

ASPIRATION



LEADING

ENHANCE VALUES

SUSTAIN THE FUTURE



SUSTAINABLE DEVELOPMENT REPORT 2020

LIST OF ABBREVIATIONS

ADB	Asian Development Bank	IFC	International Finance Corporation
ASEAN	Association of Southeast Asian Nations	IMF	International Monetary Fund
BOD	Board of Directors	IMP	Imexpharm Corporation
BSC	Balance Score Cards	IR	Investor Relations
CEP	Certification of suitability of European Pharmacopoeia monographs	ISO	International Standard Organization
DMS	Distribution Management System	KPI	Key Performance Indicators
ERP	Enterprise Resource Planning	M&A	Merger and Acquisition
ESOP	Employee Stock Ownership Plan	MA	Market Authorization
ETC	Ethical Drugs	OECD	Organization for Economic Co-operation and Development
EU	European Union	OTC	Over the Counter
FDA	The US Food and Drug Administration	PIC/S	Pharmaceutical Inspection Co-operation Scheme
FDI	Foreign Direct Investment	QA	Quality Assurance
FTA	Free Trade Agreement	QC	Quality Control
GDP	Gross Domestic Products	R&D	Research & Development
GMP	Good Manufacturing Practices	USD	US Dollar
GPP	Good Pharmacy Practices	VCCI	Vietnam Chamber of Commerce and Industry
GRI	Global Reporting Initial	WB	World Bank
		WHO	World Health Organization

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PROFIT AFTER TAX
GREW OVER 29%

HAS SUCCESSFULLY MAINTAINED
BUSINESS CONTINUITY AND
STABLE WORKS FOR
NEARLY 1,300 EMPLOYEES

IMEXPHARM
**IS THE BRAND OF QUALITY
PRODUCTS**



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

HOWEVER, WE CONSIDER THAT OPPORTUNITIES
WOULD BE DERIVED FROM THREATS. SHOULD WE
PERSEVERE AND STRIVE FOR THE OBJECTIVES, WE
SHALL ACCOMPLISH OUR GOALS AS EXPECTED.

Chairman of the BOD
Mr. Nguyen Quoc Dinh

Dear Distinguished Shareholders, Customers, Partners and our Colleagues at Imexpharm Corporation,

The year 2020 has passed with a lot of challenges and managers' concerns about the turmoil never seen during many decades. In the past year, Imexpharm had to encounter "many fierce waves" from the plummet of aggregate demand, people restricting to go to hospitals to the disruption of the global supply chain. However, we consider that opportunities would be derived from threats. Should we persevere and strive, we shall accomplish our goals as expected.

Actually, despite facing a huge number of struggles, Imexpharm team has united to help the Company overcome the global obstacle with impressive results. Imexpharm has successfully maintained business continuity and stable works for nearly 1,300 employees, especially protected all staff in the Imexpharm family among unforeseen movements of the Covid-19 pandemic. Furthermore, profit after tax of the Company grew significantly over 29%. Besides, we are honored to welcome SK group from South Korea as a strategic shareholder. In the efforts of increase working capital and stockpile materials to tackle the insufficient supply circumstance induced by the pandemic, Imexpharm has been approved for a loan of 8 MUSD by Asian Development Bank (ADB) to support the business and manufacturing objectives. In my thoughts, these successes have been achieved due to the fact that the Company always takes actions based on the motto "1,000 year later, lotus still blooms..." and we trust in the sustainable development strategies Imexpharm has been pursuing for many years. To make it clear, Imexpharm is the brand of quality products, the Company has been pioneering to renovate in order to accomplish its mission "offer high solution for public health".

We have to admit that the sustainable development activities have been more or less impacted. Nevertheless, Imexpharm always aims to responsible productions, keeps the living environments green, clean and contributes to develop the community. We have been investing to build factories in compliance with advanced standards and being environmental friendly. Simultaneously, energy and water savings have been become indicators to assess work performance of each manager at factories. Thanks to this policy, the innovative initiatives have been boosted to mitigate adverse effects on the environment and community. In the next coming years, Imexpharm has been striving to maintain the distinction of being one of 100 sustainable enterprises in Vietnam. In addition, the Company will continuously reinforce the corporate governance towards transparency and efficiency to optimize benefits of stakeholders.

In the struggling circumstances, backbone has been strengthened and human ability could be promoted to the highest degree. Hence, in spite of confronting many difficult conditions caused by the pandemic or making ultimately hard decision, I do believe that with the passionate fire, labour spirit and devotion, Imexpharm team will thrive the Company to become a bright star of Vietnam pharmaceutical industry and spread the sustainable values Imexpharm has been following since it commenced doing business more than 40 years ago.

Without the precise supports and assists of stakeholders, Imexpharm could not celebrate these achievements we have accomplished. Thus, I would like to express my sincerely thanks to all shareholders, partners and customers who always accompany with Imexpharm in every single step of the development path and support the sustainable business and production of the Company. In particular, I wish to send my appreciations to all of my colleagues at Imexpharm, who have made the success of Imexpharm during the past four decades and driven the Company to pass the uncertain year 2020.



Chairman of the BOD
Mr. Nguyen Quoc Dinh

OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT

Every year, Imexpharm prepares a Sustainable Development Report together with an Annual Report to consolidate the Company's production and business activities to send to stakeholders. The Sustainable Development Report 2020 is written according to the business cycle from January 1 to December 31, 2020. In this report, the Global Reporting Initiative (GRI) standards are consulted. Additionally, the United Nations' Sustainable Development Goals are also referred to in order to provide to stakeholders the most completed and reliable sustainable development issues at Imexpharm.

