor protection (masks, gloves, etc.) for workers. At the same time, the laundry room is designed on a ventilated area, making it easy for air circulation, ensuring the health of workers in the laundry department.

# WASTE

Every year, DHG Pharma signs contracts with suppliers providing services such as collection, transportation and treatment of domestic waste, hazardous waste, etc. Waste generated from production and daily life activities of DHG Pharma is always collected, classified and treated to ensure compliance with current environmental standards and regulations.



## NON-HAZARDOUS SOLID WASTE

- 1 — **Headquarters of DHG Pharma**  
**Domestic solid waste (DSW):** 341.86 Tons/year  
**Ordinary industrial solid waste (OISW):** 53,400 Kg/year  
**Waste collection and treatment companies:**
  - DSW: Can Tho Urban JSC
  - OISW: An Huy Technology JSC
- 2 — **DHG Pharmaceutical Plant Branch**  
**Domestic solid waste (DSW):** 550.41 Tons/year  
**Ordinary industrial solid waste (OISW):** 601,008 Kg/year  
**Waste collection and treatment companies:**
  - DSW: Hau Giang Urban Construction One Member Co., Ltd.
  - OISW: Tien Phat Services Environmental Co., Ltd.

MITIGATION AND TREATMENT MEASURES



DSW includes waste from daily living, canteen, factory cleaning, tree cleaning, etc. The Company has arranged trash cans with lids in areas of the Company's premises to store generated domestic waste.

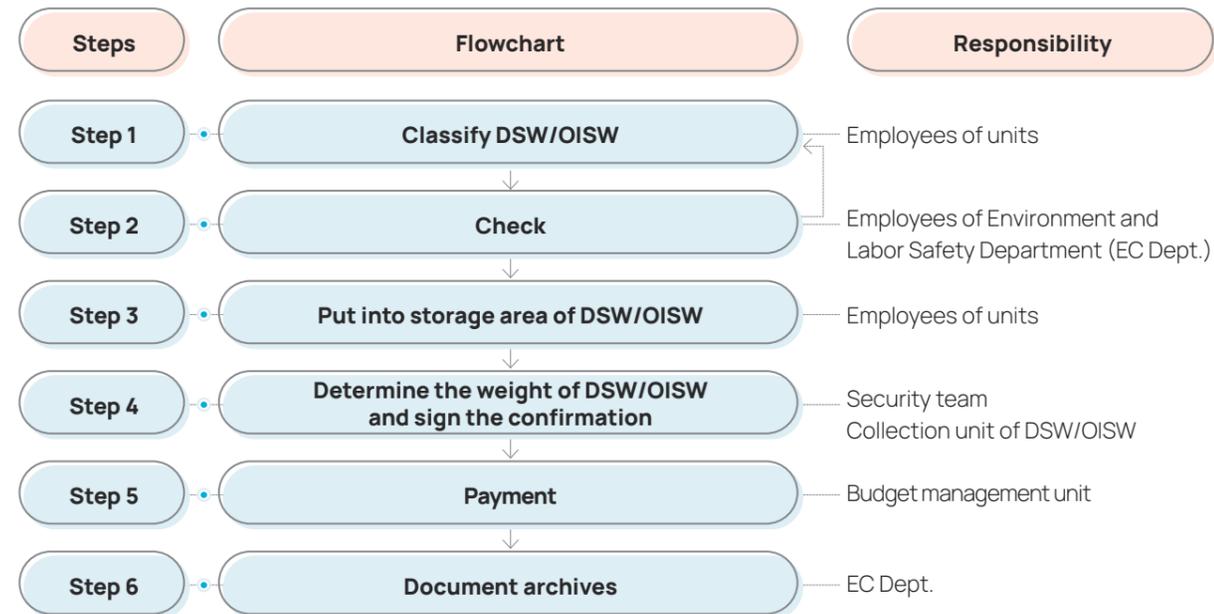
Every day, Can Tho Urban JSC collects about 0.95 tons/day of domestic waste at the Headquarters of DHG Pharma and Hau Giang Urban Construction One Member Co., Ltd. collects about 3.6 m<sup>3</sup>/day of domestic waste at DHG Pharmaceutical Plant Branch. After the waste is transported, industrial cleaning staff clean and disinfect with 0.4% javel solution.



OISW includes carton packaging, carton boxes, PE wrap, etc. Waste generated daily is brought to the concentrated area in line with regulations. The waste collection team of An Huy Technology JSC and Tien Phat Services Environmental Co., Ltd. comes to collect and perform treatment methods according to the contracts, industrial cleaning staff clean the warehouse everyday.



