

LEADING



ASPIRATION

LEADING TECHNOLOGY, PROSPEROUS AND COMPREHENSIVE DEVELOPMENT

HEALTH, COMMUNITY AND ENVIRONMENT



LEADING TECHNOLOGY, PROSPEROUS AND COMPREHENSIVE DEVELOPMENT

HEALTH.
COMMUNITY.
ENVIRONMENT.

TABLE OF CONTENTS

2019 SUSTAINABILITY REPORT



04 MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

IMEXPHARM - THE LEADING PHARMACEUTICAL ENTERPRISE IN VIETNAM

- 08 Company overview
- 14 Mission, vision and core value
- 18 Pathway of conquering the peak leading in technology
- 19 Typical financial indicators in 2019
- 24 Significant financial indicators during 5 years (2015-2019)
- 26 Strategies accompanying with sustainability development
- 34 ImexpHarm organization structure
- 40 Sustainable development achievement in 2019



IMEXPHARM AND SUSTAINABLE DEVELOPMENT

- 46 Sustainable development at ImexpHarm corporation
- 54 Participation of Stakeholders

CONTENTS OF THE REPORT

64 IMEXPHARM - THE ENTERPRISE ACCOMPANIES WITH PROSPERITY AND INCLUSIVE HUMAN DEVELOPMENT

- 65 Economic performance _ GRI 201
- 71 Employment _ GRI 401
- 77 Occupational health and safety _ GRI 403
- 81 Education and training _ GRI 404

84 IMEXPHARM THE RESPONSIBLE MANUFACTURER

- 86 Materials _ GRI 301
- 88 Energy _ GRI 302
- 92 Water _ GRI 303
- 93 Emission _ GRI 305
- 98 Waste _ GRI 306
- 100 Socioeconomic and environmental compliance _ GRI 307, 419
- 102 Customer health and safety _ GRI 416

104 DISCLOSURE GRI





MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

“

Being a responsible pharmaceutical company with outstanding qualities and standards in Vietnam, we bear in mind the duties of protect and take care for public health.



Dear valued shareholders, investors, customers, partners and all employees in Imexpharm family,

At the beginning of 2020, we have been witnessing the global pandemic. I do not mention huge adverse consequences that it has brought to health, human life and normal living all around the world, manufacturing together with business downturns, bankruptcies and unemployment. But I wish to emphasize the story about the pandemic's alarming message whether mankind should live and perform business and production more responsibly in order to maintain sustainable lives on earth; create conditions for other species to be recovered and keep the balance of ecosystem. From then, human beings will become better and no longer be threatened by new types of virus which may be generated by unbalanced living environment.

Being a responsible pharmaceutical company with outstanding qualities and standards in Vietnam, we bear in mind the duties of protect and take care for public health. In addition to offer sufficient medicines to meet market demand during the pandemic, Imexpharm has contributed 500 million dong to advocate Dong Thap province in order to tackle the epidemic. Moreover, we are active to protect labor health by implementing many methods such as work from home in order for Imexpharm staff to be safe and overcome the pandemic.

Our world has been changing rapidly, dangers from natural disasters and epidemics always exist in parallel with each human life. Hence, sustainable development is considered to be one of Imexpharm key strategies. According to this objective, short-run benefits are not mainly targeted but the Company development has to be evaluated in the long-run and focus on maximize long-term values for all stakeholders.

We have been disclosing Sustainability reports since 2013 and considered this action as a bridge to help stakeholders understand more clearly about Imexpharm as well as values that the Company aims to. In 2019, Imexpharm continues to prepare sustainable report under the instructions of Global Reporting Initiative (GRI) via the Competitive Business Program. In this report, Imexpharm will present our objectives, strategies and indicators related to sustainable development with the hope that Imexpharm meets the expectations and interests of stakeholders for the Company.

Ladies and Gentleman,

We have achieved business and production goals in 2019 with a lot of successes in every aspect from production, business to corporate governance for sustainable development objectives. Following EU-GMP standard with strict criteria in production, we protect occupational health better and create more effective products in treatment. During the year, Imexpharm was honorable in coordinating with Vietnam Lung Association to organize the medical forum named "Practical issues of community acquired pneumonia in diagnostics and treatments". The event attracted many experts in respiratory field in Vietnam. Thanks to this activity, the Company wishes to contribute for professional trainings in order to deliver the mission of take good care for the community.

Coming to the year of 2020, although the general circumstance is disadvantageous, Imexpharm is confident to maintain our business and production effectively to keep high growth rate for shareholders. In term of sustainable development targets, we are focusing on develop our products and distribution system in align with implementing 4.0 technology effectively to reduce negative impacts on the environment. Concurrently, Imexpharm commits to maintain and boost investments for the community, educational and talented promotion programs, local supports and strengthen programs to take care of people in poor situation. Especially, the Company continuously offers decent works and career development for employees while harmonize benefits with stakeholders.

Last but not least, I would like to send my appreciations to all shareholders, investors, customers, partners and Imexpharm employees who are pro-active to support and accompany with Imexpharm sustainable and long term strategies. With efforts to nourish the long lasting as "1,000 years later the lotuses still bloom", I strongly believe that we are bringing the best for the community and Vietnam pharmaceutical industry as well as constituting a bright future for next generations.

Yours sincerely,

Nguyen Quoc Dinh
The Chairman of the BOD

IMEXPHARM

THE LEADING PHARMACEUTICAL ENTERPRISE IN VIETNAM

08	Company overview
14	Mission, vision and core value
18	Pathway of conquering the peak leading in technology
19	Typical financial indicators in 2019
24	Significant financial indicators during 5 years (2015-2019)
26	Strategies accompanying with sustainability development
34	Imexpharm organization structure
40	Sustainable development achievement in 2019





IMEXPHARM

CORPORATION



Abbreviate name: IMEXPHARM

English name: IMEXPHARM CORPORATION

Business registration certificate: No. 1400384433, first registration on August 01st, 2001, then changes in registration happened and last registration for the 27th version on June 21st, 2018 issued by Dong Thap Department of Planning and Investment.

Charter capital (VND)

494,211,590,000

(Four hundred Ninety-four billion, Two hundred eleven million, Five hundred and Ninety thousand dong)

Owner's equity (VND)

1,558,889,267,019

(One thousand Five hundred and fifty-eight billion, Eight hundred eighty-nine million, Two hundred and sixty-seven thousand, nineteen dongs)

Head quarter: No.04, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province

Telephone number: 0277.3851 941 - Fax: 0277.3853 106

Email: imp@imexpharm.com

Website: www.imexpharm.com - www.songchatluong.com

Stock symbol: IMP

Stock Exchange: HOSE, in accordance to the decision no. 76/UBCK-GPNY dated on December 04th, 2006





COMPANY OVERVIEW

As provided in the business registration certificate, Imexpharm's business scope includes:

- Manufacturing and processing pharmaceuticals. Processing medicinal;
- Wholesaling, importing and exporting pharmaceuticals, medical equipment and tools, chemicals, pharmaceutical packaging materials, and materials and chemicals for manufacturing functional foods, disinfectants and sanitizers for human;
- Wholesaling cosmetics;
- Cultivating material medica;
- Wholesaling foods, functional foods, drinks, alcoholic and carbonated drinks;
- Manufacturing milk;
- Manufacturing and process functional and nutritional foods;
- Providing storage system services for storing drugs and materials for production pharmaceuticals;;
- Retailing medicines, medical equipment, cosmetics and cleaning materials in specialized stores;
- Financing activities.



At the beginning of 2020,
Imexpharm had a total of

283

market authorizations for production

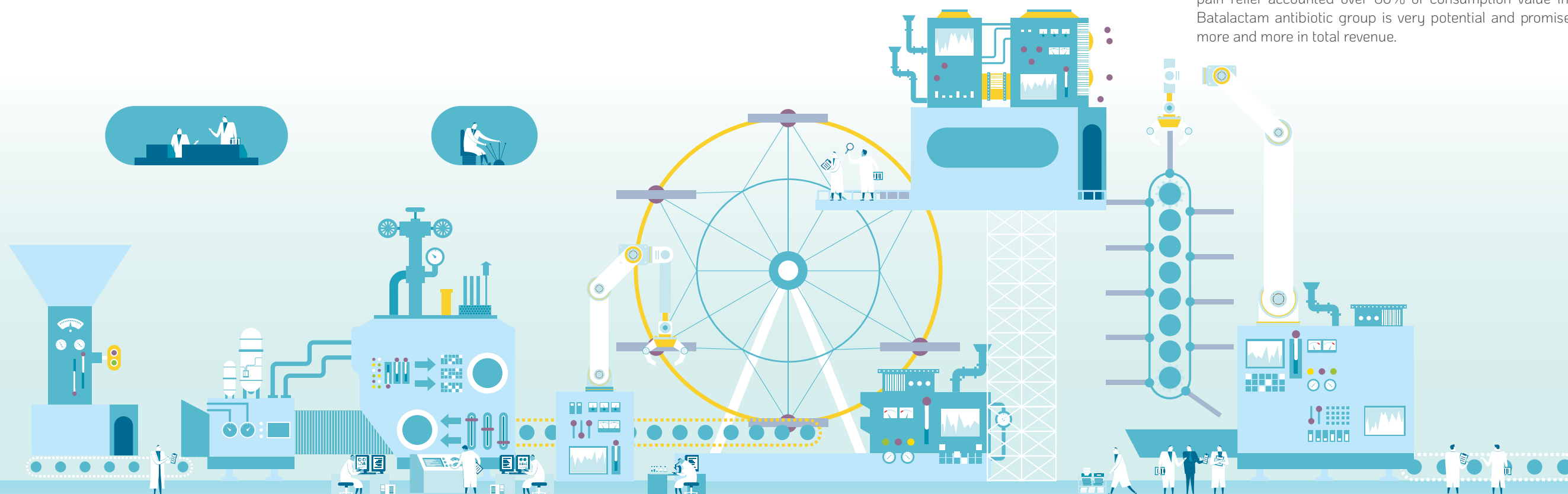
“Imexpharm's main business is manufacturing and trading of Western medicines. At Imexpharm, the key products are Betalactam antibiotics, including oral and injectable antibiotics. These products were studied intensively and produced with high-quality materials that meet stringent standards adopted by ICH-CEP member countries in its high-tech factories which are operated in line with the global advanced standards.”

Besides, the company also focuses on producing non-betalactam products such as: analgesic, antipyretic, cardiovascular, digestive drugs... In recent years, Imexpharm has further invested in functional food products and auxiliary medicinal products to diversify its product lines released to the OTC market. However, the company continued to maintain and promote production and distribution of key products.

At the beginning of 2020, Imexpharm had a total of 283 market authorizations for production and distribution, increased 20 MAs compared to the previous year due to the fact that the Company filtered and stop manufacturing low-efficient products of IMP1 factory in Dong Thap. In term of EU-GMP plants in Vinh Loc (IMP2) and Binh Duong (IMP3), they have more than 100 market authorizations, which rose 40 MAs year over year.

Imexpharm products include the following categories: Antibiotics group (oral and injective), specialized treatment group (cardiovascular, diabetic, antihistaminic and antiallergic, peripheral vasodilator and cerebral activators drugs, etc.), pain relief group, gastrointestinal & hepatobiliary group, musculoskeletal group, functional foods group, vitamin group and other products

Therein, the 3 product groups of: Antibiotics, specialized treatment and pain relief accounted over 80% of consumption value in recent years. Batalactam antibiotic group is very potential and promise to contribute more and more in total revenue.





At the end of 2019, Imexpharm has 3 factories which are operating and 2 plants are under construction.
03 operating factories includes:

1.

FACTORY IN CAO LANH-ACCREDITED WHO-GMP (IMP1): CONSISTS OF PENICILLIN PLANT AND NON BETALACTAM PLANT.

2.

HIGH TECH ANTIBIOTIC FACTORY IN VINH LOC (IMP2) CERTIFIED EU-GMP.

3.

BINH DUONG FACTORY ACCREDITED EU-GMP (IMP3).

Besides, Imexpharm still has 02 factories being under construction:

Herbal medicine factory and Quality Control Center: was broken ground in Dong Thap in October of 2019, estimated to be completed and put into operation in 2020.

High tech factory in Binh Duong (IMP4): this is the largest one among Imexpharm factories, was accredited WHO-GMP in September of 2019. Due to the pandemic, this factory is waiting for being EU-GMP validated.

IMEXPHARM'S

BUSINESS AREAS ARE
LOCATED THROUGHOUT VIETNAM

The company first operated only in Dong Thap province and neighboring provinces in the Mekong Delta region. Currently, its coverage has been expanded nationwide while sales in Ho Chi Minh City, the South East, the Central Highlands and the North represent a significant proportion in the Company's revenue.



As of December 31st, 2019
the company has

20 sales
branches nationwide.



As of December 31st, 2019, Imexpharm had

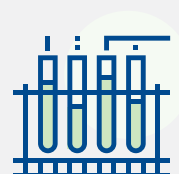
1,287 employees.

Imexpharm has not classified employees based on geography but relied on age and scope of work.





MISSION, VISION AND CORE VALUE



MISSION

OFFERING SOLUTION

high effective

FOR PUBLIC HEALTH

Operation in pharmaceutical industry, in which the top priority is to take a good care for everybody, Imexpharm has identified our mission as “offering high effective solution for public health”.

Imexpharm always targets to produce high quality products that meet global innovative standard and are affordable with Vietnamese budget.

Imexpharm is diligent and enthusiastic in the path of caring for health with a Vietnamese heart, global thinking and responsible manufacturing attitude.



Mission and Vision of Imexpharm being applied with 6 core values and 6 cultural principles that are set, which are hoped to help Imexpharm develop, integrate and maintain the position in the trend of strong competition in Vietnam pharmaceutical industry and the interaction of globalization.”



Vision

High quality

EUROPEAN STANDARD

Europe is considered to be a “cradle” of modern medicine, a huge amount of branded drugs has been invented in such place. Hence, Imexpharm aims that all production lines have to meet European standard, which is the Company’s vision.

European standards consist of many factors: from production sites, to raw materials and human resources that have to meet the strict requirements of European Union. Thus, products manufactured with this standard have high effectiveness in treatment and are outstanding in quality.



MISSION, VISION AND CORE VALUE

CORE VALUE

“Core value guides all activities in Imexpharm. The Company has always followed the mission together with strategic vision by strictly complying 6 core values.”





PATHWAY OF CONQUERING THE PEAK LEADING IN TECHNOLOGY

Dong Thap Pharmaceutical Cooperative Enterprise is the first local company certified ASEAN-GMP. At that time, ASEAN-GMP was a new perception in Vietnam. While domestic enterprises were studying technology to produce Generics, Imexpharm identified the core value that is to invest for quality, improve production technology. In addition, ASEAN-GMP has opened many opportunities for development, created premise for the Company to invest and implement proposed strategies.

Imexpharm had been a leading in pharmaceutical industry as the first company of Vietnam Pharmaceutical Corporation was equitized and become Imexpharm Corporation in accordance with Decision no.907/QĐTg dated July 25th, 2001, the charter capital at the beginning was 22 billion dong.

Imexpharm was approved as first pharmaceutical company listed in Hochiminh Stock Exchange by State Securities Commission, stock symbol: IMP

The Company kept investing, improving factories followed good practices standard of World Health Organization. In details, the Company upgraded the two factories: Betalactam and non-betalactam to meet WHO-GMP (Good Manufacturing Practices), laboratories certified GLP-WHO (Good Laboratory Practices) and warehouse system met GSP (Good Storage Practices).

The Company signed manufacturing joint venture contract with PharmaScience Canada.

The Company issued new shares to increase charter capital to 152,145,000,000 dong.

The Company diversified its product portfolios by building new Penicillin factory to produce injectable and oral medicines in VSIP II Binh Duong with total investment of 50 billion dong from share premium.

In this year, the Company commenced to construct new headquarter office in Cao Lanh city with total investment of 28 billion dong.

1997

2001

2006

2008

2010

1999

2005

2007

2009

2011

Imexpharm Board of Management (that time was Seventh Central Pharmaceutical Corporation), led by Ms. Tran Thi Dao, had braved to enter "ocean" by flighting to Europe to seek for cooperative chances as well as acquire and study most innovative technology on the world. Thanks to this action, the first franchising deal was signed with Biochiemie-Austria, which opened the prospect of improve capability and competitiveness for a pharmaceutical in Mekong Delta.

In front of the developed demand, the Company increased charter capital to 64 billion and initially offered shares to strategic shareholders.