Should you have any question relating to this Sustainable Development report, please kindly contact:

Sustainable Development Committee Imexpharm Corporation

- No. 04, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province
- Tel: 0277 3851941
- Email: vanphong@imexpharm.com



MESSAGE OF THE SUSTAINABLE DEVELOPMENT REPORT 2020

Experiencing many fluctuations in 2020, the issue of sustainable development in each enterprise becomes more and more significant and plays a vital role in strategic goals. Imexpharm has made direction based on core values as well as towards prosperous and sustainable development. Hence, Imexpharm's Sustainable Development Report 2020 has the title of "Enhance values, Sustain the future". The values that Imexpharm has been establishing for many years through investment in product quality, human resource development and constantly contributing to the community will be raised to a new level being suitable with the Company's strength and scale to build a sustainable future and a firm foothold of Imexpharm brand in the Vietnam pharmaceutical industry. In addition, the far vision is "Reaching to the world". "Imexpharm's sustainable values continuously strengthened, the Company's future widely opened through the appropriate development policies" is the message Imexpharm wishes to convey via the Sustainable Development Report 2020.

ACCURACY AND INTERGRITY OF THE REPORT

Sustainability Report 2020 is prepared on the principles of prudence and honesty. Imexpharm has consulted stakeholders to identify material issues in order to increase the accuracy and objectivity of the report. In addition, Imexpharm has presented the significant issues that stakeholders are focusing in order to ensure the completeness of this report.

Imexpharm has strived to prepare this Sustainable Development Report 2020 in the spirit of accuracy, clarity, reliability, timeliness and comparability as recommended by the Global Reporting Initiative (GRI). Economy-Environment-Community are the three overall criteria to build the Sustainable Development Report 2020. The key contents related to these three issues will be presented and analyzed in the report.

SCOPE OF THE REPORT

The Company's headquarter is in Cao Lanh city. Imexpharm has 04 factory clusters located in Dong Thap, Ho Chi Minh City and Binh Duong. The Company currently owns 2 factories accredited WHO-GMP in Cao Lanh (IMP1), 8 production lines certified EU-GMP, of which 3 lines are in Vinh Loc, Ho Chi Minh city (IMP2) and 5 lines in Binh Duong (IMP3). In addition, Imexpharm has completed the construction of IMP4 high-tech plant in Binh Duong, which has been granted WHO-GMP certificate and is awaiting EU-GMP inspection. The Dietary Supplement factory was built in Cao Lanh has also been certified WHO-GMP in October 2020 and is expected to go into commercial production by 2021. Therefore, within the scope of this Sustainable Development Report, the factories consisting of IMP1, IMP2 and IMP3 are reported because they have been manufacturing drugs and selling their products to the market.

IMP2 factory



IMP3-Cephalosporin factory



IMP1 factory-Headquarter



IMP3-Penicilline factory



THE JOURNEY PERSUING “LEADING ASPIRATION”

Imexpharm-An enterprise of the Lotus land – Dong Thap

Mission, vision and core values

Imexpharm Milestones

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Imexpharm’s achievements in the 10-year path from 2011 to 2020

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IMEXPHARM - AN ENTERPRISE OF THE LOTUS LAND - DONG THAP MUOI

IMEXPHARM

Imexpharm was found in the land of Dong Thap province, over 40 years of establishment and development, the Company is still headquartered in Cao Lanh city and retains the truest values of the Lotus land - Dong Thap Muoi. Basic information of Imexpharm is shown as follows:



The charter capital

667,053,700,000 VND

Six hundred sixty-seven billion zero hundred fifty-three million, seven hundred thousand dong even



Owner Equity as of 31 December 2020

1,730,486,168,436 VND

One thousand seven hundred thirty billion, Four hundred and eighty-six million, One hundred sixty-eight thousand, Four hundred thirty-six dong

IMEXPHARM CORPORATION

Abbreviated name:	IMEXPHARM
Business registration number:	1400384433 first registered on August 1, 2001 and the latest registration change (29th time) on October 20, 2020 issued by the Department of Planning and Investment of Dong Thap province.
Head office:	No. 04, Street 30/04, Ward 1, Cao Lanh City, Dong Thap Province
Telephone:	0277.3851 941
Fax:	0277.3853 106
Email:	imp@imexpharm.com
Website:	www.imexpharm.com
Stock symbol:	IMP
Stock Exchange:	HOSE, according to the Decision No. 76 / UBCK-GPNY on November 15, 2006

BUSINESS LINES

Imexpharm's main business is manufacturing and trading of western medicines throughout Vietnam. Imexpharm antibiotic lines are diverse, including oral and injectable antibiotics of the Cephalosporin and Penicillin groups. Imexpharm products are manufactured in factories meeting WHO-GMP and EU-GMP standards. Imexpharm drugs are produced on modern production lines as well as with high standard raw materials and professional distribution process to ensure maximum level of safety for consumers' health. Besides traditional antibiotic products, Imexpharm also manufactures other products such as: special treatment group comprising of cardiovascular, diabetes, antihistamine and anti-allergic, peripheral vessel disease, brain activation, analgesic antipyretic group, hepatobiliary group, musculoskeletal group, functional foods, vitamins group, and other products. In 2019, Imexpharm invested in building a Dietary Supplement factory to strengthen Imexpharm product lines on the OTC market. By the end of 2020, Imexpharm has a total of 245 Market Authorization (MA) for circulation and 7 types of Dietary Supplements licensed for production and distribution.



MISSION, VISION AND CORE VALUES



MISSION

Medicinal demand becomes the essential need of each country. In Vietnam, there is no exception, so pharmaceutical enterprises are found with the principle ensuring sufficient supply of drugs for the people. In that spirit, Imexpharm mission is "Providing high effective solution for public health". At Imexpharm, the Company determined not to stop at the point of sufficiently providing medicines for everyone, but Imexpharm follows the strategy to produce and supply to the market with high effective treatment drugs. The Company is continuously improving product quality, always searches for and discovers new technologies with the aim that treatment solutions branded Imexpharm have to offer high effectiveness. Producing pharmaceutical products that bring positive treatment results and peace of mind for patients as well as doctors is what Imexpharm believes.