Flowchart for management of DSW/OISW



HAZARDOUS WASTE

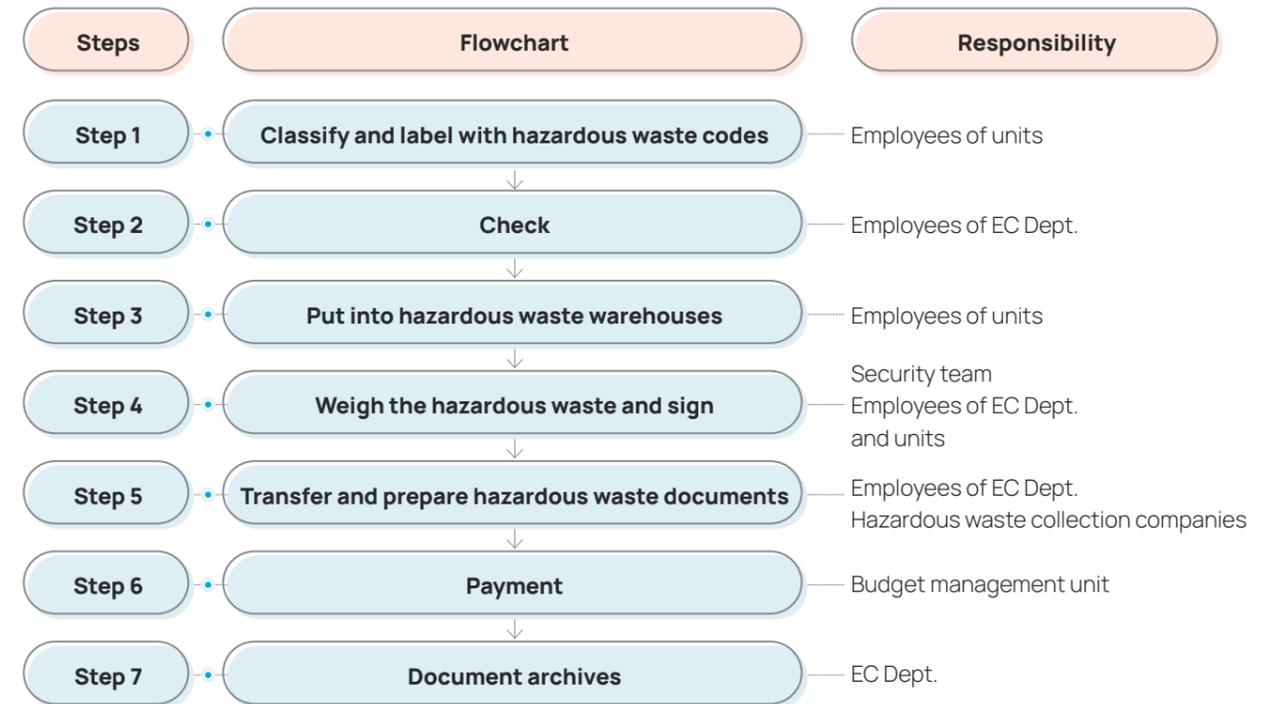
2022	Unit	Headquarters of DHG Pharma	DHG Pharmaceutical Plant Branch	Total
Hazardous waste	kg/year	150,767	102,146	252,913
Treatment cost	VND million	625.11	471.0	1,096.1
Waste collection and treatment companies		Green Earth JSC	Green Earth JSC Viet Xanh Environmental Manufacturing - Trading - Services Limited Company	

(Please refer to Appendix for total volume of hazardous wastes by types and treatment applications)

MITIGATION AND TREATMENT MEASURES

- The Company's hazardous wastes are collected, classified, and stored in hazardous waste warehouses located separately from the factory's production site. The warehouse has warning labels for hazardous wastes, and separate containers are arranged in the warehouse, with hazardous waste codes written in accordance with regulations. The industrial cleaning staff classifies waste and sanitizes hazardous waste warehouses daily, ensuring that hazardous wastes are kept at the correct positions in the warehouse.
- The entire amount of hazardous wastes will be collected and temporarily stored before being handed over to the functional units, ensuring no leakage or scattering to the surrounding environment.

Flowchart of hazardous waste management



## ENVIRONMENTAL COMPLIANCE



During its operation, DHG Pharma has always complied with the law on environmental protection. In 2022, DHG Pharma did not record any violations of environmental laws and regulations:

Number of fines:  
**0 time.**

Amount of fines:  
**VND 0.**

DHG Pharma carried out environmental impact assessments and commitment to environmental protection at all factories before the factories were put into operation. 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.