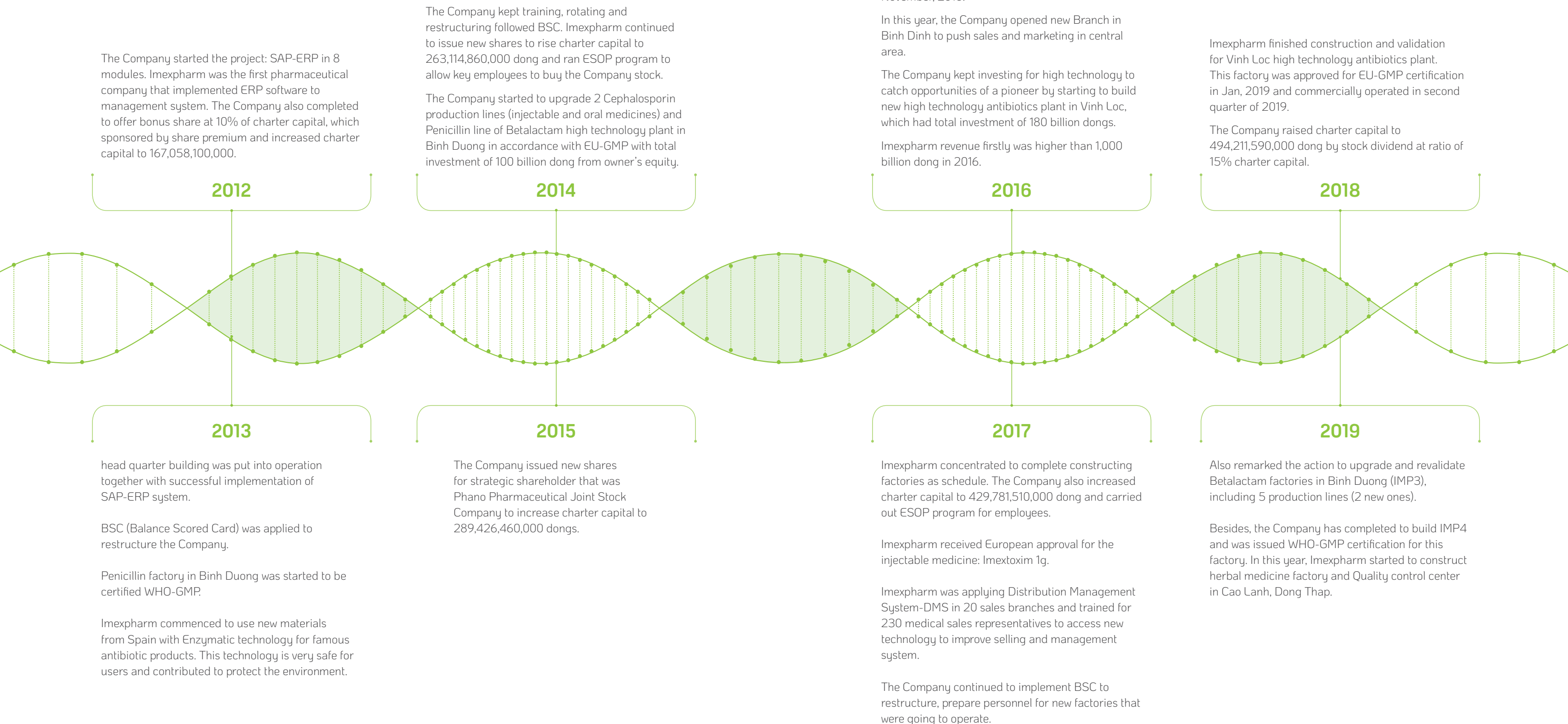
The Company was successful in proving bioequivalence for Imeclo (125md) containing Cefalor. Up to now, Imexpharm has 7 products proved bioequivalence. The Company continued to rise charter capital to 116,598,200,000 by stock dividend payment and issuance of new shares.

Cephalosporin factory in VSIP II was put into operation. This is the plant applying European technology in manufacturing new Cephalosporin generation of injectable and oral medicines.

Binh Tan Branch was established to strengthen distribution system in Hochiminh city and neighbor regions, which ended dependences on distributors in Hochiminh city.



PATHWAY OF CONQUERING THE PEAK LEADING IN TECHNOLOGY



1000 YEARS LATER THE LOTUSES STILL BLOOM ...

Business philosophy

Lotus is a simple flower but bears a noble and pure beauty, which is the characteristic of Dong Thap hometown, where Imexpharm was founded. With sustainable development strategies, effectiveness, respect the community and natural environment, Imexpharm commits to pursue the proposed strategies despite whatever challenge the Company has to face and preserve the glory of pharmaceutical field as the lotus lasting forever and perfuming the lives.

TYPICAL FINANCIAL INDICATORS IN 2019



Total net revenue and income
(billion dong)

1,420.7

GROWTH RATE 17.7%



Total net revenue
(billion dong)

1,402.5

GROWTH RATE 18.4%



Profit before tax and
technology and science fund distribution
(billion dong)

222.4

GROWTH RATE 15.4%



Profit after tax
(billion dong)

162.4

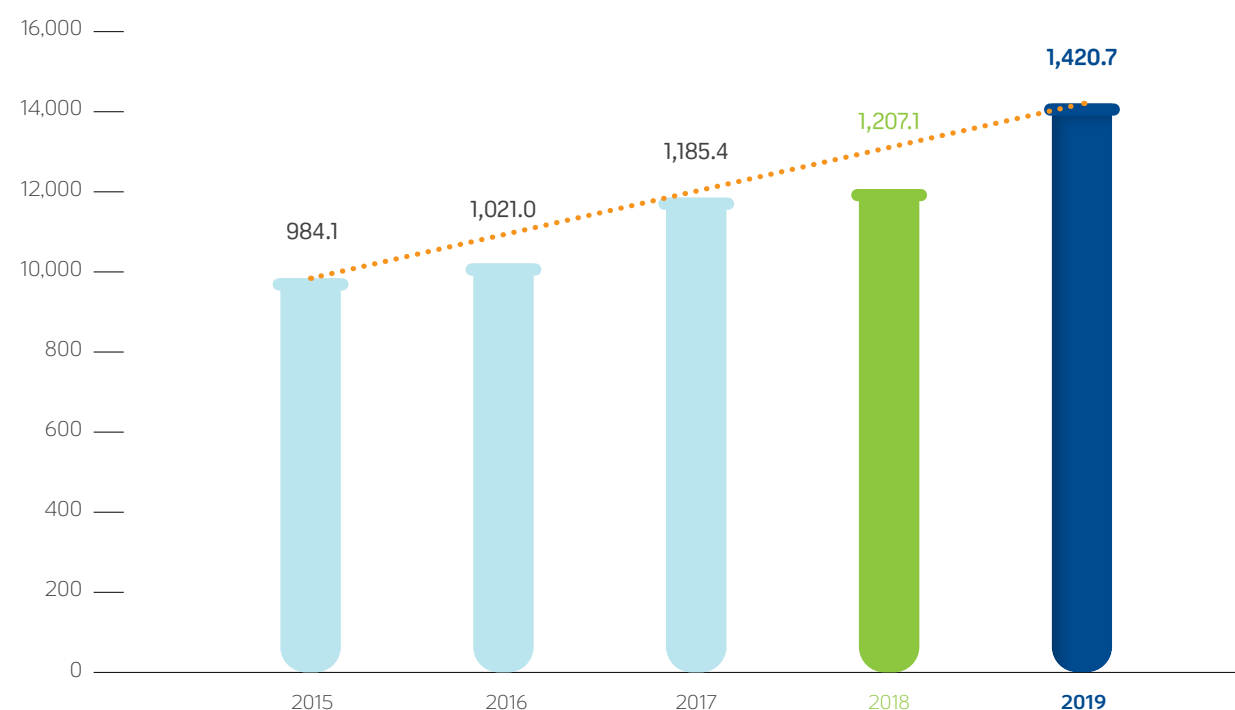
GROWTH RATE 17.1%



SIGNIFICANT FINANCIAL INDICATORS DURING 5 YEARS (2015-2019)

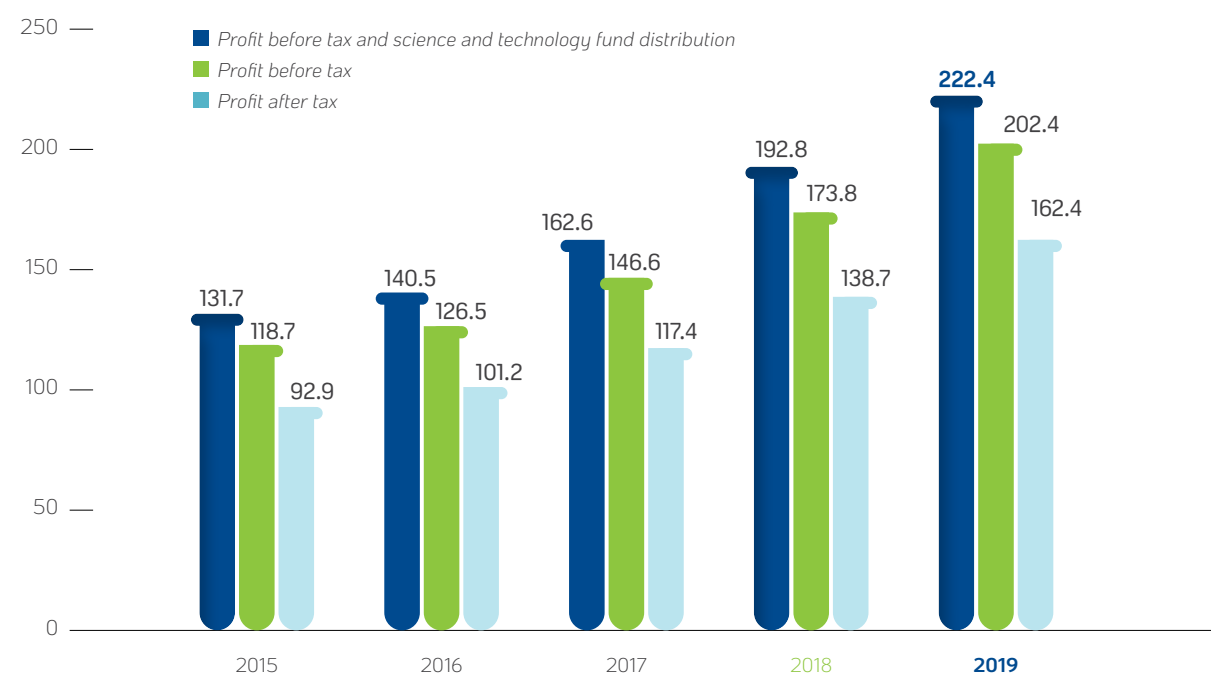
TOTAL NET REVENUE AND INCOME

(Billion VND)



If 2015 was the based year, compound annual growth rate of total net income and revenue from 2015 to 2019 was 9.6%.

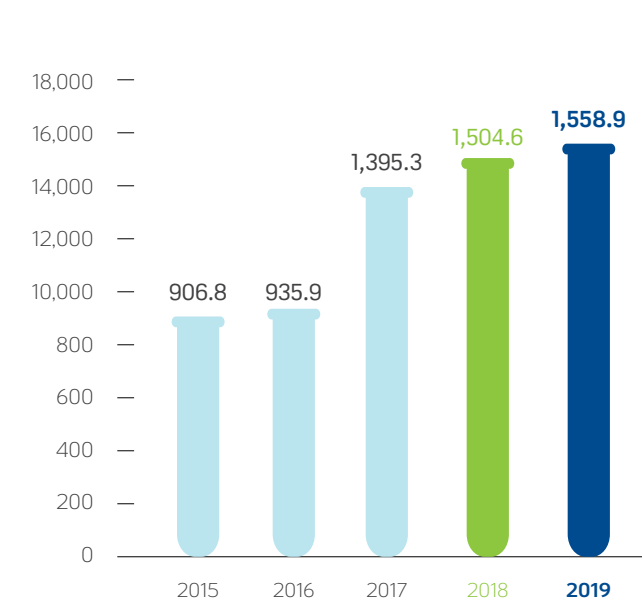
PROFIT 2015 - 2019 (Billion VND)



Profit before tax and science and fund distribution compound annual growth rate is 14.0% while this figure of profit after tax was 15%

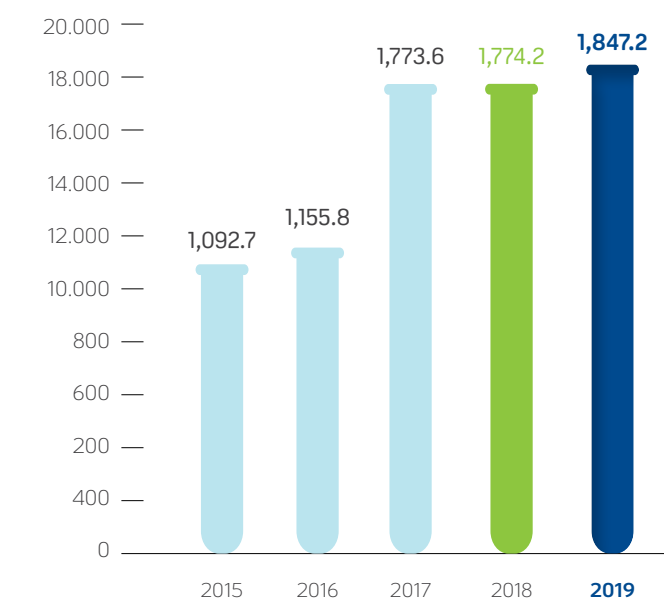
OWNER'S EQUITY (Billion VND)

From 2015 to 2019, owner's equity increased 652.1 billion dong with CAGR was 14.5%



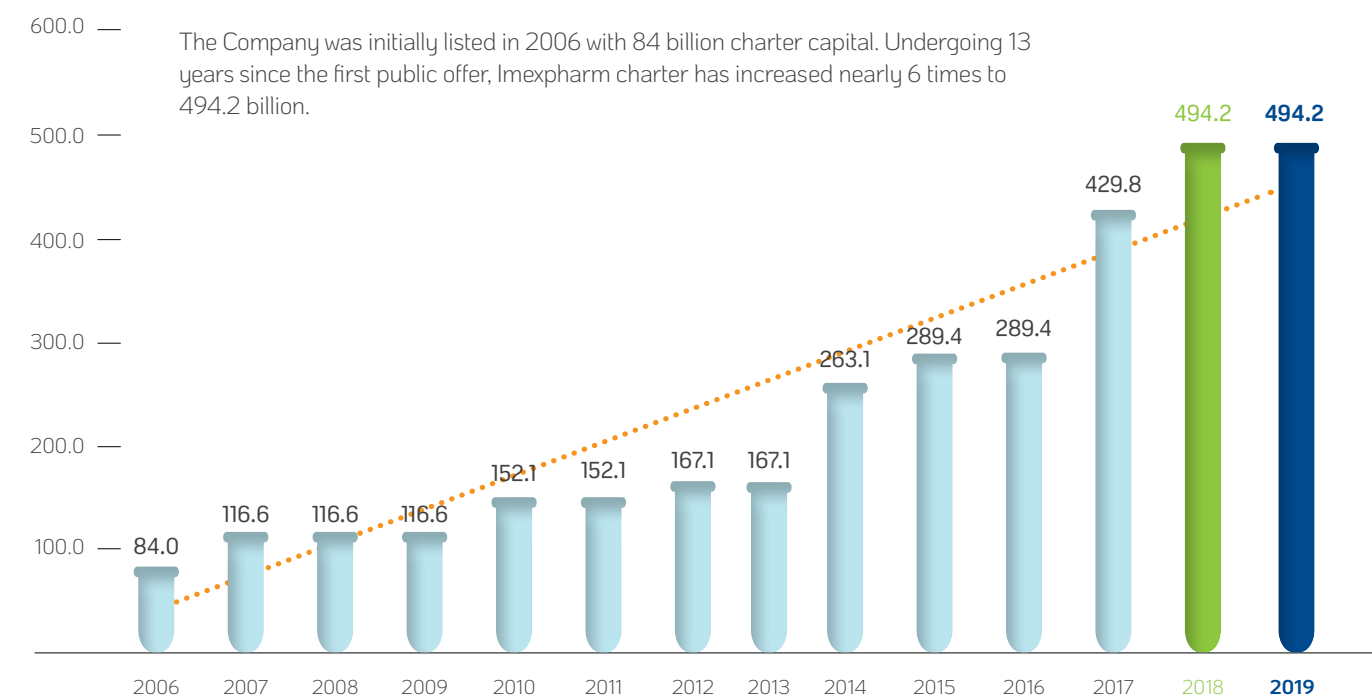
TOTAL ASSETS (Billion VND)

Total asset had CAGR of 14%



HISTORY OF CHARTER CAPITAL INCREASE (Billion VND)

The Company was initially listed in 2006 with 84 billion charter capital. Undergoing 13 years since the first public offer, Imexpharm charter has increased nearly 6 times to 494.2 billion.



STRATEGIES

ACCOMPANYING WITH SUSTAINABLE DEVELOPMENT



Key strategies of Imexpharm have been built in the foundation of harmonizing stakeholders benefits among sustainable development targets.



Operating strategies

Total revenue and profit Imexpharm performed in 2018-2019 and are forecasted until 2022 as followings:

Criteria	2018	2019	2020F	2021F	2022F	CAGR
Total net revenue and other income	1,207.1	1,420.7	1,751.0	2,350.0	2,800.0	23.4%
In which: Imexpharm products sales	1,017.9	1,222.7	1,670.0	2,250.0	2,650.0	27.0%
Profit before tax and science and technology fund distribution	192.8	222.4	260.0	329.0	392.0	19.4%
Profit after tax	173.8	202.4	260.0	329.0	392.0	22.5%
Dividend/charter capital	20.0%	20.0%	15-20%	15-20%	15-20%	

To successfully implement key strategies and pursue the

“Leading aspiration”

by 2022, the Executive Board and the Board of Directors have agreed upon the following basic operating indicators:

- Total revenue of Imexpharm by 2022 will represent 2-2.5% market share of the whole pharmaceutical industry in Vietnam, with CAGR of 23.4%; focusing on developing Imexpharm branded products;
- Profit before tax is projected to growth by a CAGR of 22.5%;
- R&D spending accounts for 3-5% of revenue. This budget will be used to invest in researching new products, testing bioequivalence for key products, further investing in modern machines and training R&D human resources;
- Maintain dividend payout ratio for shareholders between 15% and 20% of the charter capital.



STRATEGIES ACCOMPANYING WITH SUSTAINABILITY DEVELOPMENT



Imexpharm's core strategies are built based on harmonizing the interests of stakeholders and the Company's development goals. Key stakeholders of Imexpharm are identified as: shareholders, employees, trading partners, suppliers/manufacturers, and the local community.”



Shareholders

- The Company has always maintained a high and stable dividend payout ratio to earn trust of shareholders. Dividend is maintained thanks to sound business strategies to keep the Company's revenue and profit growth rate.
- Shareholders are regularly informed about the company's operation on the principle of fair treatment. Information is fully communicated to shareholders and investors on a monthly and quarterly basis. Questions from shareholders and investors are promptly addressed through Investor Relation department.
- General meetings of shareholders are well organized with the highest sense of responsibility, winning trust of shareholders. Imexpharm's positive image is perceived by the investment community through our engagement in workshops, forums and direct meetings with domestic and foreign investors.

Imexpharm's strategic solutions in the period of 2020-2022 include:

- Focusing on shifting revenue structure from OTC market to ETC market. However, the company will still maintain the revenue of OTC channel at about VND800 billion.
- Restructuring product portfolio, diversifying product lines for the OTC market to increase Imexpharm's competitiveness.
- Promoting research and development, new products registration, and European visa application for some products to be qualified for bidding with Category 1, increasing sales for the ETC segment.
- Closely monitoring changes in raw material prices and taking preventive measures by following a reasonable inventory policy to maintain stable profit growth.
- Promoting branding activities to boost sales for flagship products. The marketing strategy will be more substantive and aligned with the company's development strategy in terms of revenue structure and target customer segment.
- Completing and putting into production IMP4 High-tech Plant in Binh Duong on schedule. Maintaining stable operation of existing factories, especially EU-GMP certified factories to ensure timely supply for business activities.
- Attracting high quality human resources and efficiently operating high-tech factories. Promoting rotation of employees among factories to facilitate smooth coordination in Imexpharm's supply chain.
- Taking initiative in forecast work to manage the production and inventory progress to increase Imexpharm's business performance.
- Improving management activities at sales branches with stringent debt management and bad debt minimization. Managing branches by sales targets for each pharmaceutical sales representatives.