VISSION

In order to accomplish the mission, Imexpharm has bravely researched and applied world-wide advanced manufacturing processes to complete its glorious task. The Company's vision is expressed through "Top Quality - European Standard". Medicines with high therapeutic effects must be of outstanding quality. That is why the Company's primary concern is product quality and among many manufacturing standards around the world, Imexpharm chooses European Union standards as a measure of production and management activities. The European standard is considered to be one of the leading pharmaceutical standards in the world, and Imexpharm always strives to be the most advanced and the best enterprise in all aspects of its operations.



CORE VALUE

Imexpharm builds **06 core values** which shape the corporate culture. These values include the following principles:

- Customer focus
- Cooperation
- Perseverance
- Enthusiasm
- Learning and growth
- Effectiveness



MISSION

CORE
VALUE

VISSION



IMEXPHARM

Builds a corporate culture based on the human values that the Company pursues in its journey of serving the community.



The first principle

ALWAYS LEADING IN SERVICE

What customers need are quality products and superior services. Imexpharm always thinks that the Company will sell what people are in demand as well as produce quality products to bring benefits and joy to customers, then the Company would earn trust in addition to sales and profit figures.

Imexpharm has many customer segments, leading service will be provided to all of its customers. With pharmacies, hospitals, or doctors, Imexpharm will take care to bring out the best service experiences. And above all, with the characteristics of the pharmaceutical industry, the end customers are patients, therefore, Imexpharm service is essential to offer high effectiveness in treatment and this leading service follows Imexpharm mission.



The second principle

WHEN THE PROBLEM OCCURS, CONSIDER YOURSELF FIRST

Cooperation is a good culture for building a strong organization. Imexpharm established the second cultural principle based on this foundation with the direction of "the first cause of the problem is you". It is not important to find the fault of someone when the problem occurs rather than to focus on resolving it through the principles of consensus and willingness to share. Therefore, Imexpharm always directs each person in the Imexpharm family to cooperation, team spirit, bonding, and striving together to achieve the Company's goals.



The third principle

DON'T SAY NO, PLEASE GIVE SOLUTION

"Talk along with work, perseverance to the end in every journey, no matter how hard it is", is the way that Imexpharm has applied to overcome the struggling years in its development. To solve the problem, it is necessary to find a solution, so the Company in general and each individual in particular can only tackle the challenge when solutions are implemented, denial is not the way to develop and it is just a disclaimer of responsibility and does not bring any benefits or contribute to the whole development goals. Therefore, in Imexpharm culture, the word "no" is limited and must be replaced by methods and ways to deal with issues.

06 cultural principles derived from the core values are considered to be a guideline for all activities of every Imexpharm employee.

The forth principle

DO NOT LEAVE UNTIL IT'S DONE



Imexpharm built its brand from a small company in Dong Thap Muoi. But with enthusiasm, dedication, the fire of passion and aspiration to strengthen Vietnamese pharmaceutical industry, the Company has become one of leading enterprises of the pharmaceutical industry in Vietnam and is highly appreciated by the medical community in the country. Hard work should follow the principle of "do not leave until it's done" to help Imexpharm create more and more values for the pharmaceutical industry and for its customers. Only the passion of working and the devotion can shape a strong brand name. Therefore, Imexpharm 4th cultural principle defines that there is no concept of 8-hour working time per day, but doing the best to achieve work quality and efficiency is a measure of each person's value in the Imexpharm family.

The fifth principle

IF YOU THINK YOU ARE THE BEST, YOU ARE LEFT BEHIND



Tomorrow will be better than today, everything will change with positive trend. Therefore, there is no concept of "the best", but only "understand yourself and your client", constantly innovating and dissatisfying with the present, which can keep pace with the general trend of the epoch. Each Imexpharm staff is not supposed to be the best and sleep on the top of glory, but must continuously improve themselves so that they are not left behind. Imexpharm culture comes from the perseverance and industriousness of the Dong Thap Muoi people, so every day the Company keeps creating value for the community and never considers itself to be perfect.

The sixth principle

LET WORK TOGETHER WITH NUMBERS



All arguments are convincing when there are specific numbers to prove, and an organization's business with the first purpose is also to create value for shareholders and investors through profits and annual dividend ratio. Therefore, specific numbers must be mentioned to demonstrate the contribution of an individual or an organization. This principle does not just stop at focusing on numbers when discussing an issue, but Imexpharm wishes to target the results of the actions each person has performed so that these achievements can be used as an individual brand image.

IMEXPHARM MILESTONES

1977 • Grade 2 Pharmaceutical Company—an initial form of Imexpharm Corporation was established in Cao Lanh, which created foundation for all activities of Imexpharm Corporation these days.



1997 • Dong Thap Pharmaceutical Cooperative Enterprise is the first local company certified ASEAN-GMP.



1999 • The first franchising deal was signed with Biochiemie-Austria, which open the prospect of improve capability and competitiveness for a pharmaceutical in Mekong Delta.



2001 • Imexpharm had been a leading in pharmaceutical industry as the first company of Vietnam Pharmaceutical Corporation was equitized and become Imexpharm Corporation.



2006 • Imexpharm was approved as first pharmaceutical company listed in Hochiminh Stock Exchange by State Securities Commission, stock symbol: IMP.



2007 • The Company was successful in proving bioequivalence for Imecloz (125mg) containing Cefalor.



2008 • The Company signed manufacturing joint venture contract with PharmaScience Canada.



2009 • Cephalosporin factory in VSIP II was put into operation.



2012 • The Company started the project: SAP-ERP in 8 modules. Imexpharm was the first pharmaceutical company that implemented ERP software to management system.