## SOLUTIONS TO MINIMIZE IMPACTS ON THE ENVIRONMENT

- 1 — 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.
- 2 — Regular implementation of environmental monitoring programs periodically.
- 3 — Enhancing a sense of responsibility toward energy, electricity and water conservation of each employee through internal communication and factory briefings.
- 4 — Equipping trash cans to classify plastic, paper for recycling, and organic waste before transferring to the functional units for collection and treatment.
- 5 — Reducing the amount of single-use plastic waste by reviewing work processes and daily life of each individual and department, which provides a foundation for appropriate solutions. Using environmentally friendly paper bags instead of plastic bags.
- 6 — Back-Office Sector: prioritizing using emails to forward information, limiting the use of printing paper and discharge into the environment.
- 7 — Creating a green and friendly working environment by planting more trees in the office and workplace. Departments have improved their working corners in accordance with "5S" criteria, which are Sort - Set in order - Shine - Standardize -Sustain.

## 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 industrial cleaning, collection, transportation, treatment of domestic 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 environmental protection work	Collecting samples, analyzing periodical monitoring samples 4 times a year for wastewater, 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 (applied at DHG Pharmaceutical Plant Branch in Hau Giang)	Treating wastewater to meet QCVN 40:2011/BTNMT (column B) before connecting it into the common wastewater collection system of the industrial zone for further treatment to meet QCVN 40:2011/BTNMT (column A)



EVALUATION OF RISKS/IMPACTS  
AMONG THE CORE ACTIVITIES OF THE COMPANY ON THE ENVIRONMENT



DHG Pharma is a pharmaceutical enterprise engaged in the core activities of manufacturing and distributing medicines. Similar to any company operating in the field of manufacturing, DHG Pharma is inevitably exposed to environmental risks and potential impacts. In order to protect the environment for sustainable development goals, assessing the risks and impacts of core activities on the environment is of great importance.

One of the main risks is environmental pollution caused by the production and processing of waste. Recognizing the significance of minimizing these negative impacts, DHG Pharma has implemented measures to reduce the risk of environmental pollution, such as constructing centralized systems for collecting and treating wastewater and emissions in its factories; periodic monitoring of emissions and wastewater outputs; issuing guidelines for waste collection, classification, and treatment; developing plans and preventive measures for environmental incidents, etc.

The storage and use of chemicals at the Company is also an issue that requires attention due to potential risks and impacts on the environment. Therefore, DHG Pharma has developed preventive measures and emergency response plans for chemical incidents and has been granted Certificates of Measures by the Department of Industry and Trade of Can Tho City and Hau Giang

Province, ensuring the safe use and storage of chemicals in its production operations.

Alongside the risks associated with chemicals, the use of unsustainable energy and resources is also a latent risk. To minimize this risk, management and technical measures have been applied to reduce energy and resource consumption while still meeting the daily operational and production targets. The use of renewable energy is also emphasized by the Company through a solar energy system project that was approved in early 2023.

Furthermore, DHG Pharma strictly adheres to environmental regulations and industry standards. The Company regularly inspects and evaluates its activities to ensure compliance with legal requirements and the implementation of effective environmental protection measures.



As a pharmaceutical manufacturing and trading enterprise, DHG Pharma understands the importance of assessing the risks and impacts of core activities on the environment. The Company has implemented measures to minimize negative impacts and strictly adheres to environmental regulations and standards. These commitments and efforts accompany DHG Pharma's social responsibility in protecting the environment and contributing to the sustainable development of the community.

# APPENDIX

## PROCUREMENT INDICATORS

### 1 STATISTICS ON MATERIALS AND PACKAGING IN 2020 - 2022

No.	Items	Unit	2020	2021	2022
1	Raw materials and adjuvants	Tons	3,224	3,044	4,100
2	Empty capsules	Millions	925	753	1,123
3	Aluminum film, coldforming film, PVC	Tons	1,364	1,348	1,832
4	Boxes & tubes	Millions	11	11	12
5	Other packaging	Kg	6,336	5,770	6,879
6	Paper packaging of all kinds	Millions	305	261	357

## EMPLOYEE INDICATORS

### 2 STATISTICS ON THE HEADCOUNT BY GENDER, AGE, AREA/REGION, FUNCTIONAL SECTOR, TYPE OF LABOR CONTRACT, ETHNICITY IN 2022