STRATEGIES ACCOMPANYING WITH SUSTAINABILITY DEVELOPMENT



Employees

Human resource is among our key success factors, so Imexpharm's personnel policies for the remaining years of the 2018-2022 term are:

- Maintaining stable salary, bonus and welfare for employees.
- Consolidating personnel policies to attract talents.
- Human resource management focuses on efficiency and cultural principles, thereby creating a cohesive and bonding Imexpharm team.
- Developing specific KPIs for each employee to ensure work efficiency.
- Further implementing human resource management according to the balanced scorecard (BSC). Further reviewing BSC criteria to effectively perform human resource management.
- Fine tuning Imexpharm's Code of Conduct to serve as a guideline for all activities of employees.
- Promoting training activities including internal training and external training to ensure Imexpharm employees stay abreast of new trends and knowledge to meet their job requirements and career development objectives in Imexpharm.



Partners & suppliers

- Bidding on ETC channel is done through partners, so issues related to our partners' regulatory compliance will be closely monitored to safeguard Imexpharm's reputation, image and brand on the market.
- Credit limits and terms for partners will be established based on the harmonized benefits between Imexpharm and partners.
- Imexpharm conducts regular assessment of suppliers and manufacturers to maintain a stable supply of raw materials meeting EU-GMP standards.
- Suppliers will be publicly notified of Imexpharm's bid selection standards to ensure transparent procurement activities.



Local community

- Fulfilling obligations and complying with legal regulations, contributing to the local budget.
- Actively engaging in local development, learning, talent nurturing and helping poor patients.
- Generating more jobs, contributing to local economic development, and improving workers' income.



Natural environment

- Reduce number of meetings in headquarter office and replaced by online meetings to save transportation cost as well as mitigate emissions to the environment.
- Improve propaganda of using electricity, water economically on the whole Company via internal communication programs.
- Limit usage of plastic bottles, nylon packages in the Company to reduce waste and propagate to all employees for implementation.
- Research and implement more solar energy projects beside one operating project in headquarter Cao Lanh
- Promote programs to attract innovative ideas, energy savings and environmental protection.





VISION TO 2022 LEADING ASPIRATION



2020

Affirming the leading position in quality and technology

1. 2020 is viewed as a pivotal year for Imexpharm in the transformation period where the company plans to affirm its position in the ETC market with all EU-GMP plants being completed. Possessing the largest number of EU-GMP production lines in Vietnam, Imexpharm strives to reach 52:48 ratio of ETC:OTC share in the revenue structure in 2020.
2. We will also review factories to ensure adherence to all quality standards.
3. Besides, good management of distribution system will be maintained across 20 sales branches. Distribution system will be more deeply invested
4. Inventory forecasting will need to be improved, assessing materials supply and meeting production needs.
5. Promoting Imexpharm brand among the community of medical professionals.

2021

Human resources development

1. High quality human resource is a decisive factor in maintaining our business and production. Therefore, Imexpharm will continue to develop competitive compensation regime to attract talents. Conducting intensive training programs and promoting R&D activities within the company.
2. Continuing to improve productivity and work efficiency. Conducting upskilling and training programs for employees, especially capacity building for sales and marketing teams.
3. Focusing on human resource development and succession planning.



2022

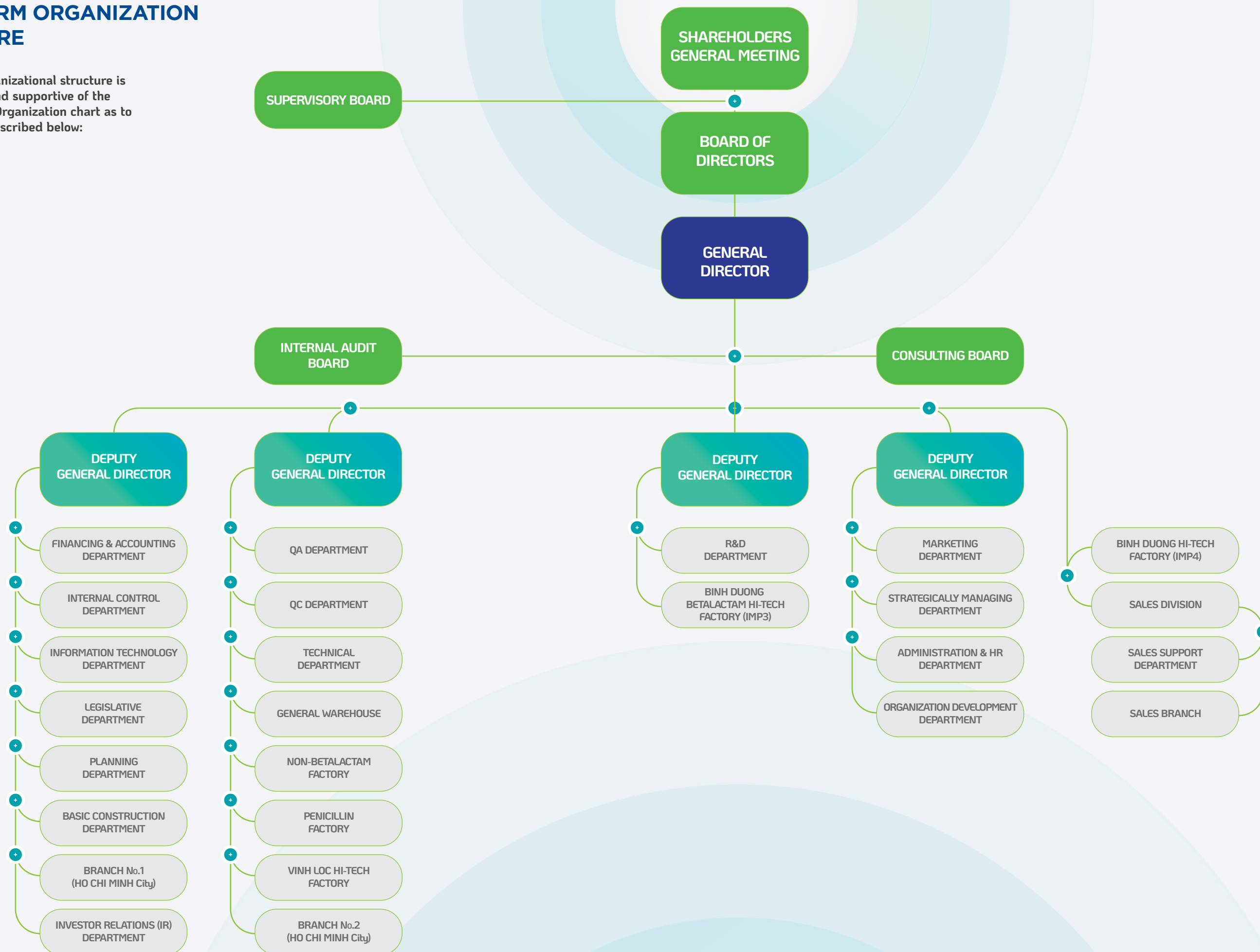
Sustainable development

1. Leading Vietnam's pharmaceutical industry in terms of 5-year average growth rate.
2. Strengthening all aspects from productivity, research capacity to human resource development.
3. Performing measures to save energy and protect the environment.
4. Taking initiative to contribute to community responsibilities and enhance Imexpharm's image.



IMEXPHARM ORGANIZATION STRUCTURE

Imexpharm's organizational structure is closely aligned and supportive of the business model. Organization chart as to March 2020 is described below:





Imexpharm's organization and management is structured according to the model stipulated at Point a, Clause 1, Article 134 of the Law on Enterprises, i.e. the model with the Supervisory Board.

The General Meeting of Shareholders is the highest body, to be assisted by the Supervisory Board. The Board of Directors is responsible for reporting to the General Meeting of Shareholders, and devising the strategies, production and business plans for the Board of Management to implement and periodically report to the Board of Directors.

Imexpharm Board of Directors consists of 8 members who are enthusiastic, dedicated for the development of Imexpharm.

Beside BOD members cum executive members, Imexpharm also has non-executive BOD members who have experiences in pharmaceutical and financial market.

Imexpharm executive board includes: The General Director, Deputy General Director- Production provision 1, Deputy General Director-Production provision 2, Deputy General Director-finance, and Deputy General Manager-Management.

Sales Branches and Sales Support report directly to the General Director. The General Director manages business operation, monitor each sales branch, which contributes to improve managerial efficiency.

This organization structure is considered to be harmony and suitable with Imexpharm business environment in order to help the Company to promote its potentials and exploit the domestic market effectively.

Board of Director members and Executive Board



Mr. Nguyen Quoc Dinh
Chairman of the BOD,
Deputy General Manager



Ms. Tran Thi Dao
Vice Chairman of the BOD,
General Director



Ms. Han Thi Khanh Vinh
BOD member



Mr. Vo Huu Tuan
BOD member



Mr. Tran Anh Tuan
BOD member



Mr. Ngo Minh Tuan
BOD member, Deputy General Manager



Mr. Huynh Van Nhung
BOD member, Deputy General Manager



Mr. Le Van Nha Phuong
BOD member, Deputy General Manager



Mr. Tran Hoai Hanh
Chief Accountant

Supervisory Board member



Mr. Nguyen Duc Tuan
Head of Supervisory Board



Ms. Le Thi Kim Chung
Supervisory Board member



Ms. Do Thi Thanh Thuy
Supervisory Board member

Besides, Imexpharm has the internal audit committee (under Internal Control department) and Consultant committee assisting the Executive Board in management and monitor operations of the whole company.

Transparency and the compliance are Imexpharm's objectives related to sustainable development. The Company always commits to perform for benefits of shareholders, community and stakeholders; therefore, Imexpharm Supervisory Board members are experts in risk management and legislation. Especially, Head of Imexpharm Supervisory Board is a member of ACCA and CFA, USA..



Imexpharm has a special Committee to be in charge of the Company's sustainable issues. New Sustainable development committee of Imexpharm was established in 2019, consists of 12 members and led by the Chairman of the Board of Directors. Deputy General Managers managing each division are dedicated and responsible for sustainable development issues in relevant with scopes that they are handling, which contributes to create consistency in strategies and actions of Imexpharm for sustainable development. „

List of Sustainable Development member as below:

No.	Full name	Position	Role in Sustainable development committee	Responsibility
1	Mr. Nguyen Quoc Dinh	Chairman of the BOD, Deputy General Manager	Head of the Committee	• Manage the Sustainable Committee • Corporate governance related to sustainable development issues • Propose short and long term sustainable development of the Company • Build relationships with material stakeholders: local authorities, shareholders, investors, suppliers/manufacturers, etc... • Budget plan and operations of Sustainable Development Committee
2	Ms. Nguyen Thi Kim Le	Corporate Secretary	Permanent Vice Head of the Committee	• Develop relationships with shareholders, investors • Responsible for Corporate Affairs about sustainable development • Responsible for making annual sustainable report
3	Mr. Nguyen Vinh Luan	Head of human resources development department	Vice Head of the Committee	• Responsible for internal communication about sustainable development • Recruitment, training and career development policies • Develop relationships with local authorities and community
4	Mr. Ngo Minh Tuan	Member of the BOD, Deputy General Manager	Member	• Budget and communication plan about sustainable development • Strategic management • Personnel policies • Company culture • Customer relationships channel (customer care)
5	Mr. Huynh Van Nhung	Member of the BOD, Deputy General Manager	Member	• Production environment (ISO 14001, TQM...), energy, water, waste, labor safety and hygiene in Dong Thap and Vinh Loc high tech antibiotic plant.
6	Mr. Le Van Nha Phuong	Member of the BOD, Deputy General Manager	Member	• Production environment (ISO 14001, TQM...), energy, water, waste, labor safety and hygiene in Binh Duong factory
7	Mr. Nguyen Tan Ngon	Technical Manager	Member	• Target and solutions for electricity savings, environment, energy, labor health safety
8	Ms. Tran Thi To Nu	Human Resources Manager	Member	• Labor union and employees • Salary, bonus and fringe benefits • Develop relationship with labors
9	Ms. Nguyen Hong Ngoc	Vice Accountant and Finance Manager	Member	• Economic scope, risk management
10	Ms. Le Thi Cam Nhung	Investor relation Executive	Member	• Shareholder, investor relation, consolidate data and prepare Sustainability reports
11	Mr. Nguyen Quoc Huy	Vice Investor Relations Manager	Member	• Responsible for online communication about sustainable development • Being in charge of corporate social responsibilities, awards and prizes • Idea, images to design Sustainability reports



SUSTAINABLE DEVELOPMENT ACHIVEMENT IN 2019

Top 100

VIETNAM SUSTAINABLE
ENTERPRISES 2019



The award is an initiative put forward by VCCI in coordination with the Ministry of Natural Resources and Environment, Ministry of Labor, Invalids and Social Affairs ... to develop and publish a Corporate Sustainability Index (CSI) with 131 criteria for annual voting, and honor businesses with outstanding performance on sustainable development. The award is to send the message to the business community, that is, to change their business mindset for them to view sustainable development from a new perspective. First of all, it is not a distant scenario for large companies and corporations or world powers. That is ubiquitous and an inevitable requirement of development process.

Imexpharm is a responsible enterprise and targeting the highest standard in business and production. Imexpharm continued to hold its position as a responsible business and moved towards the highest standards in business production; in 2019, Imexpharm kept its position in the Top 100 Vietnam Sustainable Enterprise for the third consecutive year. This encouraged the Company to further pursue sustainable management goals and create new values in its health care mission for the community with highly effective solutions at reasonable prices and full implementation of its corporate social responsibility..

Top 10

BEST ANNUAL REPORTS AWARDS AND TOP 5
BEST CORPORATE GOVERNANCE AWARDS FOR
MEDIUM-SIZED CAPITALIZATION CATEGORY



The Best Annual Reports Awards is a prestigious award given by Ho Chi Minh Stock Exchange, Hanoi Stock Exchange and Vietnam Investment Review, with the technical support of IFC and the largest international auditing company in Vietnam. In 2018, the award was expanded to become Vietnam Listed Company Awards to meet the stock market's development requirements.

Despite more and more rigorous rating criterion, Imexpharm still won two awards eventually, i.e. ranked sixth in Annual Reports Awards, and ranked first for the Best Corporate Governance Awards - for Medium-sized capitalization category.

The awards recognized the standards and reliability of our Annual Reports, as well as transparent data policies with our investors, shareholders and corporate customers. Imexpharm's reputation is not only confirmed by quality products but also by the management system recognized by the market.

GOLDEN CRANE WINGS

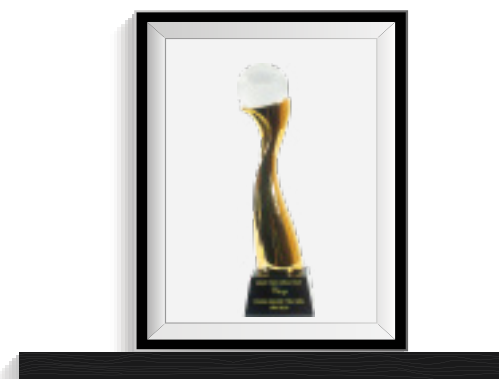
AWARDED BY VCCI FOR THE PATH OF 10 YEARS



In 2019, Imexpharm is honorable to be one of 27 enterprises awarded "Golden Crane Wings" by VCCI Can Tho. The "Golden Crane Wings" is voted and awarded by VCCI for the path of 10 years. Being differentiated from other prizes that were awarded every year, this prize was evaluated for the path of 10 years and reflected the sustainable values created by enterprises. This is a precious prize to honor excellent companies that led the industry and had a lot of contributions for social and economic developments in the Mekong Delta for 10 years from 2009 to 2019. Again, Imexpharm affirmed that the Company was one of leading pharmaceutical companies in Vietnam and trusted by enterprises and the local community. This achievement proved the right strategies of Imexpharm, which is boosting sustainable and stable growth thanks to concentrate on investing in quality and aim to most effective solutions for public health.

OUTSTANDING ENTERPRISE

AWARDED BY DONG THAP PROVINCE IN 2019



Imexpharm was awarded as an outstanding enterprise by Dong Thap Provincial People's committee thanks to positive contributions for home province's society and economy. Imexpharm is always a leading flag in Dong Thap in promoting production and developing the local community. Imexpharm is proud of creating about one thousand jobs that can advocate the industrialization and modernization of Dong Thap. .

In 2019, Imexpharm has been successful to achieve the goal of the year "establishing the position-leading in technology". Based on this foundation, Imexpharm continues to accomplish other goals in order to gradually meet strategic objectives followed the direction of "Leading aspiration" set by the Board of Directors and the Executive Board toward 2022.

IMEXPHARM

AND SUSTAINABLE DEVELOPMENT

46 Sustainable development at Imexpharm corporation
54 Participation of Stakeholders



INTRODUCTION ABOUT SUSTAINABLE REPORT

At a glance, the sustainable development concept
is quite new with Vietnamese enterprises.
However, with the philosophy

1000

YEAR AFTER
LOTUSES STILL BLOSSOM

Imexpharm has recognized that to help a company have a long lasting life, this firm has to have sustainable development strategies. "Sustainability" is considered in the relationships among business objectives, environmental and social ones. With the natural environment, each individual and each organization has to have a perception to preserve. With the society, benefits of an enterprise have to be attached to the ones of stakeholders.

Hence, this sustainable report is made based on material issues, which are selected according to the Company's assessment and results of consulting stakeholders. In addition, the standards of the report are followed the instructions of Global Reporting Initiatives (GRI) under core form. This report was receiving supports from the Corporate Social Responsibility-Business Competitive program provided by GRI in order to improve competitiveness and report quality of Vietnamese enterprises, which is able to advocate firms such as Imexpharm to strongly participate in global supply chain value.