2016 • The Company completed to innovate 3 production lines in high technology plant in Binh Duong and was issued EU-GMP certification by Spain Ministry of Health in September, 2016 and was officially announced by Vietnam Ministry of Health in November, 2016.



2017 • The Company was approved European visa for Imetoxim 1g.



2018 • Imexpharm finished construction and validation for Vinh Loc high technology antibiotics plant. This factory was approved for EU-GMP certification in Jan, 2019 and commercially operated in second quarter of 2019.



2019 • Imexpharm was successfully re-certified the company's first EU-GMP factory in Binh Duong.

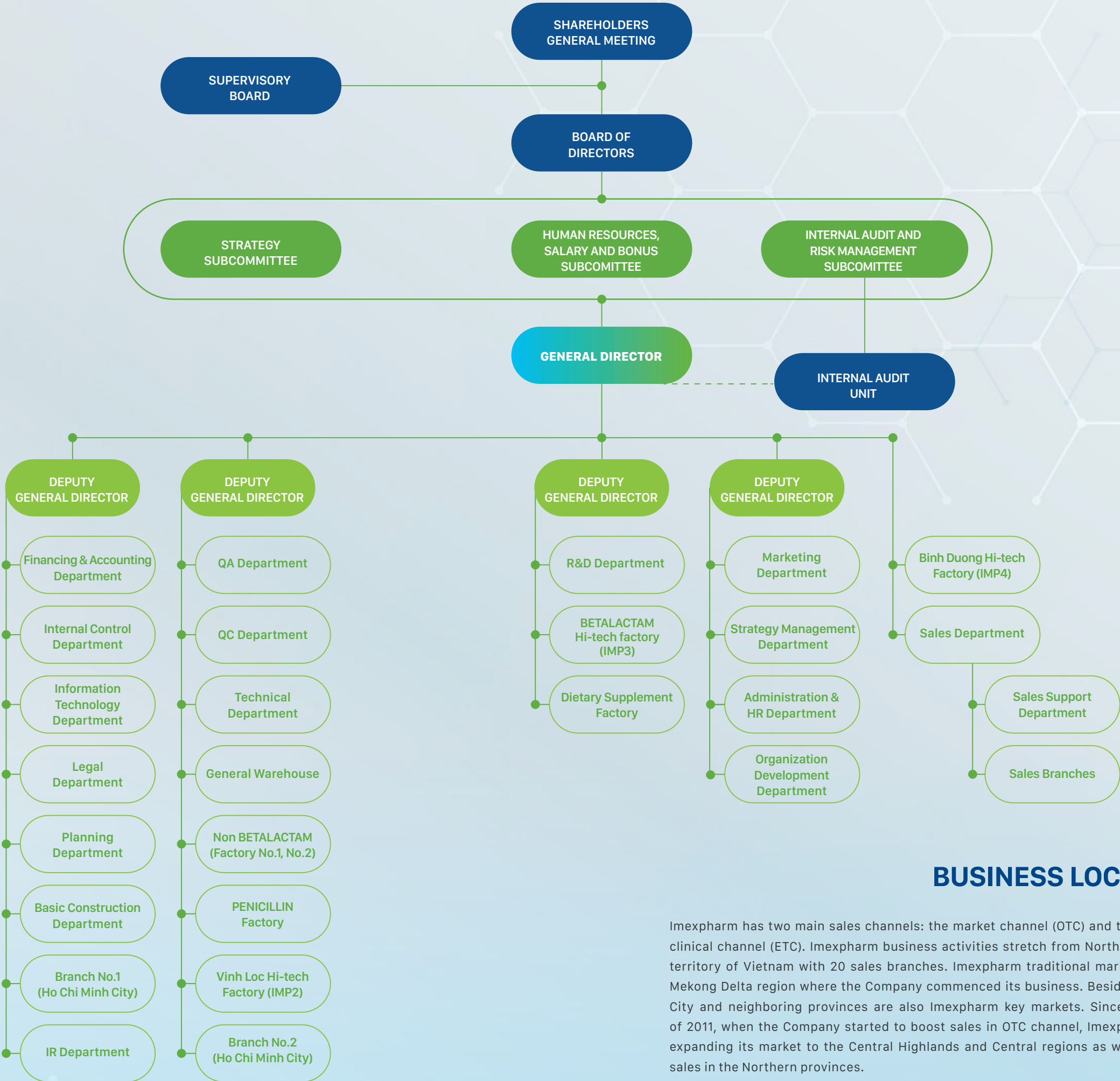


ORGANIZATION STRUCTURE

Imexpharm is a listed company. The Company's organizational chart is in harmony with its business model:

Imexpharm is organized in the form of public company with the highest authority being the General Meeting of Shareholders, then the Board of Directors and the Board of Management. Supervisory Board is responsible for monitoring the Company's operation. The Board of Management comprises of: the General Director, Deputy General Directors in charge of productions, Deputy General Manager of Finance Division and Deputy General Director being responsible for administration. The sales and sales support branches are directly managed by the General Director. The General Director will personally manage the business activities and monitor each sales branch in order to improve the efficiency of management and administration.

This organizational structure is considered to be harmonious and suitable with Imexpharm's business environment, helping the Company to promote the existing potentials and exploit the domestic market effectively.



BUSINESS LOCATIONS

Imexpharm has two main sales channels: the market channel (OTC) and the hospital and clinical channel (ETC). Imexpharm business activities stretch from North to South in the territory of Vietnam with 20 sales branches. Imexpharm traditional market remains the Mekong Delta region where the Company commenced its business. Besides, Ho Chi Minh City and neighboring provinces are also Imexpharm key markets. Since the beginning of 2011, when the Company started to boost sales in OTC channel, Imexpharm has been expanding its market to the Central Highlands and Central regions as well as stimulate sales in the Northern provinces.