No.	Classification	Male	Female	Total
<b>1</b>	<b>Statistics by age group</b>	<b>1,612</b>	<b>1,088</b>	<b>2,700</b>
	Under 30 years old	354	176	530
	30 - 50 years old	1,163	867	2,030
	Over 50 years old	95	45	140
<b>2</b>	<b>Statistics by region</b>	<b>1,612</b>	<b>1,088</b>	<b>2,700</b>
	The North	253	93	346
	The Central	163	33	196
	The South	1,196	962	2,158
<b>3</b>	<b>Statistics by functional groups</b>	<b>1,612</b>	<b>1,088</b>	<b>2,700</b>
	Back-office sector	393	425	818
	Production sector	329	362	691
	Sales sector	890	301	1,191
<b>4</b>	<b>Statistics by type of labor contracts</b>	<b>1,612</b>	<b>1,088</b>	<b>2,700</b>
	Indefinite term	1,217	906	2,123
	Definite term of 1 to 3 years	382	171	553
	Seasonal and short-term contracts, apprenticeship, probation	13	11	24

No.	Classification	Male	Female	Total
<b>5</b>	<b>Statistics by ethnicity</b>	<b>1,612</b>	<b>1,088</b>	<b>2,700</b>
	Kinh people	35	34	69
	Hoa people	562	393	955
	Khmer people	679	483	1,162
	Others	38	76	114

### 3 STATISTICS ON PERSONNEL FLUCTUATIONS

#### NEW RECRUITMENTS

No.	Classification	Male	Female	Total
<b>1</b>	<b>Statistics by age group</b>	<b>134</b>	<b>53</b>	<b>187</b>
	Under 30 years old	85	41	126
	30 - 50 years old	48	12	60
	Over 50 years old	1	-	1
<b>2</b>	<b>Statistics by functional groups</b>	<b>134</b>	<b>53</b>	<b>187</b>
	Back-office sector	22	21	43
	Production sector	35	9	44
	Sales sector	77	23	100

#### JOB-QUITTING

No.	Classification	Male	Female	Total
<b>1</b>	<b>Statistics by age group</b>	<b>104</b>	<b>61</b>	<b>165</b>
	Under 30 years old	33	22	55
	30 - 50 years old	64	36	100
	Over 50 years old	7	3	10
<b>2</b>	<b>Statistics by functional groups</b>	<b>104</b>	<b>61</b>	<b>165</b>
	Back-office sector	24	19	43
	Production sector	16	17	33
	Sales sector	64	25	89

## APPENDIX

### 4 — MANAGER LEVEL

No.	Classification	Male	Female	Total
<b>1</b>	<b>Statistics by age group</b>	<b>73</b>	<b>14</b>	<b>87</b>
	Under 30 years old	-	-	-
	30 - 50 years old	62	10	72
	Over 50 years old	11	4	15
<b>2</b>	<b>Statistics by functional groups</b>	<b>73</b>	<b>14</b>	<b>87</b>
	Back-office sector	25	11	36
	Production sector	6	-	6
	Sales sector	42	3	45
<b>3</b>	<b>Others</b>	<b>73</b>	<b>14</b>	<b>87</b>
	Nationality: Vietnamese	6	-	6
	Nationality: Japanese	67	14	81

### 5 — MATERNITY LEAVE

Headcount taking maternity leave by gender

Headcount returning to work after maternity leave by gender

Retained rate

Year	Male	Female	Total	Male	Female	Total	Male	Female	Total
2020	25	108	133	25	108	133	100%	100%	100%
2021	11	84	95	11	84	95	100%	100%	100%
<b>2022</b>	<b>3</b>	<b>54</b>	<b>57</b>	<b>3</b>	<b>54</b>	<b>57</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 6 — OCCUPATIONAL HEALTH AND SAFETY

No.	Indicators in the reporting period	Unit	2022
<b>1</b>	<b>Occupational accidents</b>		
	Total number of occupational accidents	Case	02
	Total number of people suffering from occupational accidents	Person	0
	Number of days that employees are dismissed due to occupational accidents	Day	78
	Total number of deaths due to occupational accidents	Case	0
<b>2</b>	<b>Occupational diseases</b>		
	Total number of people suffering from occupational diseases	Person	0
	Total number of occupational diseases cumulative at the time of reporting	Person	0
<b>3</b>	<b>Number of employees given periodic health examination and occupational health examination</b>		
	Periodic health examination (*)	Person	2,631/2,639
	Specialized health examination for female (**)	Person	338/338
<b>4</b>	<b>Results of classification of workers' health</b>		
	Type I	%	7.0%
	Type II	%	64.5%
	Type III	%	27.1%
	Type IV	%	1.4%
	Type V (***)	%	0.1%
<b>5</b>	<b>Expenses for occupational safety and hygiene</b>	<b>VND billion</b>	<b>8.5</b>

(\*) 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.