Data of this sustainable report was collected in the fiscal year of 2019 starting from Jan 01 and ending at December 31. Imexpharm has been making the Sustainability report annually after the fiscal year ends and the report is separated from the Annual report. In this report, Imexpharm is going to present the issues being related to sustainable development, the strategies and methods of the organization in order to maximize benefits of stakeholders. Business operations and productions being attached to sustainable development are focused to analyze.

The scopes of this report are for the whole Company including the Headquarter, all branches, factories and distribution system. At present, Imexpharm has 5 factories but the high tech plant in Binh Duong (IMP4) has not put into operation and the Herbal medicine factory in Headquarter-Cao Lanh is being built; therefore, the Company has not reported for these factories. Moreover, Vinh Loc high tech antibiotic plant has started commercial operation in quarter 4 of 2019 so that the Company has not had historical data for this plant.

Any questions, information contributing to Sustainable Development Report, please send to:

Sustainable Development Committee - Imexpharm Corporation

Address: No.4, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province

Email: lenguyen@imexpharm.com

Telephone: (84 28) 3866 9856



SUSTAINABLE DEVELOPMENT AT IMEXPHARM CORPORATION

Context of sustainable development

IMEXPHARM

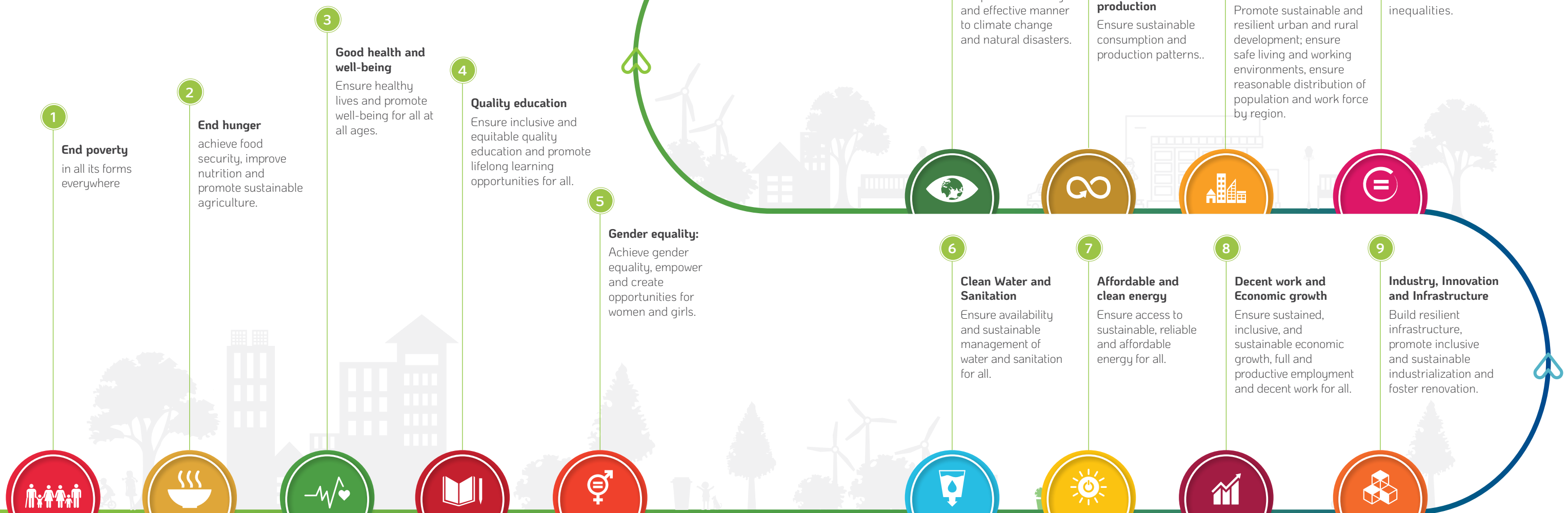
Building the Company's sustainable development objectives attached to

17

sustainable development goals
of the United Nations and Vietnam

In the globe, sustainable development issues are materialized by 17 sustainable development goals and concurred by 193 members in the United Nations Development Summit 2015 in New York. According to this meeting, 2030 Agenda for Sustainable Development is attached to 17 goals. In details, for the next 17 years, the most important responsibility is to eradicate poverty and hunger, fight against inequality and climate change.

In the case of Vietnam, 17 sustainable development goals are detailed as followings:





17 GOALS

SUSTAINABLE DEVELOPMENT OF VIETNAM

are considered to be a guideline for each person, each enterprise and each government to cooperatively build sustainable environment for the next generations. ”



For Imexpharm, the Company identifies the detailed responsibilities in each focused goal as followings:



1. Good health and well-being

as a pharmaceutical enterprise, Imexpharm commits to produce high quality medicines in order to protect public health and extend human lifespan.



2. Quality Education

Education is considered to be a foundation to boost development. Hence, at Imexpharm, training and career development programs for employees are concentrated to invest. Furthermore, Imexpharm has been sponsoring for educational and talented promotion program of the local community in order to strengthen the future generations.



3. Decent work and economic growth

Imexpharm has been improving business and production activities in order to contribute to general development of the local economy. Besides, the Company has put efforts to create more and more jobs to increase income of residences and develop the society.



4. Responsible consumption and manufacturing

As a producer, Imexpharm always follows outstanding quality standard being safe for consumers and protects the natural environment. As a consumer, Imexpharm uses carefully inspected input materials to assure quality of outputs. Furthermore, supplier evaluations is usually cared and accomplished by the Company.

17 GOALS

SUSTAINABLE DEVELOPMENT OF THE UNITED NATIONS

also aim to 5 main subjects such as:
**People, Prosperity, Partnership,
Planet and Peace.** ”

In the level of small and medium enterprise, Imexpharm is contributing to these objectives by specific actions:



The Company targets the goals 3,4,8 among 17 ones. These objectives focus on public health, create more new jobs and bring critical trainings to improve employees' skills. As a leading pharmaceutical company in Vietnam, Imexpharm has been providing high effective solutions for public health. Besides, Imexpharm is active in pushing production, expanding business scale and attracting many labors. In addition, the Company has been continuously putting efforts to support staff to improve expertise and comprehensively develop.

Imexpharm is operating in compliance with goal 17. The Company is willing to cooperate and seek agreement with stakeholders in every aspect of its operations. Imexpharm considered “partnership” as a key to lead to success. .

Imexpharm is consulting goal 16 in the enterprise level. The Company is pro-active in attending sustainable development activities, spreading civilized messages in order to contribute to overall peace of human being.



Imexpharm is following goal 8 and 9. The Company is sharpening business activities, credibility and increasing revenue as well as profit in order to rise income for labors and contribute to improve living standards. Concurrently, economic development activities are also helping to increase the local budget and build the community.

Responsibility with natural is very crucial in the context of global upward trend in natural disasters, pandemics. Imexpharm aims to goal 11 and 12. Manufacturing pharmaceutical products is performed together with protecting the green planet for next generations. Besides, local community is built more civilized and prosperously.



SOCIAL & ECONOMIC

CIRCUMSTANCE OF VIETNAM IN 2019

“

Imexpharm Corporation is a pharmaceutical company in Vietnam. Operations of Imexpharm are attached with the general development of Vietnam society and economy.”

The trade surplus
is estimated at **9.9** billion
US\$



Vietnam's gross domestic product
(GDP, %)

7.02



Total import and export turnover
(Billion US\$)

516

2019 is considered a successful year for Vietnam when it managed to maintain the stable economic growth rate of over 7%. According to the General Statistics Office's report, Vietnam's gross domestic product - GDP increased by 7.02% amid the sluggish growth of the world economy and the complicated developments of the US-China trade war. Vietnam's GDP has exceeded the target of 6.6% -6.8% set by the National Assembly, which is considered the most remarkable achievement of 2019. General Secretary-President Nguyen Phu Trong said, "Dark clouds continue to pull on in the global economy but the sun is still shining above the Vietnamese sky", as evidenced by Vietnam's remarkable progress in economic development in 2019. Vietnam recorded a trade surplus in 2019, with total import and export turnover of US\$ 516 billion. The trade surplus is estimated at US\$ 9.9 billion. In terms of the share of contribution in the economic structure, industry and construction account for 50.4% and have made an impressive growth rate of 8.9% in 2019. This is followed by the service sector with a 7.3% growth rate, contributing 45% to the national GDP. Agriculture, forestry and fishery contribute only 4.6% and the yoy growth rate is 2.01%. In general, manufacturing remains still the key driver of growth which, together with service sectors such as warehousing, retail and financial services, contribute significantly to the overall GDP growth.

On June 30, 2019, the free trade agreement between Vietnam and the European Union (EU) signed in Hanoi opened up unprecedented development prospects for businesses, consumers and workers of both the EU and Vietnam.

Foreign investment in Vietnam also increased by 6.8% in 2019. The disbursed foreign capital flows are estimated at US\$ 20.38 billion. Against the backdrop of universal decline of foreign direct investment (FDI), the increase in capital inflows into Vietnam represents a respectable achievement. However, besides FDI, capital inflows into Vietnam through merger and acquisition (M&A) also increased rapidly in 2019.

Vietnam's position in the international arena has been enhanced, as evidenced by Vietnam's being elected as a non-permanent member of the UN Security Council with 192/193 votes. This is a great honor for Vietnam and a testimony to the country's sound and harmonious foreign policies of the Party and the State. Another remarkable milestone is the successful hosting of the U.S.-North Korea summit in Hanoi. Vietnam's neutral, open and positive foreign policies towards humanity and peace have made Vietnam a reliable friend to the international community.



PHARMACEUTICAL BUSINESS AND PRODUCTION IN 2019 AND FORECAST FOR THE PERIOD OF 2020-2022



Vietnam's Pharmaceutical industry
revenue will reach about 2019
(billion USD)

6.5

The share of imported drug selected
in biddings nearly reached

75%

Imexpharm business operations are taken place in Vietnam. Hence pharmaceutical industry dominates most Imexpharm activities. According to Fitch Solutions, Vietnam's Pharmaceutical industry revenue will reach about US\$6.5 billion in 2019 and continue to grow in the future. Vietnam is still in a period of golden population structure, but its population has started the so-called "aging phase" since 2017. A report by the World Bank (WB) shows that the aging process of Vietnam will take place in a very short time and will be completed before 2040. Vietnam's population aging rate is among the fastest in the world and according to the Ministry of Labor, Invalids and Social Affairs' statistics, by 2049, one in four Vietnamese people will be old. Aging population, increasing per capita income thanks to the rise of the middle class, improved awareness of the Vietnamese people, air and environment pollution also opened up prospects for the pharmaceutical industry. In particular, as consumers become more health-conscious, their requirements for product quality are also higher, leaving much room for growth among the mid- and high-end segments.

However, Vietnam is still an importer of pharmaceuticals and pharmaceutical materials. In particular, by the end of 2019, the share of imported drug selected in biddings nearly reached 75%. Besides, M&A activities also gain new momentum due to highly potential market. Market competition will intensify when foreign players further penetrate deeper into the domestic market. The OTC and ETC markets also witnessed significant changes over the past year.

The OTC channel is growing slowly, as the market shows signs of saturation after a period of heated growth, and more stringent regulations on prescription drugs at pharmacies also affect the OTC market. However, OTC channels will be further promoted through the expansion of modern pharmacy outlets such as Pharmacy or Long Chau.

Meanwhile, ETC channel tends to grow rapidly as the provisions of Circular 02/2018 tightens the control over prescription drugs and drugs of unknown origin via OTC channels, ETC's sales are also forecast to outperform OTC. Furthermore, the government's policies to increase spending on health care and promote universal insurance coverage in the coming years will favor businesses selling to the hospital channels.

However, domestic businesses are still under critical competition pressure from multinational pharmaceutical companies in biddings for Generics whereby the ratio of bid-winning imported drugs is estimated at 60%. The Ministry of Health's Circular No. 15/2019/TT-BYT on drug procurement at public health facilities, taking effect as of October 2019, has opened up many opportunities for prestigious domestic pharmaceutical companies. This Circular helps the Government accelerate the transition from imported drugs to domestically produced drugs while encouraging domestic businesses to boldly invest in improving technologies and raising Vietnamese medicine to a new level. Businesses with EU-GMP or PIC/S factories certified by ICH countries are currently prioritized in bidding for categories 1 & 2. However, pharmaceutical raw material remains a puzzling issue for domestic businesses when currently the majority of raw materials are imported from overseas, mainly from China and India. Escalating material prices from China also affect drug prices and gross profit margins of pharmaceutical businesses.



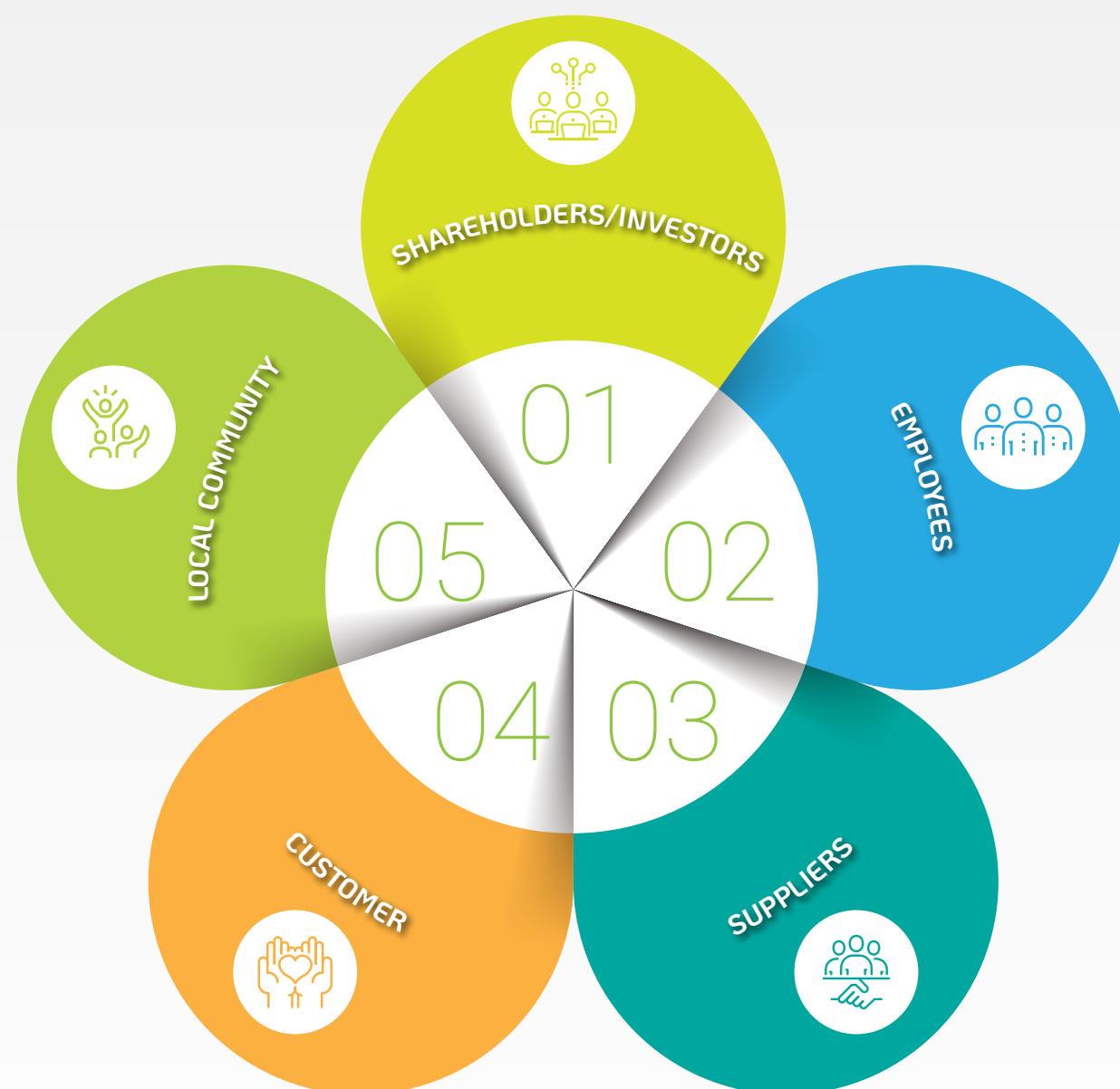
Competition in the pharmaceutical industry will intensify as the OTC growth slows down and more new players enter the pharmaceutical market. Entrance attempts of foreign pharmaceutical companies will also spur further M&A investment. Domestic pharmaceutical companies will tend to focus on investing in high technology, R&D, and converging advanced standards such as EU-GMP and PIC/S.”

Expansion of modern pharmacy outlets such as Pharmacy or Long Chau will continue to be the mainstream trend of the pharmaceutical industry in 2020. Besides, some foreign investors such as Matsumoto Kiyoshi (Japan) - specializing in distributing pharmaceutical and cosmetics products will also join the big playing field of pharmaceutical industry with many ambitions. OTC channel in 2020 and the next 5-year period will continue to be strictly controlled and it is forecast that the number of retail pharmacies will gradually decline. However, given improved health care needs and income, dietary supplements will have more room for growth and OTC pharmacy outlets will fully capitalize on this advantage.

The universal health insurance will still be promoted in the coming period so there will be a shift of market share from OTC to ETC and the ETC channel will account for a larger share of the pharmaceutical industry in Vietnam. This trend is also associated with increasing public spending on health and developing an autonomous pharmaceutical industry to promote technological innovation and product quality of domestic pharmaceutical businesses. The trend in the immediate future will be domestic drugs gradually taking place of imported drugs. In 2019, ETC sales of many domestic pharmaceutical businesses improved significantly.



In the coming years, Vietnam will increase investment in pharmaceutical raw materials to better plan input resources and strengthen the national pharmaceutical industry. However, this is a long way to go given the development level of domestic businesses. Leveraging strategic partnerships with foreign businesses can help Vietnam tackle technology and experience shortfalls to gradually reduce the content of imported materials.



“

Imexpharm has Investor relations department being responsible for meeting investors, organizing Annual General Meeting of Shareholders and addressing concerns of shareholders as well as investors.”

Beside the Annual Meeting of Shareholders being an occasion for shareholders to meet and discuss with the Executive Board of Imexpharm, Imexpharm also holds other activities such as: organize factory visits, meeting for groups of shareholders and investors and answer questions of investors via email or phone.