INTEGRITY AND COMPLIANCE

IMEXPHARM

As a health care business, Imexpharm always considers integrity in all its operations. In 2020, Imexpharm issued a Code of Conduct to avocate all Imexpharm employees to act appropriately and honestly in business circumstances as well as in daily internal communication within the Company.

A transparent culture is also one of the factors that Imexpharm aims to develop. Imexpharm has considered transparency as the basis to promote integrity within the Company, and transparency is the key to earn stakeholders' trust in Imexpharm.



ACHIVEMENT IN THE PATH OF TEN YEARS (2011-2020)

IMEXPHARM - LOOKING BACK ON THE DEVELOPMENT PATH

Imexpharm has experienced a decade with full of ups and downs, challenges and opportunities that have accompanied the evolution of the Vietnamese economy. Over the past 10 years, Imexpharm has grown continuously and become one of the leading pharmaceutical enterprises in Vietnam. Imexpharm every single step has been carried out firmly through the methodical investment in product quality, human resources and the management systems. In addition, Imexpharm also faces certain difficulties in implementing its strategies due to the influence of the macro situation as well as the lack of clear legal corridors. However, the Company bravely invested and took full advantage of opportunities to rise up and assert itself. Not only in the past 10 years, Imexpharm has achieved many successes in its development path, which have been recognized from the perspective of authorities, customers and financial markets. Awards that Imexpharm has received include:





- 

Labor Hero, awarded by the President of the Socialist Republic of Vietnam in 2006
- 

ISO Gold Cup, awarded by the Ministry of Science and Technology in 2006
- 

Certificate of High Quality Product of Vietnam, awarded by Saigon Marketing Newspaper in 2007
- 

Third-Class Independence Medal, awarded by the President of the Socialist Republic of Vietnam in 2008
- 

Certificate of Merit for significant contribution to the program "For Development of tomorrow" of Tuoi Tre News, awarded by the People's Committee of Ho Chi Minh City from 1988 to 2008 consecutively
- 

Certificate of Excellence for implementation of GPP principle and standard for pharmacies for the hospital block in Ho Chi Minh City, awarded by the Director of the Department of Health of Ho Chi Minh City in 2009
- 

Leader Flag of the Emulation Movement in 2008, awarded by the President of the Socialist Republic of Vietnam
- 

AWARDS certificates and cups include "Vietnam Leading Joint Stock Company" in 2008, "50 Best Vietnamese Listed Companies" in 2009 and "Reputable Stock Brand Name" in 2008, 2009 and 2010
- 

Cup of "Top 100 Reputable Brand Names of Vietnam" in 2014, 10th time, awarded by the Vietnam Union of Science and Technology
- 

Certificate of Corporation Competitiveness Index, "Top Brands 2014", awarded via Global GTA Vietnam by Inter Conformity Certification Organization, Federal Republic of Germany.
- 

Ho Chi Minh City Stock Exchange and Vietnam Investment Review award: "Top 10 best Annual Report of mid cap listed company group"
- 

"Top 3 Best Annual Reports Awards in 2018, First Prize of Corporate Governance Awards for the medium-sized enterprise category in 2018"
- 

"Top 10 Best Annual Reports Awards in 2014, 2015, Presentation, Trustworthiness and Sufficiency of the Sustainability Report Awards"
- 

"Top 30 Best Annual Reports Awards in 2012, 2013"
- 

"Top 50 Best Annual Reports Awards in 2011"
- 

"Star of Vietnam's Medicine", awarded by the Ministry of Health in 2014, 2015
- 

In 2016-2019, Imexpharm was honored to be in the top 100 sustainable enterprises of Vietnam. This award was given by Vietnam Chamber of Commerce and Industry -VCCI to honor businesses that promote sustainable development in economic, social and environmental terms.



IMEXPHARM - STRONG AND PERSEVERING TO OVERCOME GLOBAL CHALLENGES 2020

Global challenges have put every nation, race, organization, and individual in an unprecedented position together with extremely difficult governance decisions, which one might think about the year of 2020. At Imexpharm, the Company recognized positive and negative sides in the previous year. In the fluctuated situation, Imexpharm has also achieved certain successes in 2020. The accomplishment in 2020 can be listed as follows:

01

BEING ACCREDITED WHO-GMP FOR DIETARY SUPPLEMENT FACTORY

On October 27 2020, Imexpharm was accredited the Certificate of Good Manufacturing Practices by the Food Safety Agency under the Ministry of Health for the Dietary Supplement Factory. This factory was built at Imexpharm Headquarter - Cao Lanh City. The presence of the plant will help the Company increase the number of products presenting in the market, strengthen the brand awareness of Imexpharm, and supplement more products that the Company currently lacks to diversify its portfolios to meet the market demand, especially the OTC channel. In addition, Imexpharm also invested in a pharmaceutical line to produce herbal products that could be leveraged for bidding.

03

BECOME A STRATEGIC PARTNER OF THE SK GROUP

In May 2020, SK Investment Vina III, a subsidiary of SK Group, from South Korea, completed the purchase of shares from the Dragon Capital group and other investment funds to become a strategic shareholder of Imexpharm. As of 31 Dec 2020, SK is the shareholder with the highest ownership rate of Imexpharm shares at 24.02%.

APPROVED A EUROPEAN VISA FOR CEPHALEXIN 500MG PRODUCT

This is the second product to be granted a European visa after Imextoxim 1g. After being approved by the Spanish Drug Administration in August 2020, on October 29, 2020, the Ministry of Health of Vietnam officially announced this product was eligible to be bided in the group 1 of generic drugs. Obtaining a European visa for Cephalexin products once again affirms Imexpharm strategy towards high-end market segments, while also opens up export prospects for the Company.