ENVIRONMENTAL INDICATORS

1 ENVIRONMENTAL DATA

Contents	Unit	2018	2019	2020	2021	2022
Production volume	Million units of products/year	4,548	4,218	4,301	4,056	5,668
<b>ELECTRICITY</b>						
Electricity consumption	Kwh/year	26,275,665	26,257,028	25,860,365	26,409,650	30,235,745
Intensity	Kwh/Million units of products	5,777	6,224	6,012	6,511	5,335
Total electricity bills	VND billion/year	41.67	45.38	44.27	46.00	51.29
<b>GAS</b>						
Gas consumption	Kg/year	18,398	22,914	24,803	8,607	18,428
Total gas bills	VND Million/year	330	358	362	158	436
<b>COAL</b>						
Coal consumption	Tons/year	42.38	56.11	19.82	24.50	31.63
Total coal bills	VND Million/year	212	297	105	130	224
<b>WATER AND WASTEWATER</b>						
Water consumption	m <sup>3</sup> /year	215,746	221,734	266,678	242,294	264,477
Intensity	m <sup>3</sup> /Million units of products	47	53	62	60	47
Total water bills	VND billion/year	1.8	2.0	2.3	2.3	2.4
% of water recycle/ total wastewater		6.7%	7.2%	6.3%	7.9%	14.9%
<b>Total volume of wastewater</b>	<b>m<sup>3</sup></b>	<b>160,631</b>	<b>150,405</b>	<b>170,647</b>	<b>136,884</b>	<b>168,843</b>
Headquarters of DHG Pharma	m <sup>3</sup>	113,216	120,003	148,902	120,010	145,934
DHG Pharmaceutical Plant Branch	m <sup>3</sup>	47,415	30,402	21,745	16,874	22,909

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

HEADQUARTERS OF DHG PHARMA IN CANTHO

Monitoring results in 2022 show that most of the indicators were within the allowable limits, according to QCVN 40:2011/BTNMT (Column A). DHG Pharma will continue to monitor and adjust the wastewater treatment system, ensuring the quality of the output wastewater meets the prescribed standards.