Interested issues:

- » Business and production effectiveness, financial indicators;
- » Annual dividend policy;
- » Corporation governance and transparency of information;
- » Non-financial indicators related to sustainable development;
- » Credibility of Imexpharm brand in the pharmaceutical market as well as the stock market.

Imexpharm responses:

- » Update timely business and production performances by making IR news monthly and quarterly;
- » Prepare and disclose financial statements in compliance with regulations of the Stock Exchange and the State Securities Commission;
- » Disclose annual and Sustainability reports annually;
- » Conducting the Annual Meeting of Shareholders;
- » Holding factory visits for Securities companies and investors;
- » Reply emails for investors, hold a meeting once be required.

The person authorized to disclose information is Mr. Nguyen Quoc Dinh, Chairman of the Board of Directors, Head of Sustainable Development Committee, Deputy General Director in charge of finance; therefore, Imexpharm information transferred to the market is most updated and contributing to create safe feelings in investors community, which concurrently describes respects of the Company with shareholders who always accompany with Imexpharm. In 2019, Investor relation department was established in order to actively support the Chairman of the BOD in meetings, communicating with investors and information disclosures.



PARTICIPATION OF STAKEHOLDERS



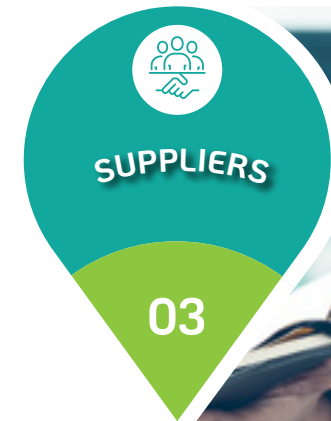
Employees are a core foundation of Imexpharm development. Imexpharm staff are always provided occasions to present their opinions via many direct and indirect channels. Imexpharm has been organizing cultural programs, discussions between the Executive Board and employees quarterly in order to help employees to express their concerns and hopes. Imexpharm labor union still organizes plenty of caring activities for employees. Besides, human resource development department also holds programs to survey job satisfaction rate of employees.

Interested issues

- » Salary, bonus, reasonable fringe benefits policies;
- » Dynamic, friendly and open working environment;
- » Credibility of the recruitment brand;
- » Record the contributions, being treated fairly and offered career development and promotions at the Company;
- » Health safety working.

Imexpharm responses

- » Build a collective labor agreement and propagate to each staff.
- » Fringe benefit policies are discussed with employees when entering the Company, and built based on competitiveness to promote potentials of employees maximally;
- » Every year, the Company has put efforts to improve income and benefits for employees by boosting growth in business and production in order to raise the salary fund and the bonus and welfare fund;
- » Strengthen internal information channels within the Company, maintain internal communication in order to increase interactions between the Executive Board and Imexpharm employees. Actively develop cultural activities of Imexpharm quarterly by each topic in order to increase employee engagement;
- » Human resource development department under Deputy General Director in charge of management is responsible for building schedules to train and develop employee, nourish talents and draw career development for Imexpharm employees.
- » Besides, Imexpharm has the program to allow employee to buy stocks in order to keep talents working for Imexpharm.
- » The Safety committee is established at Imexpharm under the directions of the General Director, which emphasizes that Imexpharm always puts employees' health and safety first.



Imexpharm opens public tenders to choose suppliers, the Company has criteria packages to evaluate suppliers in order to assure fairness and transparency. The procurement department of Imexpharm is working directly with each supplier to ensure selling, purchasing and delivery of goods completed timely as well as addressing concerns of suppliers about requirements for goods and services and Imexpharm policies and regulations. ”

Suppliers are interested in financial situation, credit history, business and production scale of Imexpharm. Besides, the level of transparency and disclosure of tender policies are also attracting attentions of vendors.

Imexpharm responses

- » Imexpharm implements supplier policies followed the criteria set by the Company assessment committee to select the creditable vendor. Imexpharm tenders are opened publicly according to disclosed principles. The suppliers are selected based on the Company's criteria, there is no event of unequal treatments for suppliers. Imexpharm sets the risk tolerance as risk adverse, the ratio of liabilities/assets is kept at very low level. Hence, Imexpharm has good credit histories with suppliers.



PARTICIPATION OF STAKEHOLDERS



CUSTOMER

04



Sales force and customer care teams are the connections between Imexpharm and customers. All concerns, complaints of customers are going to be addressed directly and quickly. ”

Imexpharm surveys customer satisfaction for the Company's products and services every year.

The most concerned point of customer is quality of products and services that Imexpharm is providing. Moreover, customers also are interested in Imexpharm image in the market, creditability of the Company thanks to opinions, evaluations of pharmaceutical technicians and experts in the health care sector. Especially for customers as partners, the concerns are extended to discount and sales policies of Imexpharm beside product quality.

Imexpharm responses:

- » Produce high quality products with affordable prices for Vietnamese people.
- » Invest in building high tech factories accredited EU-GMP, one of the top quality standards in the world.
- » Organize medical forums in order to connect Imexpharm with experienced medicine doctors and experts;
- » Hold product fairs to introduce products and communicate with customer;
- » Implementing customer care activities periodically, strengthen the attachment between Imexpharm and customers;
- » For customers being distributors, Imexpharm has discount policies for these customers based on the principle of mutual benefits and fairness.



LOCAL
COMMUNITY

05



Imexpharm is actively participating in activities promoted by the local authorities. Besides, local officials are attending Imexpharm Annual General Meeting of shareholders. ”

The Company is eager to raise opinions to build laws and develop the community by educational promotion programs. Based on Imexpharm resources and requirements for development of local communities, the Company will balance to ensure corporate social responsibilities.

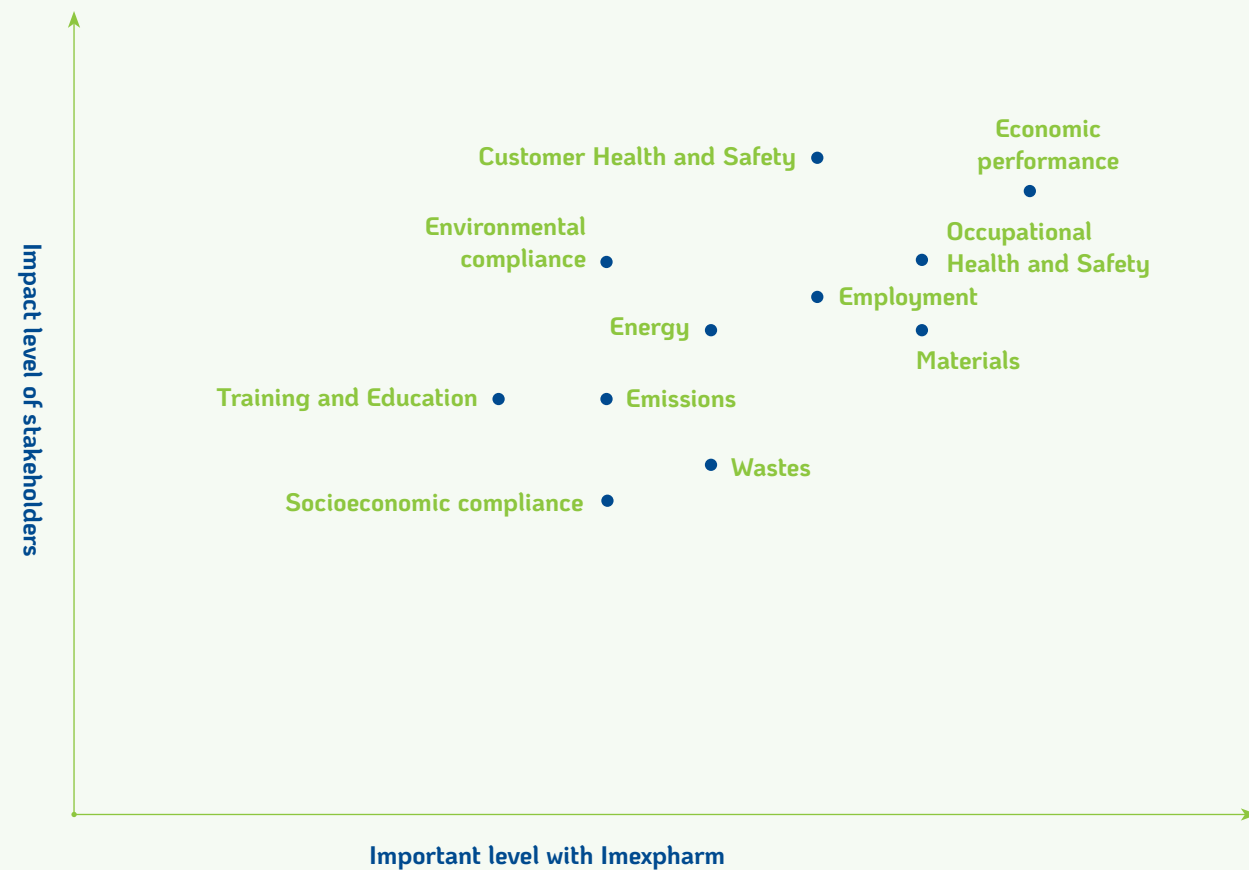
Interested issues:

- » Everybody is interested in Imexpharm role as an enterprise.
- » The local government are monitoring Imexpharm complied activities and contribution to the government budget.
- » In aspect of corporate social responsibility, the local community expects Imexpharm to create more jobs to develop the economy and improve earnings. Furthermore, Imexpharm is expected to accompany with local communities to advocate struggling people who need sharing and sympathies.



PARTICIPATION OF STAKEHOLDERS

After consulting stakeholders in the context of Imexpharm sustainable development, Imexpharm determines the material matrix shown as following:



Material topics presented in this sustainable report of Imexpharm are listed as followings:

GRI 201: ECONOMIC PERFORMANCE

GRI 301: MATERIALS

GRI 302: ENERGY

GRI 303: WATER

GRI 305: EMISSIONS

GRI 306: WASTES

GRI 307: ENVIRONMENTAL COMPLIANCE

GRI 401: EMPLOYMENT

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

GRI 404: TRAINING AND EDUCATION

GRI 416: CUSTOMER HEALTH AND SAFETY

GRI 419: SOCIOECONOMIC COMPLIANCE

In addition, Imexpharm decided to report the topic “water” followed GRI 303. Although water is not listed in the material issues, the Company is actively presenting this criterion to complete the environmental criteria.

IMEXPHARM

CONTENTS OF THE REPORT

64 IMEXPARM

ENTERPRISE ACCOMPANIES WITH PROSPERITY
AND COMPREHENSIVE HUMAN DEVELOPMENT

- 65 Economic performance _ GRI 201
- 71 Employment _ GRI 401
- 77 Occupational health and safety _ GRI 403
- 81 Education and training _ GRI 404

84 IMEXPARM

A RESPONSIBLE MANUFACTURER

- 86 Materials _ GRI 301
- 88 Energy _ GRI 302
- 92 Water _ GRI 303
- 93 Emission _ GRI 305
- 98 Waste _ GRI 306
- 100 Socioeconomic and environmental compliance _ GRI 307, 419
- 102 Customer health and safety _ GRI 416



IMEXPHARM



THE ENTERPRISE ACCOMPANIES WITH PROSPERITY AND COMPREHENSIVE HUMAN DEVELOPMENT

“ This is a group of goals related to people and overall prosperity of the community. In this part, Imexpharm concentrates to report the issues in relevant with economic activities, contributions to the community and problems regard to labor and employment. The criteria are followed GRI 201, GRI 401, GRI 403, GRI 404. ”

ECONOMIC PERFORMANCE



Total revenue and income
in 2019
(Billion VND)

1,421

2018: 1,207



Profit after tax
in 2019
(Billion VND)

162

2018: 139



Business and production activities' effectiveness is boosting the enterprise's growth and only effective performance can help a firm to exist in the trend of fierce competition. Imexpharm always has specific strategies including: short, middle and long term to push revenue and profit growth as well as expand production and business scale of the Company. ”

Business and production activities and finance

Revenue and profit targets are approved by the Annual General Meeting of Shareholders. The Board of Directors and Executive Board monitor closely these objectives. Detailed business result of each month and quarter are disclosed widely to shareholders by Investor relations news built monthly. Imexpharm prepares quarterly financial statements and discloses them in compliance with the requirement of State Securities Commission, Hochiminh city Stock Exchange. The General Director allocates detailed targets for each branch, then branches assign to each sales representative. Control expense activities are monitored by the Deputy General Manager. Furthermore, Imexpharm builds sales to budget annually in order to meet the plans of revenue and profit. The Board of Directors organizes meeting quarterly to assess the schedule of accomplish revenue and profit target in order to give advices to the Executive Board and propose appropriate policies to improve economic performance of Imexpharm.

Basic financial indicators of Imexpharm in 2018-2019 (Million VND)

Criteria	2019	2018	Growth rate
Total revenue and income	1,420,716	1,207,125	17.7%
Profit before tax and science and fund distribution	222,429	192,769	15.4%
Profit before tax	202,429	173,769	16.4%
Profit after tax	162,387	138,683	17.1%
Selling expenses	225,124	212,134	6.1%
Administrative expenses	99,753	88,184	13.1%
Earnings per share	2,893	2,470	17.1%
Tax paid to the government budget	105,348	109,992	-4.2%
Environmental tax	39.7	38.5	3.1%



Data is consolidated from Imexpharm audited financial statements. Revenue and profit of Imexpharm in 2019 witnessed high growth rate. Profit before tax and science and technology fund distribution met the approved target.

In 2019, Imexpharm is evaluated to be an enterprise having fast growth rate in the pharmaceutical industry thanks to high quality investment policies. Imexpharm has spent for 20 years in technology improvement in any aspect of the operation, which is one of the Company's typical sustainable developments.

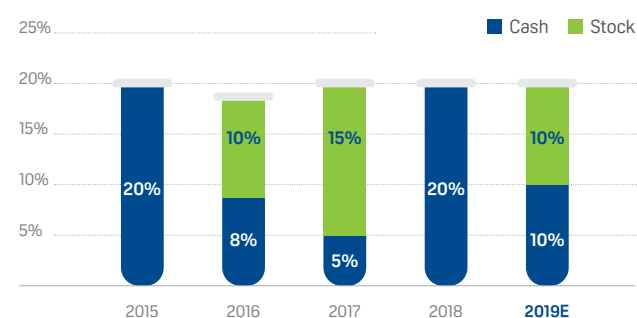
Imexpharm has paid sufficiently for government budget. In 2019, Imexpharm did not receive any preferential tax from the government. Imexpharm also paid all environmental taxes.

Dividend for shareholders

Business operation of the Company has directly impacted on shareholders because they are the owners. Imexpharm always keeps stable a dividend policy for investors to trust in the Company as well as strategic directions of the Executive Board. The dividend ratio is determined based on actual business performance and approved by the Annual General Meeting of Shareholders.

Dividend ratios of Imexpharm are shown as below:

Dividend ratios 2015-2019F

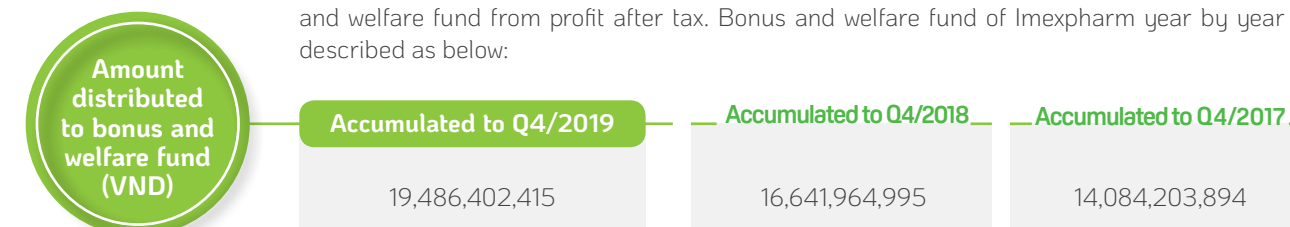


Dividend paid in 2018 is 20% of the charter capital, the Company has paid by cash on July 11, 2019 of 2,000 dong/share. Hence, total dividend paid out in 2019 was 98.8 billion dong, accounted for 71.24% of profit after tax in 2018 distributed to the owners.

Estimated dividend for 2019 would be 20%, in which 10% cash and 10% stock and will be presented to the 2020 AGM for approval. This dividend will be paid within 6 months since the date of 2020 AGM.

Employees' fringe benefits

Business operation has crucial meaning with each Imexpharm employee because it is attached with salary fund and other fringe benefit policies of the Company. Imexpharm distributes bonus and welfare fund from profit after tax. Bonus and welfare fund of Imexpharm year by year is described as below:



Imexpharm always comply with employment benefits regulated by Laws. The Company paid sufficiently all insurance for employees. Detailed amounts are presented as below:

No	Insurance Item	Ratio	Enterprise	Employee	2018		2019	
					Paid by enterprise (Billion VND)	Paid by employees (Billion VND)	Paid by enterprise (Billion VND)	Paid by employees (Billion VND)
1	Social	25.50%	17.50%	8.00%	13.53	6.19	14.53	6.64
2	Medical	4.50%	3.00%	1.50%	2.32	1.16	2.49	1.25
3	Accident	2%	1%	1%	0.77	0.77	0.83	0.83
Total		32%	21.5%	10.5%	16.62	8.12	17.85	8.72

In 2019, Imexpharm has paid total of 26.57 billion dong for employees' insurance, which increased by 7.4% compared to 2018 (24.74 billion dong). In which, the amount belonged to the Company's duties was 17.85 billion dong and amount paid on behalf of employees was 8.72 billion dong.

Transactions with suppliers

Item	2019 (million VND)	2018 (million VND)	Growth rate
Total transaction amount with suppliers for materials, excipients, packages	784,716	610,970	28.4%
<i>In which: Domestic suppliers in Vietnam</i>	411,803	279,024	47.6%
Total value of services purchased	61,000	59,846	1.9%
<i>In which: service provided by local suppliers</i>	61,000	59,846	1.9%

In 2019, purchased materials, excipients, packages value was 784.7 billion dong, increased by 28.4% compared to 2018. Rise in input materials can be explained by the strong growth of revenue in 2019 as well as a stockpile plan in dealing with uncertainties.

Imexpharm also increases to use materials, excipients and packages from domestic suppliers; therefore, revenue of local vendors went up by 47.6%. Services purchased are provided by domestic suppliers and had inconsiderable growth rate compared to 2018.