02

DEDICATION AWARD FOR THE STOCK MARKET

In 2020, HOSE and the State Securities Commission celebrated the 20th anniversary of Vietnam Stock market. Over the past 20 years, the ups and downs of the times, and through the global financial and economic crises, the Vietnamese stock market has proven to be one of the most significant fund raising channels. Imexpharm was honored to receive the Certificate of Merit from the State Securities Commission for its practical contributions to the construction and development of the stock market in the period 2015-2020, and the Campaign Medal for 20th Anniversary of the Stock Market awarded by Ho Chi Minh City Stock Exchange. Although these contributions are intangible, Imexpharm is proud to give a small brick to the foundation of the stock market development. In the coming period, the Company will enhance corporate governance, actively dedicate to the general development of the stock market, and spread transparent messages to build this market more strongly.

04



In addition to the above achievements Imexpharm was honored to receive many great awards from different agencies and organizations in 2020:

TOP 100 VIETNAM SUSTAINABLE ENTERPRISES 2020



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. In 2020, 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 fully undertake its corporate social responsibility.

Forbes Magazine is a well-known business magazine based in the US. Forbes readers are businessmen being interested in the growth of the industry and financial markets. In 2020, Forbes has honored 50 listed companies with the best business results in Vietnam for the 8th time. According to Forbes, in the context of the global Covid-19 outbreak, this was not the perfect time to publish the list. However, in addition to the evaluation criteria of 2019 business results, Forbes also focuses on the aspects of sustainable development, the ability of enterprises to exploit the domestic market to create a great resilience once the pandemic is controlled, the awards also reflect the business circumstances of the companies although most of them are affected by the pandemic. 2020 is the first year that Imexpharm Corporation is awarded as one of the 50 best listed companies with best business results in Vietnam. This is a worthy reward for the efforts of the entire Imexpharm team, who for many years have persisted with the investment policy for quality, been towards sustainable development, continuously improved corporate governance and actively contributed to the community.

TOP 50 BEST LISTED COMPANIES AWARDED BY FORBES



TOP 10 BEST ANNUAL REPORTS AWARDS



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 companies in Vietnam. Despite more and more rigorous rating criterion, Imexpharm still won such an award.

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

Despite many fluctuations due to outside influences, Imexpharm in 2020 has completed the theme "Strong internal forces" in the 5-year journey "Leading Aspiration" with many outstanding achievements being worthy of respect and pride.



ALWAYS AIMING TO SUSTAINABLE DEVELOPMENT

Sustainable development at Imexpharm Corporation

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Stakeholders of Imexpharm's operations

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Strategic risk assessment

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SUSTAINABLE DEVELOPMENTS AT IMEXPHARM



At Imexpharm, sustainable development is always concentrated. The Company continuously establishes strategies on the basis of harmony with stakeholders and community benefits. Although the main purpose of businesses is to generate profits and maintain production continuity and, Imexpharm also identifies it as a top goal, the Company is achieving this objective with the slogan "1,000 years later, lotus still blooms", which means that each step of Imexpharm must be carried out firmly, even if the process may be slow, the Company always creates sustainable progress and mitigate the erosion of future values. Imexpharm's Chairman of the Board of Directors is the person who directly manages and leads the Sustainable Development Committee of the Company. Therefore, sustainable development activities are always promoted at Imexpharm. In addition, the Deputy General Directors in charge of production and strategy are also key members of the Sustainable Development Committee, thanks to these appointments, Imexpharm's activities will follow the company's sustainable strategies. In particular, Imexpharm's Board of Management, led by Pharmacist Tran Thi Dao, always recognizes that business development must be assessed in many aspects and Ms. Dao is also a pioneer in delivering corporate social responsibility.

First of all, Imexpharm must be a sustainable home for nearly 1,300 officers and employees to feel safe to work. The next objective is Imexpharm's contribution to the domestic pharmaceutical industry, Imexpharm always aims to be a leader in the domestic pharmaceutical industry so that Vietnamese consumers can use high quality products created by a Vietnamese brand. For many years, Imexpharm has been the main sponsor of many scholarship programs and social activities. Currently, sustainable development activities follow the guidelines of the Global Reporting Initiative (GRI) as well as the Sustainable Development Index of the Vietnam Chamber of Commerce and Industry (VCCI). Sustainable development issues and promoting gender equality in the working environment are always discussed at Imexpharm Sustainable Development Committee.

Imexpharm's sustainable development is dominated by many factors from macro ones to the development directions of Vietnam's pharmaceutical industry and the United Nations' Sustainable Development Goals associated with the Company's context.

Initially, external macro factors are generally favorable for the Company's growth.



THE POLITICAL REGIME

Vietnamese society has a stable political system, and Vietnamese people love peace, which is a very favorable environment for enterprises to do business. In particular, Imexpharm is a company from Dong Thap province, one of the places holding the highest provincial competitiveness in Vietnam. In 2019, Dong Thap held the 2nd position out of 63 provinces. The province where Imexpharm is headquartered has been leading in terms of competitiveness index for 12 consecutive years. Besides, according to the published assessment in 2020, Dong Thap has been ranked first by enterprises in the country in relation to fair business environment for 2 consecutive years. The attention of the leaders at Dong Thap and at the central level of Vietnam is also seen as an advantageous condition for corporates and creating an open mechanism to promote international cooperation.

Vietnam's tax policies are kept stable over the years. Businesses are also encouraged to invest in infrastructure and enjoy tax incentives. However, there are still many problems that need to be resolved between government agencies, departments and enterprises in order to optimize the resources of businesses. Regarding the pharmaceutical industry's policies, in recent years there has been an adjustment direction to support the development of domestic pharmaceutical enterprises in order to build an autonomous, dynamic and well-served industry for the Vietnamese people. However, businesses still need a stronger legal corridor to implement appropriate strategies that are aligned with their internal situation and the general development trend.