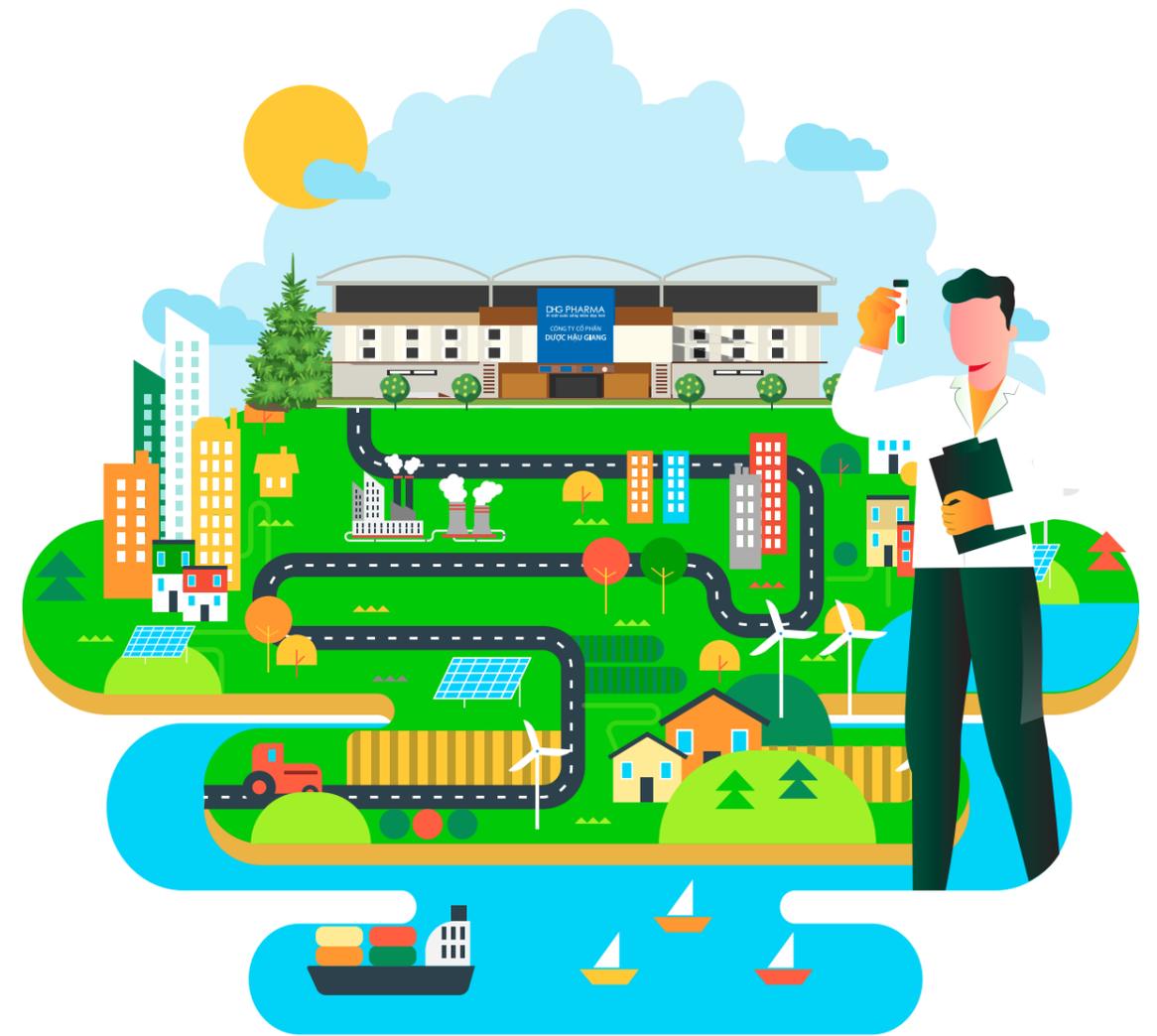
No.	Parameter	Unit	Measurement method	QCVN 40:2011/ BTNMT (Column A)	Wastewater treatment system 1	Wastewater treatment system 2
1	pH		TCVN 6492:2011	6 ÷ 9	7.26	7.34
2	BOD <sub>5</sub> 20°C	mg/l	TCVN 6001-1:2008	30	5	4
3	COD	mg/l	SMEWW 5220C:2017	75	15.7	10.5
4	SS	mg/l	TCVN 6625:2000	50	KPH (MDL=5)	KPH (MDL=5)
5	Total Nitrogen	mg/l	TCVN 6638-2000	20	KPH (MDL=1)	KPH (MDL=1)
6	Total Phosphoric	mg/l	SMEWW 4500-P B&E:2017	4	0.6	0.5
7	Chloride (Cl <sup>-</sup> )	mg/l	TCVN 6194:1996	500	37.3	26.6
8	Color	Pt-Co	SMEWW 2120C:2017	50	14.42	17.01
9	Phenol	mg/l	TCVN 6216:1996	0.1	KPH (MDL=0.0003)	0.002
10	Cyanide	mg/l	SMEWW 4500-CN-C&E:2017	0.07	0.010	0.012
11	Ammonium (calculated according to N)	mg/l	SMEWW 4500-NH <sub>3</sub> B&F:2017	5	0.23	KPH (MDL=0.16)
12	Chromium VI	mg/l	SMEWW 3500-Cr.B:2017	0.05	KPH (MDL=0.004)	KPH (MDL=0.004)
13	Mn	mg/l	SMEWW 3111B:2017	0.5	0.0943	0.0953
14	Fe	mg/l	TCVN 6177:1996	1	KPH (MDL=0.06)	KPH (MDL=0.06)
15	Free Chlorine (Cl <sub>2</sub> )	mg/l	TCVN 6225-3:2011	1	KPH (MDL=0.2)	KPH (MDL=0.2)
16	Sulfide (S <sup>2-</sup> )	mg/l	SMEWW 4500-S <sup>2-</sup> .B&D:2017	0.2	KPH (MDL=0.02)	KPH (MDL=0.02)
17	Coliform	VK/100 ml	SMEWW 9221B: 2017	3,000	2.2x10 <sup>2</sup>	1.7x10 <sup>2</sup>
18	Mineral oil	mg/l	SMEWW 5520B&F:2017	5	KPH (MDL=0.3)	KPH (MDL=0.3)
19	Arsenic (As)	mg/l	SMEWW 3113B:2017	0.05	KPH (MDL=0.002)	KPH (MDL=0.002)
20	Mercury (Hg)	mg/l	SMEWW 3112B:2017	0.005	KPH (MDL=0.0003)	KPH (MDL=0.0003)
21	Lead (Pb)	mg/l	SMEWW 3113B:2017	0.1	KPH (MDL=0.001)	0.0026
22	Cadmium (Cd)	mg/l	SMEWW 3113B:2017	0.005	KPH (MDL=0.001)	KPH (MDL=0.001)

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

**DHG PHARMACEUTICAL PLANT BRANCH IN HAU GIANG**

All of the monitoring results in 2022 were within acceptable limits of QCVN 40:2011/BTNMT Column B. Thus, the factory's wastewater treatment system is operating effectively, ensuring that DHG Pharma's production activities have little impact on the surrounding environment.