Accompany with educational promotion programs

Imexpharm was active to sponsor for educational promotion programs. Details are indicated as below:



1. Sponsor for Huynh Thuc Khang educational promotion program in Da Nang city with the amount of 173 million dong



2. Imexpharm was accompanying with Education and Training department and Association of Learning Encouragement in Dong Thap to organize nourish programs to improve competencies for modern teachers in the academic year of 2019-2020 for 12 teachers in the whole province. Total budget for this program was 133 million dong.

 Sponsor for educational promotion programs **1,1** Billion VND



3. Imexpharm spent 725 million dong together with Education and Training department and Association of Learning Encouragement in Dong Thap to praise teachers, coaches, students and pupils in the province.



4. Imexpharm cooperates with Hochiminh city and Can Tho University of Medicine and Pharmacy to hold scientific seminars, pharmacy fairs for future doctors. Total expense of this project was 74 million dong.



TO BUILD THE COMMUNITY

 **480** Million VND
Sponsor to build the community

In 2019, Imexpharm spent 400 billion dong to sponsor for installments, replacements of light panels, preservations of landscapes in Cao Lanh city's streets.

Imexpharm also donated 30 million for Dong Thap provincial library to organize book fair and reading culture. Besides, the Company also gave 50 million for green summer volunteers and health advisers for the community.

Support poor patients

Offering free diagnostic and provision of medicines for poor patients in remote areas, borders, marine islands has been implementing by Imexpharm for 10 years. In 2019, the Company distributed 383 million dong to visit and give free medicines for patients facing difficult situations.



“ Especially for 2019, Imexpharm had distributed nearly 2 billion dong for social activities. This amount is not large but it showed the respects and heart of Imexpharm toward the local community. ”

Impacts on financial operations, other risks and opportunities due to climate change



In general, effects of climate change on Imexpharm business performance are not actually visible. One indirect impact that can be foreseen as climate change increases the probability of disease; therefore, being a pharmaceutical company, Imexpharm would have more chances in rising revenue and expand business operations. However, climate change will lead to a crucial issue of reduce greenhouse gases and protect the environment. Developing countries, especially China-the leading suppliers in pharmaceutical materials and chemicals input in the world-will upgrade standards of environmental protection for manufacturers; thus, input material prices will have an upward trend globally. Most materials of Imexpharm have been imported; as the consequence, product cost will be adjusted to follow this increase.

Recent years, droughts and soil salinity have been occurring terribly in Mekong Delta. Luckily, Headquarter of Imexpharm is located in this region but the impact of such issues are inconsiderably. However, in long term, soil salinity is able to cause adverse impacts on price of fresh water, electricity. Income of residences can be affected, which leads to decline in spending and indirectly influences to business operations of enterprises and Imexpharm is not an exception in this case.



Working demand of each individual is necessary because an employment initially helps to generate income and maintain essential needs for each person. Besides, mankind also wishes to have other demands such as communication, esteem and self-actualization. Imexpharm working environment has been meeting such needs for each employee.”



Imexpharm always puts all efforts to boost business operations, develop the company sustainably in order to create more and more jobs, which contributes to bring a more prosperous life for each Imexpharm staff as well as to develop the local economy.

Imexpharm staff are classified into 3 divisions: production, sales and office. Total average employees in 2019 was 1,250 in which there were 765 males and 485 females. Human resource department is in charge of manage documents of all employees and implement salary, bonus and fringe benefit schemes in accordance with the Company policies. Functional departments have to build job descriptions for each position in order to help human resource development department propose appropriate recruitment strategies. Every year, the target is set for each department and approved by the Deputy General Manager in charge of management.

Performance appraisals are set based on job descriptions and agreed by managers and subordinates. Every month, each staff is evaluated his/her performance. From then, managers have solutions to develop and upgrade skills for employees. New recruitment activities are implemented by the human resource development department followed the Company recruitment procedures in order to ensure transparency and fairness. Once an employee quits job, the human resource development department makes a survey to find out the causes, resolves leave reasonably based on employee's expectation and the Company's policies.

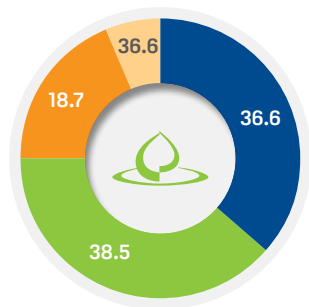
Total average employees 2019
in Imexpharm

1,250 Staff
in which: 765 males
and 485 females



HUMAN RESOURCES STRUCTURE

Employees classified by age (%)

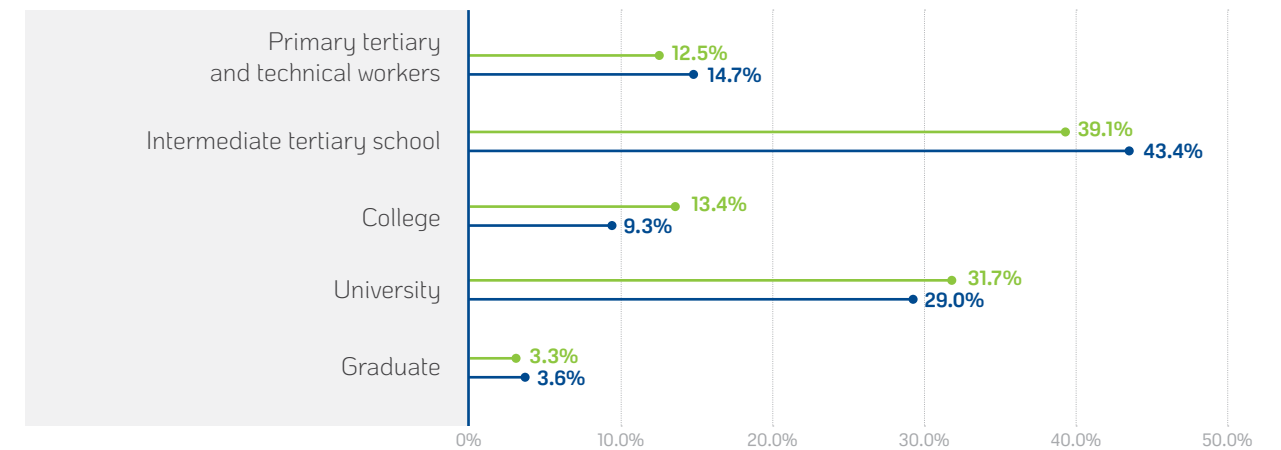


- Under 30
- From 30 to under 40
- 40 to under 50
- From 50



Moreover, Imexpharm's workforce is in golden age for working as 75% of the employees are under 40 years old.

The labor structure by education level



At Imexpharm, as a pharmaceutical production and distribution company, we have employees with different education backgrounds. The majority of our employees has a junior college degree, most of them are pharmaceutical sales representatives and workers working in plants, accounting for 39.1% in 2019. Next is the ones that have an undergraduate degree, accounting for 31.7%. The new trend at Imexpharm is to increase the number of employees with college degrees and higher in order to meet the high demand of a high quality human capital of the company.

Recruitment and employee turnover

In 2019, Imexpharm has had 216 new staff joining in the Company. In which, 74% of employees are below 30-year-old and 26% is from 30 to 50-year-old. Nobody among new employees is older than 50. Besides, due to the features of production division, 73% of new employees are male and 27% are female.

2019	Total	Gender		Age group		
		Male	Female	Under 30	From 30-50	Above 50
New employees	216	157	59	160	56	0
Rate	100%	73%	27%	74%	26%	0%

Imexpharm always creates fair opportunities for male and female. However, as a manufacturer, the Company has some departments that men show their advantages compared to women. Nevertheless, many middle managers and executive positions are female, which proves that the Company offers same opportunities for employees regardless to their gender.

In 2019, employee turnover at Imexpharm was 11%. Over half of leaving employees were under 30-year-old.

2019	Total	Gender		Age group		
		Male	Female	Under 30	From 30-50	Above 50
Number of employee turnover	137	95	42	69	58	10

Workers’ Compensation and Benefit Policies

“ Human resources are considered to be the center point in all activities, especially sales force and personnel in high-tech factories. Therefore, the company never stops improving workplace environment and stable policies on salary, reward and compensation.”

Following are some typical terms in the employee compensation package:

- 100% staff and employees receive their salary in time;
- 100% staff and employees enroll in health insurance, unemployment insurance and accident insurance;
- 100% of employees receive regular health check-ups at prestigious hospitals;
- 100% of employees are provided uniforms as required by the regulation;
- The company also has bonuses for workers during the year on National Holidays and Tet including: Vietnamese Doctor’s Day February 27, Reunification Day April 30, Independence Day September 2, New Year’s Day, and especially the Lunar New Year;
- Besides, at the end of the year, the company also has a remuneration and promotion system based on working ability and work performance evaluations.
- Workers are considered for a pay raise periodically according to the salary and compensation policies.
- During the year, the company encourages its staff and employees to participate in music or sport activities organized by Imexpharm and other organizations on big holidays like Reunification Day (30/4), Independence Day (2/9) and Lunar New Year.
- Reward innovations and immediate bonus for achieving high performance at work;
- Imexpharm cares about our staff’s income and living quality to become a desirable employer in the industry, thereby attracting and retaining employees, especially R&D staff and professionals;
- ESOP for key officers in 2017 with restricted transfer until 2020 has boosted the commitment and dedication of the staff.

The average income of employees in 2019

The average income of employees in 2019 increased significantly, up by 16.7% compared to 2018. With positive growth in 2019 revenues and profits, the team are also appropriately rewarded for dedicated efforts. The Company’s goal is to reach a per capita income of VND 19 million per employee per month by 2022.

Monthly per capita income (VND million/person/month)



Fringe benefits for employees

Imexpharm fulfils insurance duties for employees sufficiently as presented in item “Economic performance”. Besides, in 2019 Imexpharm had other fringe benefit policy for employees such as: bonus for special occasions: 27/2, 30/4, 2/9, new year, Tet holidays. Imexpharm also gave gifts to female employees on March 8th and gifts for all employees. Moreover, the Company Union sent birthday presents to each employee in Imexpharm family, sent gifts in mid-autumn festival and in children’s day for children of Imexpharm employees.

Female employees taking maternity leaves are eligible to receive 100% social insurance salaries, medical insurance and maternity leave term is followed the provisions of Law. There were two cases who did not come back to work after maternity time but they decided to voluntarily resign due to personal reasons.

Year	Employees takes parental/maternity leave			Total of employees come back after parental/ maternity leave			Rate of coming back			Rate of being retained		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
2018	51	27	24	50	27	23	98%	100%	96%	100%	100%	100%
2019	59	34	25	58	34	24	98%	100%	96%	100%	100%	100%

Furthermore, Imexpharm also subsidies for retire employees in accordance with the collective labor agreement.

Imexpharm has not had any contracted or part time labor; therefore, all Imexpharm employees are eligible to be offered stated fringe benefits.

Employee survey



Mr. **Nguyen Pham Minh Tuan** has been engaging for 8 years in Imexpharm. He shared as:



Imexpharm working environment is very good from infrastructure to Company policies. Imexpharm creates most favorable conditions for employees to promote their potentials. Although Imexpharm headquarter is in Cao Lanh, working conditions is as good as other domestic and foreign company. Fringe benefit policies are fully completed even though there are a lot of employees, which creates belief and securities for more than 1,000 staff. I commit to attach his development to the general growth of Imexpharm and engage with the Company.”



Mr. **Le Dinh Khoa** Year of birth: 1991 has been working for one year and 6 months at Imexpharm. At present, Khoa is a medical sales representative at Imexpharm. When being asked about Imexpharm working environment, Khoa gave his opinion as followings:



The working style in Imexpharm is very flexible, managers always take care, motivate and support staff appropriately when employees face obstacles in work as well as in lives. The Company creates opportunities for employees to develop themselves. Colleagues in Imexpharm are very professional follow strictly with cultural principles of the Company. Khoa always sets his objectives in align with the Company’s strategic ones.”



As a firm in health care sector, Imexpharm identifies the Company has initially created a safe and clean environment for all employees to serve for the community. Imexpharm factories are constructed in accordance with the pharmaceutical standards such as WHO-GMP, EU-GMP; especially EU-GMP is one of the most innovative in the world.”

Imexpharm has the Occupational Health and Safety Council consisting of 12 members in which the Chairman who is the Deputy General Manager in charge of production, Vice chairman is the President of Labor Union and all are responsible in front of the General Director for Labor Safety-Hygiene-Fire Fighting and Prevention. The Labor safety committee has 7 members; The Fire Fighting and Prevention team has a team leader, a vice-captain and 4 specializing groups.

Besides, there are 48 members being responsible for safety in each production group; an emergency team and an environment team. All members take responsibility with the General Director and Occupational Health and Safety Council about their duties.

Number of employees participating in the occupational health safety and hygiene activities were: 48 persons, accounted for 4% of total employees.

OCCUPATIONAL HEALTH AND SAFETY

Principle applied in record and report data about labor incidents

The Medical team opens book to record incidents in accordance with the annex 01 of Decree no. BLĐT BXH-BYT regarding to instructions of collect, archive, summarize, provide, disclose and evaluate about labor incidents and technical incidents causing significant events of unsafety.

Every 6 months, the occupational safety committee reports to the Department of Labor, Invalid and Social Affairs and attaches annex 12 of Decision no. 39/2016/NĐ-CP regulating in details to implement some articles of Occupational safety and hygiene Law.



Statistics in 2018-2019

No.	Criteria	2019	2018
1	Occupational diseases rate (ODR)	0%	0%
2	Employees turnover due to labor incidents and diseases (LDR)	0%	0%
3	Absence rate due to occupational incidents and diseases (AR)	0%	0%
4	Death related to work	None	None

According to results of the annual environmental assessment made by the Preventive Healthcare center, Imexpharm met all requirements of Decree no. 19/TT-BYT regard to instructions to manage occupational health hygiene and diseases (probability to be ill is not high).

Imexpharm has the collective labor agreement about issues of safety and health; concurrently, the Company has Decisions of issuing labor regulations.

Results of Occupational health and safety implementation, including:



1. Ensure good conditions in working place;
2. Sufficiently equip personal protective tools for employees;
3. Organize safety training employees;
4. Implement periodic health checks for employees;
5. Inspect equipment and tools strictly.

Details as followings:

No.	Criteria	Unit	2019	2018
I	Workforce			
1	Total number of employees	Individual	1,287	1,200
2	Staff handle occupational safety and hygiene	Individual	7	5
3	Staff take responsibility for medical issues	Individual	2	2
4	Female	Individual	493	474
5	Employees working in heavy, toxic, dangerous conditions (labor conditions type IV, V, VII)	Individual	660	648
6	Employees being adolescent	Individual	0	0
7	Employees being under 15 year old	Individual	0	0
8	Disable people	Individual	2	2
9	Elder employees	Individual	5	5
II	Occupational incidents			
1	Total number of occupational incidents	Case	0	0
2	Total number of people involved in incidents	Individual	0	0
3	Total expenditures for occupational incidents	Million dong	0	0
III	Occupational diseases			
1	Total number of people facing occupational diseases counted accumulatively until the report date	Individual	0	0
2	Number of people retiring before retire age due to occupational diseases	Individual	0	0
3	Total expenditure for people with occupational diseases	Million dong	0	0
IV	Results on health classification of employees			
	Type I	Individual	97	122
	Type II	Individual	786	723
	Type III	Individual	304	228
	Type IV	Individual	15	34
	Type V	Individual	0	6
V	Occupational safety and hygiene training			
1	Total number of employers be trained/total number of employers	Individual/individual	44/44	49/55
2	Total number of persons handling occupational safety and hygiene be trained/total number of person handling occupational safety	Individual/individual	12/14	07/07
3	Total number of people operating precise equipment and using chemicals trained/ Total number of people operating precise equipment and using chemicals	Individual/individual	110/110	214/194
4	Total number of employees in charge of medical care being trained/ Total number of employees in charge of medical care	Individual/individual	0	2/5
5	Total number of employees handling occupational safety and hygiene trained/ Total number of employees handling occupational safety and hygiene	Individual	25/48	25/48
6	Total number of other type of employees trained	Individual	546	598
7	Total training fees	Million dong	50	100

No.	Criteria	Unit	2019	2018
VI	Machine, tools, materials required strictly on occupational safety and hygiene			
1	Machine, tools, materials required strictly on occupational safety and hygiene are being used	Piece	38	60
2	Number of inspected one	Piece	38	60
3	Number of declared one	Piece	38	60
VII	Working time and relaxing time			
1	Number of employees working overtime	Individual	679	739
2	Total amount of overtime	Hour(s)	61,110	71,422
3	Highest amount of overtime per month	Hour(s)	17	16
VIII	Compensation for toxic by kind			
1	Number of people	Individual	478	505
2	Total expenses	Million dong	2043	1953
IX	Working environment monitoring			
1	Samples to implement monitoring in working environment	Sample	403	464
2	Number of unqualified samples	Sample	13	24
3	Number of qualified samples/total samples	Sample/sample		440
4	Temperature	Sample/sample	01/44	0/54
5	Humidity	Sample/sample	05/43	05/54
6	Windy speed	Sample/sample	0/43	0/54
7	Light (lux)	Sample/sample	04/73	15/54
8	Dust	Sample/sample	0/40	0/54
9	Noise	Sample/sample	3/44	04/54
10	Vibration	Sample/sample	0/31	0/38
11	CO2	Sample/sample	0/38	0/54
12	CO	Sample/sample	-	0/48
13	Magnetic electricity field	Sample/sample	0/36	0/48
14	Employee psychology	Sample/sample	0/2	0/24
X	Expenses to implement plan of occupational safety and hygiene			
1	Safety technical methods	Million dong	200	200
2	Hygiene technical methods	Million dong	100	100
3	Equip personal protective tools	Million dong	50	50
4	Taking care of employees' health	Million dong	1200	950
5	Propaganda and training	Million dong	10	10
	Total expenses	Million dong	1,560	1,310

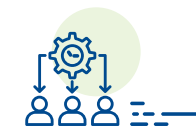


“ We manage our education and training issues through **Standard operating procedure for Training and Education**, to keep the Board of Management posted through quarterly and annual internal/external training plans and reports. ”



training programs for our employees in 2019
(Programs)

575



The total number of internal and external training in 2019
(Hours)

48,568

In addition to benefits such as salaries and bonuses, Imexpharm also wants to empower our employees to enhance their future career paths and get prepared for global challenges of the labor market. Therefore, we focus on training for employees and managers at different levels in many ways. In addition, staff training also helps businesses respond to increasingly demanding market needs for labor quality and customer service.