TECHNOLOGY

Thanks to the development of information technology, Vietnam has accessed most of advanced technologies in the world, but only at the level of technology recipients. The investment to develop science and technology is still limited due to the lack of capital and high qualified human resources.

Today, because of the rapid transmit of information through online magazines and social networks, the products would become outdated faster than ever before. Besides, operations, especially sales and marketing activities, have been witnessing many changes in the trend of implementing more digital technologies to business activities. The explosion of e-commerce in the last 10 years has led to a lot of changes in the consumers' behaviors as well as the channels to approach customers of enterprises.

The 4.0 revolution has begun and digital transformation has been carried out in many countries. People also become familiar with the application of advanced technologies in their daily life and the world becomes flatter. Psychology and consumer's behaviors are more dominated by the crowd factor through social networks. Cross-border communication thanks to the Internet has been more and more popular, therefore, far distance is not a serious issue and many advantages have been created for international business activities. However, investing in technology is always very expensive, comes with many risks and requires the supports of stakeholders including: investors, authorities, along with the willingness to accept products from consumers.

THE ECONOMIC SITUATION

Vietnam's economy emerges as a bright spot in 2020 although the world economy's circumstance has been facing many difficulties. Vietnam in recent years has been a country with high economic growth rate in the world. Vietnam's economic reform has recorded achievements in many perspectives. Vietnam's Gross Domestic Product is constantly increasing, GDP per capita in 2020 according to the IMF is estimated at USD 3,500. Foreign direct investment (FDI) has continuously increased. Inflation and interest rates are also well controlled by the Government, which creates a steady macro environment. The average income of Vietnamese people is increasing year by year, and their lives are improved day by day. Spending on essential goods gradually rises together with income so pharmaceutical businesses can exploit the market to accelerate growth rate. On the other hand, the development of international cooperation and the attraction of foreign investment have been boosting more and more extensive merger and acquisition activities, which forms many challenges for domestic enterprises of Vietnam.

THE SOCIETY

Vietnam is in a period of golden population, the labor force is abundant, which is very advantageous for companies operating in the manufacturing sector. The Vietnamese market with a population of nearly 97.3 million (Source: United Nation Fund Population Agency) is fertile land for enterprises specializing in consumer and essential goods. In addition, Vietnam's population has been experiencing a fast aging rate, and there are more and more people facing with the diseases. All of these matters contribute to make Vietnam's pharmaceutical market quite attractive. However, domestic businesses also encounter many obstacles when the majority of the population has a foreign preference and prefer products originating from developed countries such as Europe and America. In recent years, the intellectual level of the people has been enhanced, Vietnamese people have started to pay attention to quality domestic products at prices being affordable with their budget. However, Vietnamese society still witnesses a growing gap between the rich and the poor and a wealth disparity between regions, between urban and rural areas. The literacy level of the population is being improved day by day, but in the remote and border areas and islands, the intellectual standard is still lower than the average level of the whole population.

THE PHARMACEUTICAL INDUSTRY

Imexpharm produces and sells its products in pharmaceutical industry. Imexpharm's activities are governed by the Vietnamese pharmaceutical industry's policies. Regulations on the pharmaceutical industry in recent years have been continuously improved in a positive tendency to help domestic pharmaceutical enterprises grow to keep up with foreign enterprises. However, there are some existing policies that need to be amended.

Domestic pharmaceutical companies mainly operate in manufacturing generics with low value-added content, mostly stop at importing materials from overseas and producing common medicines. The production of high quality medicinal products is still limited, and very few pharmaceutical companies are bravely investing in top pharmaceutical standards such as the US FDA or EU-GMP.

Supporting industries for Vietnam's pharmaceutical industry are very weak. More than 90% of raw materials must be imported from foreign countries, especially China and India. Vietnamese pharmaceutical enterprises rely heavily on imported ingredients. Besides, the pharmaceutical preparation technologies as well as research and development of products in the industry are constrained. Enterprises are not confident enough to invest in research and development due to their insufficient financial foundations, and their human resources being not qualified to catch the further steps.



TANGIBLE RESOURCE

At present, Imexpharm is proud to own factories possessing the highest number of EU-GMP production lines in Vietnam, which can keep pace with the advanced plants in the world. Products fabricated from these facilities have high value and are eligible to attend biddings in group 1 and group 2 of generics as well as able to directly compete with foreign pharmaceutical corporations. The Company has a transparent financial management system which is assisted by many modern management tools such as SAP-ERP, DMS and BSC. Imexpharm's equity has been steadily increasing over the years and the Company's profit has been growing. Currently, Imexpharm's financial leverage is very low, the Company mainly uses proceeds from share issuance and retained earnings to finance its business operations. Therefore, Imexpharm can seek to fund its projects in many channels in the future.

INTANGIBLE RESOURCES

Imexpharm has always been a strong brand name in the Vietnamese pharmaceutical industry. Furthermore, The Company is rewarded as a sustainable Vietnamese enterprise for many consecutive years, and Imexpharm has devoted to the development of the national medical and pharmaceutical industry. Imexpharm's products are widely known by the specialists and the medical community. Moreover, the brand of Imexpharm has been strengthened and developed. Imexpharm leaderships are professional, knowledgeable in the pharmaceutical industry and have many contributions to the development of this sector. The Company has nearly 1,300 employees, mainly operating in the field of production and sales. Imexpharm team is trained in a dynamic and professional style. Imexpharm human resources are developed in the form of inheritance with the motto of continuation, learning the achievements of their predecessors.

CORE VALUE

Imexpharm capability is expressed by the quality of products and services that the Company offers to the community. Imexpharm has always been a pioneer in quality improvement following the world's advanced standards. Concurrently, the Company also maintains transparent corporate governance, which is trusted by shareholders, investors, customers, partners, employees and the community. Hence, effective governance is also Imexpharm core value.