No.	Parameter	Unit	Measurement method	QCVN 40:2011/BTNMT (Column B)	2022
1	Temperature	°C	SMEWW 2550B:2017	40	26.4
2	pH	-	TCVN 6492:2011	5.5 to 9	7.05
3	Color	Pt - Co	SMEWW 2120C:2017	150	33.2
4	TSS	mg/l	TCVN 6625:2000	110	11
5	BOD <sub>5</sub> at 20°C	mg/l	TCVN 6001-1:2008	55	24
6	COD	mg/l	SMEWW 5220C:2017	165	64
7	Total Nitrogen	mg/l	TCVN 6638:2000	44	37.3
8	Total Phosphoric	mg/l	TCVN 6202:2008	6.6	3.77
9	Total Coliform	MPN/100ml	TCVN 6187-2:1996	5,000	4.3x10 <sup>2</sup>
10	Mineral oil	mg/l	SMEWW 5520 B&F:2017	11	< 0.3
11	Fe	mg/l	SMEWW 3111B:2017	5.5	< 0.08
12	Free Chlorine	mg/l	TCVN 6225-2:2012	2.2	< 0.2
13	As	mg/l	SMEWW 3114C:2017	0.11	< 0.0005
14	Zn	mg/l	SMEWW 3111B:2017	3.3	< 0.02
15	Pb	mg/l	SMEWW 3113B:2017	0.55	< 0.002
16	Cd	mg/l	SMEWW 3113B:2017	0.11	< 0.0002
17	Hg	mg/l	SMEWW 3113B:2017	0.011	< 0.0003
18	Cu	mg/l	SMEWW 3113B:2017	2.2	< 0.03
19	Cr <sup>3+</sup>	mg/l	SMEWW 3113B:2017	1.1	< 0.01
20	Cyanide	mg/l	SMEWW 4500-CN-C&F:2017	0.11	< 0.0015
21	Phenol	mg/l	SMEWW 5530B&C:2017	0.55	< 0.002



**3 — AIR MONITORING RESULTS**

**Implementation period:**

No.	Location	Time and place of monitoring
1	Headquarters of DHG Pharma in Can Tho	4 times/year: 08 Mar 2022, 20 Jun 2022, 14 Sep 2022, 14 Nov 2022
		Monitoring in 4 areas: <ul style="list-style-type: none"> <li>• KK1: Production zone.</li> <li>• KK2: Laboratory area.</li> <li>• KK3: The area between the office and the security gate.</li> <li>• KK4: Residential area under the wind direction.</li> </ul>
2	DHG Pharmaceutical Plant Branch in Hau Giang	4 times/year: 30 Mar 2022, 27-28 Jul 2022, 22 Sep 2022, 10 Nov 2022
		Monitoring in areas: <ul style="list-style-type: none"> <li>• 01 point at the output of the dust and emission treatment system of the betalactam factory.</li> <li>• 01 point at the output of the dust and emission treatment system of the nonbetalactam factory.</li> <li>• 01 point at the output of the emission treatment system in Quality Control Department.</li> <li>• 01 point at the output of the emission treatment system of the printing and packaging factory.</li> </ul>

HEADQUARTERS OF DHG PHARMA IN CANTHO

Limits on air quality

No.	Parameter	QCVN 02:2019/ BYT	QCVN 03:2019/ BYT	QCVN 24:2016/ BYT	QCVN 26:2016/ BYT	QCVN 26:2010/ BTNMT	QCVN 27:2010/ BTNMT	QCVN 05:2013/ BTNMT
1	Noise (dBA)			85		70		
2	Dust (µg/m³)	8,000						300
3	SO <sub>2</sub> (µg/m³)		10,000					350
4	NO <sub>2</sub> (µg/m³)		10,000					200
5	CO (µg/m³)		40,000					30,000
6	Temperature (°C)				18-32 (±5°C)			
7	Vibration (dB)						75	

Parameters and monitoring results of air quality

No.	Indicators	Measurement method	Unit	2022			
				KK1	KK2	KK3	KK4
1	Noise	TCVN 7878-2:2010	dBA	66.3	68.2	69.1	68.2
2	Dust	TCVN 5067:1995	µg/m³	518.9	102.6	169	177.7
3	SO <sub>2</sub>	TCVN 5971-1995	µg/m³	12.7	15	17.1	19.4
4	NO <sub>2</sub>	TCVN 6137-2009	µg/m³	KPH (MDL=3)	KPH (MDL=3)	KPH (MDL=3)	KPH (MDL=3)
5	CO	TCVN 7242:2003	µg/m³	KPH (MDL=3,000)	KPH (MDL=3,000)	3,776.2	3,770
6	Temperature	QCVN 46:2012/BTNMT	°C	31.7	32.1		
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 within the allowable limits according to QCVN standards.