In 2019, Imexpharm's internal and external training programs were generally improved through aligning the training contents with practical work and prioritizing practice over theory. The company's human resources policy also focuses on

succession planning, offering training for the term of 2018-2022, as well as attracting talents to join Imexpharm family, especially those who work in the high-tech plants.

In 2019, Imexpharm organized 575 training programs for our employees, including 53 external training programs, the remaining are internal training programs for all departments. The total number of internal and external training in 2019 is 48,568 hours, up by 8% compared to 2018. On average, each employee received 38 training hours per year. Female and male employees have equal access to continuing professional development opportunities at Imexpharm.

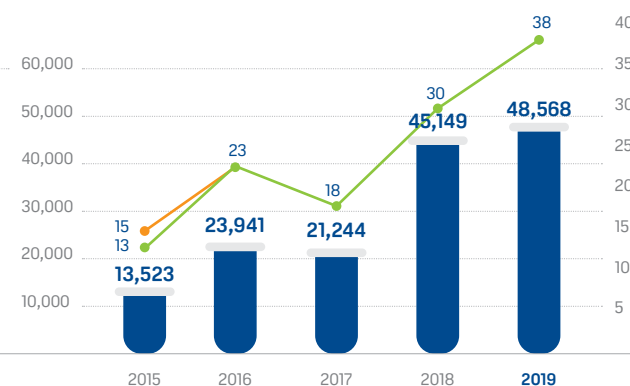
EDUCATION AND TRAINING

Training hours for both female and male employees 2015-2019

■ Total training hours
— Total average training hours for female employees
— Average hours of training for male employees



On average, each employee received **38** hours per year



Key internal training and coaching programs include:

1. Onboarding training for new employees;
2. Product knowledge and sales skills for pharmaceutical sales representatives nationwide;
3. Training on DMS, SAP, and electronic invoices;
4. Standard operating procedures relate to the assigned work.



We also conduct monthly performance review against set KPIs. In 2019, 100% of our employees received performance review on a monthly basis. Criteria are clearly set and agreed by employees, direct managers, human resource development department and Deputy General Manager in charge of strategies in order to ensure that assessments are fulfilled transparently and fairly. In 2019, 100% of our employees received performance review on a monthly basis. In particular,

mid-level managers are assessed based on the BSC index of each department.

In addition, to help improve the personnel quality, we also conduct exit interviews for resigning employees. Imexpharm hopes that through these interviews, employees' opinions, experience, and expectations are heard, so that we can offer them the right support, counseling and better development orientations at the Company.

Training at Imexpharm was highly assessed by trainees.



Ms. **Dao Thi Thuy Phuong** has been working for 2 year 4 months at Imexpharm. Ms. Phuong has participated in training programs such as: "Middle managers, Kaizen, 5S and immediate effectiveness, managerial skills".

According to Ms. Thuy Phuong:



The training programs have interesting contents and can be applied in working. ”



Shares from Ms. **Nguyen Thi Ngoc Yen** who has engaged with Imexpharm for 8 years and attended many internal and external training programs.



As Ms. Yen's evaluation, Imexpharm training programs were designed according to reality and help update special knowledge as well as improve skills. During the time working for Imexpharm, Ms. Yen is keen on the stable working environment, cares of Imexpharm leaderships for employees and opportunities are always created for Imexpharm staff to develop their career path. ”



IMEXPHARM

THE RESPONSIBLE MANUFACTURER

“ Imexpharm always put safety and health of customers on top priority; therefore, the Company has been investing in technology in order to produce medicines meeting high quality technical standards and being safe for customers’ health but having affordable prices with Vietnamese consumers. In the path of healthcare, Imexpharm commits to offer leading services. In addition, the Company also pays attention to environmental indexes and is a responsible manufacturer. The criteria related to Imexpharm production are presented based on guidelines of GRI 301, GRI 302, GRI 305, GRI 306, GRI 407, GRI 419 and GRI 416. ”



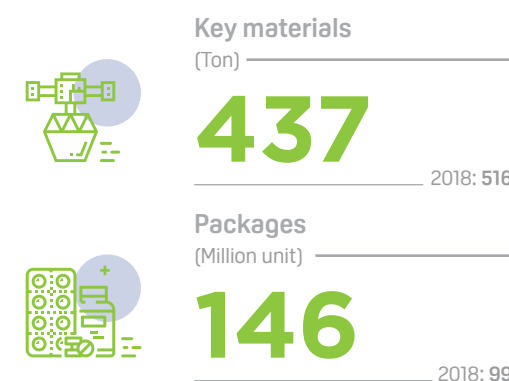
“ Being a pharmaceutical enterprise, Imexpharm has been using a huge amount of materials annually including: pharmaceutical materials, excipients, packages, etc. Most materials used have not been recycled because the safety requirements for drugs are very strict, which causes recycling packages or used bottles to face a lot of difficulties.”

Input materials of Imexpharm are carefully inspected. Imexpharm says “no use” with untested materials. Material testing is implemented in SAP-ERP software. Planning, production, procurement, finance and accounting departments are participating in management from making plan until input material entering warehouses. Imexpharm implements inventory evaluation for materials every 6 months in accordance with provisions of Law and based on special requirement of the Company.

However, Inventories are counted monthly and quarterly in order to have appropriate resolutions to tackle price increase and lack of material due to objective conditions. The procurement department issued standard of operations on purchasing. Additionally, the Quality assurance Department also has many private procedures to inspect materials before good receipt.

Key products of Imexpharm are antibiotic drugs. Besides, the Company also produces common products and functional foods. Imexpharm has had 2 factories accredited EU-GMP which materials used for have to meet CEP standard. Hence, Imexpharm has the process of evaluating suppliers to ensure quality of inputs. Most materials at Imexpharm are imported, the Company is not able to self-control in material inputs. According to Imexpharm self-evaluation, risk of increase in material prices or lack of material is very high.

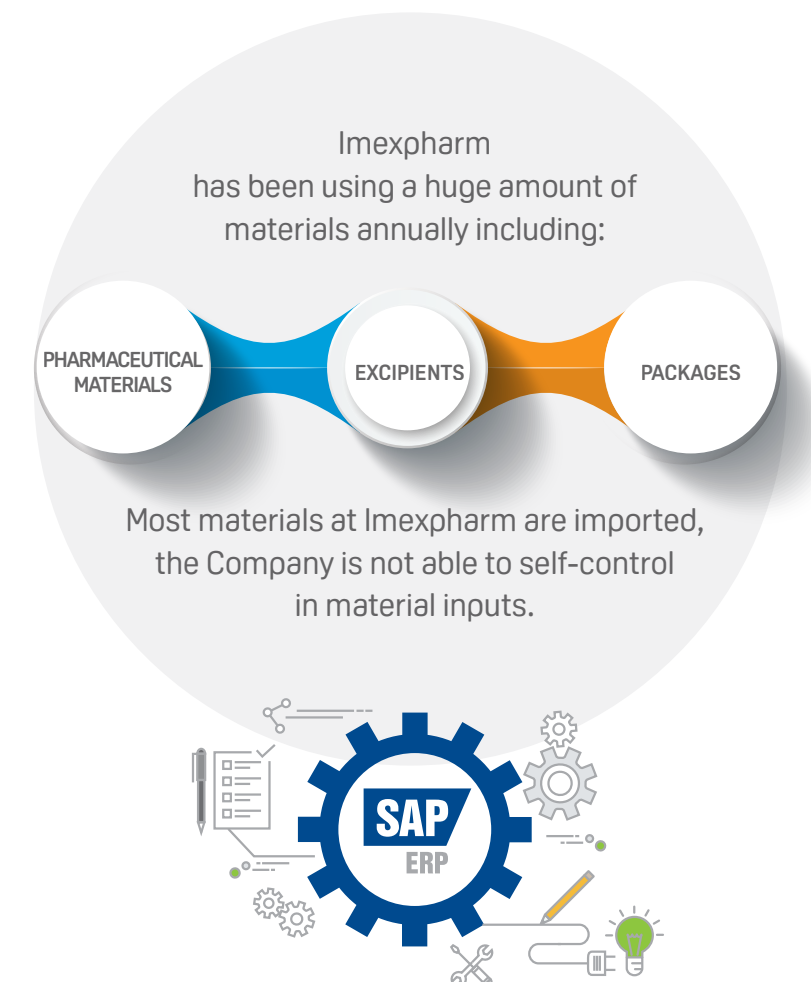
Due to complex fluctuations of raw material prices in the world as well as consider risks that the Company may face, Imexpharm has a quarterly inventory evaluation policy. Concurrently, the Company has stockpiled at the reasonable level to solve the problem of insufficiency in materials for productions. The General Director is authorized a credit limit to quickly take actions in order to deal with uncertainties and import raw materials once the Company has a need. Sales, product and planning divisions are coordinating in forecasts to ensure goods volume provided timely in align with market demand.



Volume of used materials shown as below:

No.	Criteria	UNIT	2018	2019	(+/-) 2019/2018
1	Key materials	Ton	516	437	-15.2%
2	Accessories	Million unit	819	794	-3.0%
	In which:				
	Capsule	Million unit	487	481	-1.2%
	Excipients	Ton	331	312	-5.6%
3	Packages	Million unit	99	146	47.6%

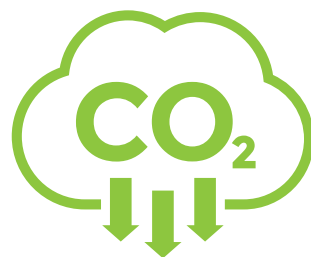
In 2019, production volume decreased year over year so that amount of used materials dropped.



The Company does not classify material into recycle and non-recycle group. Currently, requirements of pharmaceutical industry are very strict; therefore, using recycle materials or packages is not accepted. Recycle products include nylon packages, aluminum film, carton boxes. But the Company gathers these kinds of things and sell to scraps buyers instead of reuse for new products.



Tackling climate change is attracting quite a few of discussions globally. A commitment of reduce greenhouse gases is challenging nations. Using energy economically and cutting CO₂ emission are becoming more essential than ever before.”



Energy expense is counted on product cost. Hence the Company always uses energy in most economical way to decrease price and improve a competitive advantage of Imexpharm products. The Company is active in putting recycle energy source into use such as solar energy, which contributes to protect the environment.

Every year, the Company sets objectives on energy saving in Balance Score Card-BSC to assess factory performance as well as motivate managers to improve management. The Company establishes a target of electricity consumption for each factory and monthly electricity intensity is reported in order to timely propose effective energy consumption methods.

Imexpharm General Director has enforced effective energy consumption and saving policies on the whole company. In addition, Imexpharm commits to comply with ISO 140001 about energy use as well as provision of Law. The target about energy saving is agreed by Deputy General Directors in charge of productions and assigned to factories. The energy audit is implemented every 3 years by Dong Thap Department of Industry and Commerce. Imexpharm fully complies with energy criteria; therefore, energy audit report has not had any special opinion.

Report of energy consumption at Imexpharm factories as below:

Cao Lanh Factory Dong Thap (IMP1)

Total energy consumption
(Thousand Kwh)

5,215 2018: 5,094

Total production volume
(Million units)

855 2018: 1,049.9



Criteria	Unit	2018	2019
DO oil consumption	Liter	61,000	61,754
Exchange	KWh	347,892	352,193
Electricity consumption from national electricity network	Kwh	4,746,391	4,862,636
Electricity consumption from solar source	Kwh	0	18,973
Selling energy	Kwh	0	18,973
Total energy consumption	Kwh	5,094,283	5,214,829

Energy intensity for production in Dong Thap factory (IMP1):

Criteria	Unit	2018	2019
Total energy consumption	Kwh	5,094,283	5,214,829
Total production volume	Million units	1,049,9	855
Energy intensity for production	kwh/million units	4,852,2	6,099,2

Source: Report on energy consumption based on monthly electricity bills and actual production volume of Dong Thap factory in 2019.

Despite applying energy saving methods and restructure product portfolio, focusing on key products, decrease in production volume, energy intensity increased 25.7% due to below reasons:

- » The Company has invested in new equipment for drugs production;
- » Some products require low humidity and temperature conditions; therefore, equipment has to be adjusted to meet;
- » Total operating hours of air conditioners in finished goods and material warehouse increased from 10h/day to 16h/day.

Vinh Loc High Tech Antibiotic Plant - IMP2



Energy intensity in Vinh Loc factory

Criteria	Unit	2019
DO oil consumption	Liter	450
Exchange to	Kwh	2,566
Electricity consumption from national network	Kwh	2,408,830
Total energy consumption	Kwh	2,411,396

Source: Report on energy consumption based on monthly electricity bills and actual production volume of Vinh Loc factory in 2019.

As mentioned before, Vinh Loc high tech antibiotic plant did not record data in 2018 due to the fact that this factory has been put into commercial operation since 2019.

As Vinh Loc plant has been operating stably and launched products into the market in April, 2019 and before that time, there were stages of testing and commissioning, EU-GMP accreditation; therefore, energy intensity based on selling volume was very high. This point will be improved when IMP2 has performed well and improved capacity in 2020.

Total energy consumption
(Thousand Kwh)

2,411

Total production volume
(Million unit)

7.9

Energy consumption intensity for production
(kwh/million unit)

305,240

Binh Duong High Tech Factory - IMP3



Energy consumption intensity for production
(Kwh/million unit)

22,902

Criteria	Unit	2018	2019
DO oil consumption	Liter	165,100	237,700
Exchange to	KWh	941,437	1,355,418
Electricity consumption from national network	Kwh	3,681,900	4,896,800
Total energy consumption	Kwh	4,623,337	6,252,218

Total energy consumption in Binh Duong factory:

Criteria	Unit	2018	2019
Total energy consumption	Kwh	4,623,357	6,252,218
Total production volume	Million unit	150,3	273
Energy consumption intensity for production	kwh/million unit	30,761	22,902

Binh Duong high tech factory produces 2 types of drugs: oral and injectable. Energy consumption intensity for these kinds is different. Imexpharm uses rate of 1 injectable unit = 20 oral unit/sachet)

In 2019, IMP3 has increased operating capacity and production volume rose 1.8 times compared to the previous year. Hence, energy consumption intensity is more effective, achieved 22,902 kwh/million units, decreased 25.5% year over year.

On the other hand, due to strict technical standard, energy consumption intensity of EU-GMP factory is much higher than WHO-GMP (IMP1). The Company will follow and calculate energy consumption intensity norm for each EU-GMP factory when these factories have operated stably.



Water consumption at Imexpharm is always followed closely. The company policy is to contribute to protect the environment, reduce expenses and improve operating effectiveness. The Company has signed contracts with water supply companies. These contracts are managed by accounting and finance department of the Company. Every month, water bills are consolidated by an accountant and informed to each factory to check and have appropriate adjustment in order to control expenses. ”

In 2019, IMP1, IMP2, IMP3 factory consumed 65,885 m³ of water, increased 6.6% compared to 2018. Especially, water consumption in Cao Lanh factory dropped sharply by 25.2% year over year thanks to saving solutions and decrease in production volume in comparison with 2018.

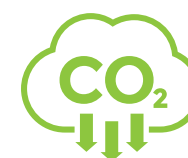
Water consumption intensity of Cao Lanh and Binh Duong factory declined 8.1% and 40.5% respectively compared to earlier year. Production volume of Binh Duong factory surged in 2019 whereas water consumption slight increase, which made water consumption intensity plummeted. Water consumption intensity of Vinh Loc factory is abnormally high because water consumption intensity was counted only for selling products and pilots for EU-GMP validation were not counted.

Water used in pharmaceutical industry must meet safety standards. Imexpharm used water from water supply company and water is processed carefully before coming into production. Imexpharm can use recycled water from cooling system for trees but volume is only 5% of total water consumption.

Factory	Consumption volume (m ³)		Consumption intensity (m ³ /million unit)	
	2018	2019	2018	2019
Dong Thap (IMP1)	42,654	31,886	40.6	37.3
Vinh Loc (IMP2)		13,286		1.681.8
Binh Duong (IMP3)	19,170	20,713	127.5	75.9
Total volume	61,824	65,885		



Climate change has been threatening lives of millions people in the globe. Reduction of greenhouse gases becomes an alarming issue for each country. Being a manufacturing enterprise, Imexpharm acknowledges that contributing to cut CO₂ and protect the natural environment needed to be done by a responsible manufacturer. ”



CO₂ source of Imexpharm is mostly from DO oil usage in boilers. Imexpharm has issued policies to use resources effectively in order to save cost and protect the natural environment. The Company commits to comply with provisions of Laws and the standards of ISO: 140001 about emission.

The Executive board sets detailed objectives on energy usage especially for DO oil annually based on the Company's operations and productions. Imexpharm monitors emission from boilers every 3 months. This activity is done by licensed monitoring organizations.

Greenhouse emission from DO oil usage and electricity consumption from national network.

Cao Lanh factory, Dong Thap - IMP1

Greenhouse gases	Section 1	2018	2019
	CO ₂ emission from DO oil usage	61,000 Liter, corresponding to 155.6 ton CO ₂ (*)	61,754 Liter, corresponding to 169.2 ton CO ₂ (*)
	CO ₂ emission form electricity consumption from national network	4,746,391 kWh corresponding to 2,657.9 ton CO ₂ (**)	5,143.683 kWh corresponding to 2,880.5 ton CO ₂ (**)
Total		2,813.5	3,049.7

(*) Exchange rate converted from DO oil usage to CO₂ is extracted on the website: <https://www.icbe.com/carbon/database/volumeconverter.asp>

(**) Exchange rate converted from electricity consumption to CO₂ emission based on energy audit report of Dong Thap Department of Planning and Industry.



Emission From Vinh Loch High Tech Antibiotic Plant - IMP2

Greenhouse gases	Section 1	2019
	CO ₂ emission from DO oil usage	450 Liter DO oil corresponding to 1.3 ton CO ₂ (*)
	CO ₂ emission form electricity consumption from national network	2.408.830 kWh corresponding to 1,504 ton CO ₂ (**)
	Total	1,505.3

(*) Exchange rate converted from DO oil usage to CO₂ is extracted on the website: <https://www.icbe.com/carbondatabase/volumeconverter.asp>

(**) Exchange rate converted from electricity consumption to CO₂ emission based on energy audit report of Dong Thap Department of Planning and Industry.



Binh Duong High Tech Plant - IMP3

Greenhouse gases	Section 1	2018	2019
	CO ₂ emission from DO oil usage	165,100 Liter corresponding to 381.6 ton CO ₂ (*)	237,700 Liter corresponding to 549.4 ton CO ₂ (*)
	CO ₂ emission form electricity consumption from national network	3,681,900 kWh corresponding to 2,298 ton CO ₂ (**)	4,896,800 kWh corresponding to 3,056.3 ton CO ₂ (**)
	Total	2,679.6	3,605.7

(*) Exchange rate converted from DO oil usage to CO₂ is extracted on the website: <https://www.icbe.com/carbondatabase/volumeconverter.asp>

(**) Exchange rate converted from electricity consumption to CO₂ emission based on energy audit report of Dong Thap Department of Planning and Industry.



Total CO₂ emission from section 1 to 3 as followings:

Factory	2018	2019
IMP1	2,813.5	3,049.7
IMP2	-	1,505.3
IMP3	2,679.6	3,605.7
Total	5,493.1	8,160.7

Total greenhouse gases emission from Imexpharm factories were over 8 thousand tons of CO₂, increased 48.6% compared to last year.

Monitoring result in Cao Lanh factory (IMP1)

No.	Criteria	Testing method	Unit	QCVN No.19: 2009/BTNT Column B	Oct 11 th , 2018	Jun 11 th , 2019
1	CO	Measured by testo 350XL machine	mg/Nm ³	1,000	22	19
2	NO ₂	Measured by testo 350XL machine	mg/Nm ³	-	11	8
3	SO ₂	Measured by testo 350XL machine	mg/Nm ³	500	16	16
4	Dust	TCVN 5067:1995	mg/Nm ³	200	19	26
5	Noise level	Special device	dB	-	74.5	63.5

Air monitoring result at air processing devices of quality control area of Cao Lanh factories

No.	Criteria	Testing method	Unit	QCVN No.19: 2009/BTNT Column B	Oct 11 th , 2018	Jun 11 th , 2019
1	CO	Measured by testo 350XL machine	mg/Nm ³	1,000	50	92
2	NO ₂	Measured by testo 350XL machine	mg/Nm ³	-	36	11
3	SO ₂	Measured by testo 350XL machine	mg/Nm ³	500	21	29
4	Dust	TCVN 5067:1995	mg/Nm ³	200	22	51
5	Noise level	Special device	dB	-	73.9	62.3

Air monitoring result at chimney of boilers in Dong Thap factory

No.	Criteria	Testing method	Unit	QCVN No. 05:2009/BTNT (average 1 hour)	Oct 11 th , 2018	Jun 11 th , 2019
1	CO	TQKT-YHLDVSMT	mg/m ³	30	4,56	4,72
2	SO ₂	TQKT-YHLDVSMT	mg/m ³	0,35	0.064	0,065
3	NO _x	TCVN 6138:1996	mg/m ³	0,2	0,021	0,038
4	Dust	Special device Hazdust I	mg/m ³	0,3	0.07	0,15
5	Noise level	Measured by machine	dB	70	68.2	63.8

Air monitoring result in surroundings of Dong Thap factory

No.	Criteria	Testing method	Unit	QCVN No. 05:2009/BTNT (average 1 hour)	Oct 11 th , 2018	Jun 11 th , 2019
1	CO	TQKT-YHLDVSMT	mg/m ³	30	15	17
2	SO ₂	TQKT-YHLDVSMT	mg/m ³	0.35	13	6
3	NO _x	TCVN6138:1996	mg/m ³	0.2	6	10
4	Dust	Special device Hazdust I	mg/m ³	0.3	11	18
5	Noise level	Measured by machine	dB	70	74,8	62.8

Monitoring result at Vinh Loc High Tech Antibiotic Plant - IMP2

No.	Criteria	Testing method	Unit	QCVN 05:2013/BTNMT and 26:2010/BTNMT	2019
1	CO	HD-CO	mg/Nm ³	30	4.81
2	NO ₂	TCVN 6137-2009	mg/Nm ³	0.2	0.082
3	SO ₂	TCVN 5971-1995	mg/Nm ³	0.35	0.083
4	Dust	TCVN 5067:1995	mg/Nm ³	0.3	0.184
5	Noise level	TCVN 7878-2-2010	dB	6am-9pm: 70 9pm-6am: 55	58.8

Air monitoring result at gate area of Vinh Loc high tech plant

No.	Criteria	Testing method	Unit	QCVN 05:2013/BTNMT and 26:2010/BTNMT	2019
1	CO	HD-CO	mg/Nm ³	30	4.57
2	NO ₂	TCVN 6137-2009	mg/Nm ³	0.2	0.075
3	SO ₂	TCVN 5971-1995	mg/Nm ³	0.35	0.078
4	Dust	TCVN 5067:1995	mg/Nm ³	0.3	0.171
5	Noise level	TCVN 7878-2-2010	dB	6am-9pm: 70 9pm-6am: 55	61.4

Air monitoring result at surroundings of Vinh Loc warehouse

No.	Criteria	Testing method	Unit	QCVN 05:2013/BTNMT and 26:2010/BTNMT	2019
1	CO	HD-CO	mg/Nm ³	30	4.32
2	NO ₂	TCVN 6137-2009	mg/Nm ³	0.2	0.074
3	SO ₂	TCVN 5971-1995	mg/Nm ³	0.35	0.09
4	Dust	TCVN 5067:1995	mg/Nm ³	0.3	0.137
5	Noise level	TCVN 7878-2-2010	dB	6am-9pm: 70 9pm-6am: 55	62.5



Environmental monitoring result at Binh Duong Factory - IMP3

No.	Criteria	Testing method	Unit	QCVN No. 05:2009/BTNT (average 1 hour)	Quarter 4, 2018	Quarter 4, 2019
1	CO	TQKT-YHLĐVSMT	mg/m ³	30	<5	<5
2	SO ₂	TQKT-YHLĐVSMT	mg/m ³	0.35	0.098	0.099
3	NO _x	TCVN6138:1996	mg/m ³	0.2	0.087	0.081
4	Dust	Special device Hazdust I	mg/m ³	0.3	0.192	0.238
5	Noise level	Measured by machine	dB	70	67.1	68.1

Air monitoring result at surroundings of Binh Duong factory

No.	Criteria	Testing method	Unit	QCVN No. 05:2009/BTNT (average 1 hour)	Quarter 4, 2018	Quarter 4, 2019
1	CO	TQKT-YHLĐVSMT	mg/m ³	30	<5	<5
2	SO ₂	TQKT-YHLĐVSMT	mg/m ³	0.35	0.083	0.089
3	NO _x	TCVN6138:1996	mg/m ³	0.2	0.076	0.074
4	Dust	Special device Hazdust I	mg/m ³	0.3	0.17	0.245
5	Noise level	Measured by machine	dB	70	65.3	69.4



Imexpharm seriously controls waste incurred and waste treatment because waste from a pharmaceutical company is more or less impacting on the environment. The quality assurance policy is described in the quality and environment handbook issued by the Quality Assurance department on November 30th, 2018.”

Imexpharm leaderships have built policies to reduce waste and boost saving, avoid waste in production in order to mitigate maximally adverse effects on the environment. The Company has a policy to classify non-hazardous waste such as carton boxes, PVC to sell to recycled units.



The Company has issued a policy to reduce nylon package, bottle used in company offices and aimed to fully remove such kind of things. Products from recycled materials such as paper or fabric packages which are encouraged to consume.

For dangerous waste, the Company collects and gathers hazardous waste into waste warehouse and then handovers to a treatment company according to regulations. The contractor to treat hazardous waste of Imexpharm is Siam Cement Vietnam company limited. This company will burn and treat in cement stove.

Imexpharm has not recycled non-hazardous waste but gathered and sold to recycled units.

Total amount of waste of Imexpharm as followings:

Cao Lanh factory, Dong Thap - IMP1

IMP1	UNIT	2018	2019
Non-hazardous waste	Kg	54,390	57,330
Hazardous waste	Kg	25,131	36,514
Total		79,521	93,844

Although production volume decreased, waste of IMP1 in 2019 raised 18% compared to last year. Non-hazardous waste of Cao Lanh factory was mostly coming from drugs packages. Hazardous waste were mainly chemicals; solvents arose from pharmaceutical production.

Vinh Loc High Tech Antibiotic Plant - IMP2

Vinh Loc high tech antibiotic plant has been operating since 2019, capacity is low. Hence, waste of this factory is little.

Non-hazardous waste in 2019 was 91 kg mostly from drug packages. Weight of hazardous waste was 2,169.5 kg in 2019 from chemicals used in laboratory.



Waste at Binh Duong Factory - IMP3

IMP1	UNIT	2018	2019
Non-hazardous waste	Kg	11,534	37,190
Hazardous waste	Kg	11,254	16,486
Total		22,788	53,676

Total waste at Binh Duong factory in 2019 was 53,676 kg, equal to 2.4 times of amount in 2018. The reason for this increase is that IMP3 improved capacity and production volume in 2019.

SOCIOECONOMIC AND ENVIRONMENTAL COMPLIANCE



Being a listed company on Hochiminh stock exchange, Imexpharm commits to comply with provisions of Laws on socioeconomic and environment.”



Imexpharm has built the Company's Charter in legal framework in order to assure that all operations are occurred transparently. The Company has a professional Legislation department to solve all problems related to compliance. Besides, in 2019 the Company also issued Code of Conduct for all Imexpharm employees to instruct internal activities as well as external ones.

In 2019, Imexpharm has been punished due to administrative violation. Details are shown as followings:

- » **In Hanoi:** The Company had to pay 17.1 million dong because the wrong record made deducted tax increased and sale was performed without invoice.
- » **In Can Tho:** Cuu Long 4 branch of the Company has to pay 2.1 billion dong due to wrong declare but not impact on total tax paid to government budget.
- » **In Dong Thap:** The Company has been administratively punished and paid 6 million because of 2 VAT invoice lost.

These above mistakes and violation are not serious and have not significantly affected on the Company's image and credibility. Imexpharm still fulfilled all tax duties with the government.

Imexpharm has accredited ISO:140001; therefore, the Company commits to fully comply with environmental protection standards stated in ISO: 140001 together with Vietnam provisions of Laws. The Quality assurance department is responsible for environmental compliance in front of the Executive board. Every month, the Company has an assessment on energy consumption, waste control and treatment.

In 2019, Imexpharm was not punished in relevant to the environment. For many consecutive years, the Company is a leading firm in responsible manufacturing, contributes to protect the environment.

IMEXPHARM

INITIALLY BEING COMMITTED

Imexpharm commits
to keep promises consistently with our customers
to follow the chosen pathway; offer high effective solutions
for public health.



CUSTOMER HEALTH AND SAFETY



Imexpharm mission is to offer high effective solution for public health. Hence, Imexpharm has strict quality control processes to assure quality for products after being inspected. Especially, Imexpharm has over 22 years investing in quality and is one of the leading domestic company in applying innovative technical standards in order to improve product quality. Currently, Imexpharm possesses 2 EU-GMP factories, which is a significant evidence for product quality of Imexpharm. ”



Beside innovative production processes, Imexpharm has professional customer care department to address all concerns and complaints of customers via call center operating 24/7. Customer care department collects all complaints monthly, reviews pending issues and gets relevant managers' opinions to reply customers.

Moreover, Imexpharm implements customer care program for individual and organization via medical sales representatives. Each sales representative has to be set the number of weekly meeting with customers including

new and old ones to catch the business situation as well as collect opinions of customers about Imexpharm products and services. Sales representative will timely update to functional departments on every issue related to Imexpharm product quality as well as others.

Furthermore, the Company also built pharmaceutical observation system, Customer's Complaint Handling Process, Customer's Complaint Handling Process, recall and return good process in order to solve customers' complaints related to products.



Pharmacy Observation System

Acts as a legal requirement about tasks and responsibilities of Pharmacy Observation: Prevents negative impact and harmful reactions when consumers take medicine or have occupational contact; enhances safe and efficient use of medicine by providing timely full information about medicine use safety to patients, officers in charge of healthcare and the community; protects health for patients and the community.

Customer's Complaint Handling Process

Ensures that all comments regarding quality, safety, and efficiency of a product, material faults, production, packing, and testing process can be improved; maintains the reputation of the company.

Recall goods Process

When errors are discovered in production, the batch will undergo a swift recall, to minimize the impact on consumers.

Returned goods Process

When errors are raised by customers (wrong quality, packaging, products, information and medicinal), the product will be tested and returned to the Company in a quick and due order.



Imexpharm products fully complies with provisions of Laws on packages and labels and are packed according to guidelines of EU-GMP or WHO-GMP. In 2019, Imexpharm did not have any products be asked to recall by the Ministry of Health.

Beside the program such as Claminat fair, Imexpharm has organized Medical forums to create an opportunity for doctors, technicians and experts to meet and communicate about protective and curing activities.

Imexpharm has a professional medical representative team who have strong educational background to consult and sell Imexpharm products in order to drive customers to responsible consumptions and distributions.

GRI	Disclosure Title	Page
GRI 102	General Disclosure	
	Organizational profile	
102-1	Name of the organization.	8
102-2	Activities, brands, products and services	11-12
102-3	Location of headquarters	8
102-4	Location of operations	13
102-5	Ownership and legal form	10-13
102-6	Markets served	13
102-7	Scale of the organization	8-13
102-8	Information on employees and other workers	13
	Strategy	
102-14	Statement from senior decision-maker	4-5
102-15	Key impacts, risks and opportunities	70
	Ethics and integrity	
102-16	Values, principles, standards, and norms of behavior	16-17, 100
	Governance	
102-18	Governance structure	36-37
102-20	Executive-level responsibility for economic, environmental and social topics	38
102-22	Composition of the highest governance body and its committees	36-37
102-23	Chair of the highest governance body	35-37
102-32	Highest governance body's role in sustainability	39
	Stakeholder engagement	
102-40	List of stakeholder groups	54
102-42	Identifying and selecting stakeholders	54-59
102-44	Key topics and concerns raised	54-59
	Reporting practice	
102-45	Entities included in the consolidated financial statements	12-13
102-46	Defining report content and topic boundaries	44
102-47	List of material topics	60-61
102-48	Restatements of information	44
102-49	Changes in reporting	44
102-50	Reporting period	44
102-51	Date of most recent previous report	44
102-52	Reporting cycle	44
102-53	Contact point for the report	8
102-54	Claims for reporting in accordance with the GRI Standards	44
102-55	GRI Content Index	104-107

GRI	Disclosure Title	Page
GRI 200	Economic standard series	
	Economic performance	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	65
103-2	The management approach and its components	65
103-3	Evaluation of the management approach	66
GRI 201	Economic performance	
201-1	Direct economic value generated and distributed	65-69
201-2	Financial implications and other risks and opportunities due to climate change	70
201-3	Defined benefit plan obligations and other retirement plans	75
201-4	Financial assistance received from government	66
	Procurement practices	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	67
103-2	The management approach and its components	67
103-3	Evaluation of the management approach	67
GRI 204	Procurement practices	
204-1	Proportion of spending on local suppliers	67
GRI 300	Environment standards	
	Materials	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	86-87
103-2	The management approach and its components	86-87
103-3	Evaluation of the management approach	86-87
GRI 301	Materials	
GRI 301-1	Materials used by weight or volume	87
GRI 301-2	Recycled input materials used	87
GRI 301-3	Reclaimed products and their packaging materials	87
	Energy	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	88
103-2	The management approach and its components	88
103-3	Evaluation of the management approach	88
GRI 302	Energy	
GRI 302-1	Energy consumption within the organization	88-91
GRI 302-3	Energy intensity	88-91
		88-91

GRI	Disclosure Title	Page
	Water	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	92
103-2	The management approach and its components	92
103-3	Evaluation of the management approach	92
GRI 303	Water and effluents	
GRI 303-5	Water consumption	92
	Emission	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	93
103-2	The management approach and its components	93
103-3	Evaluation of the management approach	93
GRI 305	Emission	
GRI 305-1	Direct (Scope 1) GHG emissions	93-94
GRI 305-2	Energy indirect (Scope 2) GHG emissions	93-94
GRI 305-4	GHG emissions intensity	93-94
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	95-97
	Waste	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	98
103-2	The management approach and its components	98
103-3	Evaluation of the management approach	98
GRI 306	Waste	
GRI 306-1	Waste generation and significant waste-related impacts	98
GRI 306-2	Management of significant waste-related impacts	98
GRI 306-3	Waste generated	99
GRI 306-4	Waste diverted from disposal	99
GRI 306-5	Waste directed to disposal	99
GRI 400	Social standard series	
	Employment	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	73
103-2	The management approach and its components	73
103-3	Evaluation of the management approach	73
GRI 401	Employment	
401-1	Total number and rates of new employee hires and employee turnover.	73
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	74
401-3	Parental leave	75

GRI	Disclosure Title	Page
	Occupational health and safety	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	78
103-2	The management approach and its components	78
103-3	Evaluation of the management approach	78
GRI 403	Occupational Health and Safety	
403-1	Occupational health and safety management system	78
403-2	Hazard identification, risk assessment, and incident investigation	79
403-3	Occupational health services	79
403-4	Worker participation, consultation, and communication on occupational health and safety	78
	Customer Health and Safety	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	102
103-2	The management approach and its components	102
103-3	Evaluation of the management approach	102
GRI 416	Customer Health and Safety	
416-1	Assessment of the health and safety impacts of product and service categories	102
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	102-103
GRI 417	Marketing and Labeling	
417-1	Requirements for product and service information and labeling	103
417-2	Incidents of non-compliance concerning product and service information and labeling	103
417-3	Incidents of non-compliance concerning marketing communications	103
GRI	Socioeconomic and environment compliance	
GRI 103	Management approach	
103-1	Explanation for the material topic and its boundary	100
103-2	The management approach and its components	100
103-3	Evaluation of the management approach	100
GRI 307 GRI 419	Socioeconomic and environment compliance	
307-1	Non-compliance with environmental laws and regulations	100
419-1	Non-compliance with laws and regulations in the social and economic area	100



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