DHG PHARMACEUTICAL PLANT BRANCH IN HAU GIANG

No.	Indicators	Unit	Results				QCVN 19:2009/ BTNMT Column B
			Phase 1	Phase 2	Phase 3	Phase 4	

Emission monitoring results at Betalactam factory

1.	Dust	mg/Nm³	4.0	4.0	6.27	7.13	200
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Emission monitoring results at Nonbetalactam factory

1.	Dust	mg/Nm³	5.63	6.15	4.19	5.0	200
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No.	Indicators	Unit	Results				QCVN 20:2009/ BTNMT
			Phase 1	Phase 2	Phase 3	Phase 4	

Emission monitoring results at Quality Control Department

1.	Ethylene	mg/Nm³	<0.050	<0.0015	<1.09	<1.09	-
2.	Acetone	mg/Nm³	0.55	0.54	0.66	<0.0001	-
3.	Phenol	mg/Nm³	0.015	0.019	0.027	0.042	19
4.	Toluene	mg/Nm³	0.18	0.23	0.25	0.28	750

No.	Indicators	Unit	Results				QCVN 20:2009/ BTNMT
			Phase 1	Phase 2	Phase 3	Phase 4	

Emission monitoring results at the printing and packaging factory

1.	n-Butyl acetate	mg/Nm³	22.0	24.1	24.3	27.9	950
2.	Ethyl acetate	mg/Nm³	21.8	26.2	22.1	26.3	1,400
3.	n-propanol	mg/Nm³	5.60	23.5	25.9	31.7	980
4.	n-propyl acetate	mg/Nm³	24.1	4.08	3.16	5.69	840

Through 04 emissions monitoring phases at the factory, the monitoring indicators were within the allowable limits. This shows that emission treatment measures and works are effective, minimizing the impact on the working environment of workers, as well as minimizing the impact on the surrounding environment.

4 — TOTAL VOLUME OF HAZARDOUS WASTES BY TYPES AND TREATMENT APPLICATIONS

No.	Name of waste	Hazardous waste codes	2022 (Kg/year)	Treatment methods	Waste collection and treatment companies
1	Waste ink containing hazardous substances	08 02 01	541	Burning - Solidification	Green Earth JSC + Viet Xanh Environmental Manufacturing - Trading - Services Limited Company
2	Waste ink cartridges containing hazardous substances	08 02 04	927	Burning - Solidification	Green Earth JSC + Viet Xanh Environmental Manufacturing - Trading - Services Limited Company
3	Waste engine oils	17 02 04	244	Burning - Solidification	Green Earth JSC
4	Wiping cloths contaminated with hazardous substances	18 02 01	1,915	Burning - Solidification	Green Earth JSC + Viet Xanh Environmental Manufacturing - Trading - Services Limited Company
5	Waste laboratory chemicals	19 05 02	9,652	Burning - Solidification	Green Earth JSC
6	Waste soft packaging	18 01 01	53,117	Burning - Solidification	Green Earth JSC + Viet Xanh Environmental Manufacturing - Trading - Services Limited Company
7	Used activated carbon	02 11 02	230	Burning - Solidification	Green Earth JSC
8	Waste sludge from wastewater treatment system	03 05 08	41,318	Burning - Solidification	Green Earth JSC
9	Waste fluorescent tubes	16 01 06	129	Crushing - Burning - Make full use/ Recycling - Solidification	Green Earth JSC + Viet Xanh Environmental Manufacturing - Trading - Services Limited Company
10	Waste batteries and accumulators	16 01 02	33	PT (*) - Washing - Make full use/ Recycling - Burning - Solidification	Green Earth JSC
11	Discarded electrical and electronic equipment	16 01 13	31	PT (*), Make full use/ Recycling - Burning -Crushing - Solidification	Green Earth JSC
12	Saturated or used ion exchange resins	12 06 01	44	Burning - Solidification	Green Earth JSC
13	Solid waste containing hazardous components	03 05 09	144,732	Burning - Solidification	Green Earth JSC
<b>Total</b>			<b>252,913</b>		

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



# REFERENCE TABLE ACCORDING TO GRI STANDARDS

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