STAKEHOLDERS IN IMEXPHARM'S OPERATIONS

During the operations, Imexpharm identifies key stakeholders including: customers, suppliers, local communities, shareholders, credit partners and the Company employees.



CUSTOMERS

Imexpharm's key customers are distribution enterprises, pharmacies, hospitals and clinics nationwide. The Company's end users, however, are the patients.

Expectation of stakeholders:

- High quality medicine to ensure high effectiveness of treatment.
- The price is in align with the budget.
- Good sales policies and customer care services.

Actions of Imexpharm:

- Invest in factories meeting advanced standards such as EU-GMP to improve product quality.
- Enhance production and management capacity to compete with foreign medicines in order to realize the dream of Vietnamese people using Vietnamese medicines with superior quality.
- Building a professional sales team, and specialized customer care services according to customer orientation principle.



SUPPLIERS

Imexpharm's main suppliers are mainly domestic and foreign vendors providing pharmaceutical and packaging materials. In addition, Imexpharm also uses consulting services for production and business activities of the Company.

Expectation of stakeholders:

- Fair policies and treat equally for all suppliers and publicly disclose the bidding process.
- Sufficient and timely payment
- Discuss with suppliers about problems arisen to help them improve the quality of products or services.

Actions of Imexpharm:

- Imexpharm has an open and transparent bidding policy to ensure that suppliers can participate and compete fairly.
- Imexpharm always keeps a low-risk appetite, a stable and solid financial foundation, so Imexpharm's credit history with suppliers is very good.
- Imexpharm has a team specializing in inspecting suppliers to ensure that raw materials meet the standards set by the Company, through this evaluation, Imexpharm team meets and discusses with suppliers to have prompt feedback from vendors about product and service quality.



LOCAL COMMUNITY

The local community is directly involved in all Imexpharm activities. The Company has factories located in many places, the Company's activities will affect the living environment as well as the quality of life of local people.

Expectation of stakeholders:

- From the perspective of the local government, Imexpharm is expected to perform its business effectively in order to contribute more and more to the state budget.
- The residents around the factories always wish a healthy living environment, the Company's production activities must be fully responsible.
- The local community always expects enterprises to increase their social responsibility and actively contribute to community development.

Actions of Imexpharm:

- Imexpharm always fulfills its obligations to contribute to the state budget, in case of errors in carrying out the tax obligations, the Company always has a provision in the Development Investment Fund to settle the problem related to the difference in tax amounts between the calculation of the Company and the State agency.
- Imexpharm applies responsible production, protects the environment and maintains a green, clean and beautiful landscape for the community.
- For many years, Imexpharm has been distributing budget to study and talent promotion fund, disaster relief and assist poor patients.



CREDIT ORGANIZATIONS

In recent years, due to the need to build and operate EU-GMP factories, Imexpharm has established partnerships with commercial banks to meet the demand on capitals. In particular, in 2020, Imexpharm officially becomes a client of the Asian Development Bank-ADB.

Expectation of stakeholders:

- Fully comply with the obligations in the Facility Agreements.
- Running business effectively, pay interest and repay principals on time.
- Implementing development goals, bringing benefits to the community.

Actions of Imexpharm:

- Imexpharm fulfills obligations under the Facility Agreements.
- The Company always maintains a safe cash flow management and ensures timely payments to the banks.
- Imexpharm actively promotes sustainable development activities beside economic benefits, more efforts will be strived to promote gender equality within the Company and comprehensive human development.



SHAREHOLDERS, INVESTORS

Imexpharm has shareholders who are Vietnamese individual or organization investors accounting for 51%, of which the largest ownership is the Vietnam Pharmaceutical Corporation – a Joint Stock Company. Foreign investors possess 49% of Imexpharm outstanding shares. Among them, in 2020, Imexpharm welcomed the foreign strategic shareholder to invest in the Company, SK Conglomerate from South Korea.

Expectation of stakeholders:

- The shareholders of the Company always hope Imexpharm grows well year over year and creates more and more jobs, contributing to the overall development of the economy.
- In addition, Shareholders wish a stable dividend policy and balance the existing interests of the shareholders and the ability of the Company to reinvest in new projects.
- Furthermore, Imexpharm shareholders also expect to build Imexpharm's image and brand. Investing in a reputable company, a leading pharmaceutical company in Vietnam is the honor of shareholders, thereby the reputation of shareholders and investors on the stock market has been enhanced.
- Shareholders also desire to be treated fairly and raise their voice based on the number of shares owned for significant activities of the Company.

Actions of Imexpharm:

- Imexpharm has an appropriate development strategy and orientation, so the Company's business has been growing well over the past years. Imexpharm's production activities are continuously being expanded, more jobs are created every year, making a positive contribution to the the local economy's growth.
- Imexpharm always balances the dividend policy to harmonize the medium and long-term goals of the Company and the interests of shareholders. In recent years, Imexpharm has always kept a dividend of 20% of its charter capital (including cash dividends and stock dividends).
- Imexpharm's brand name has always been voted as one of the strongest brands in the domestic pharmaceutical industry, especially Imexpharm is the local pharmaceutical company that owns the most drug production lines accredited EU-GMP in Viet Nam.
- Imexpharm has a transparent information disclosure policy that fully complies with information disclosure laws and regulations of the State. The Company has also issued a Code of Conduct, which highlights the rights of shareholders including the right to be treated equally and all Imexpharm members will strictly obey these rules.



IMEXPHARM'S EMPLOYEES

Imexpharm's employees are all Vietnamese citizens. Due to the fact that Imexpharm has business operations throughout the territory of Vietnam, Staff of the Company are from different regions, but mainly Imexpharm's employees are staying in the area where the Company's factories are located, including Ho Chi Minh City, Binh Duong and the headquarter – Cao Lanh city, Dong Thap.

Expectation of stakeholders:

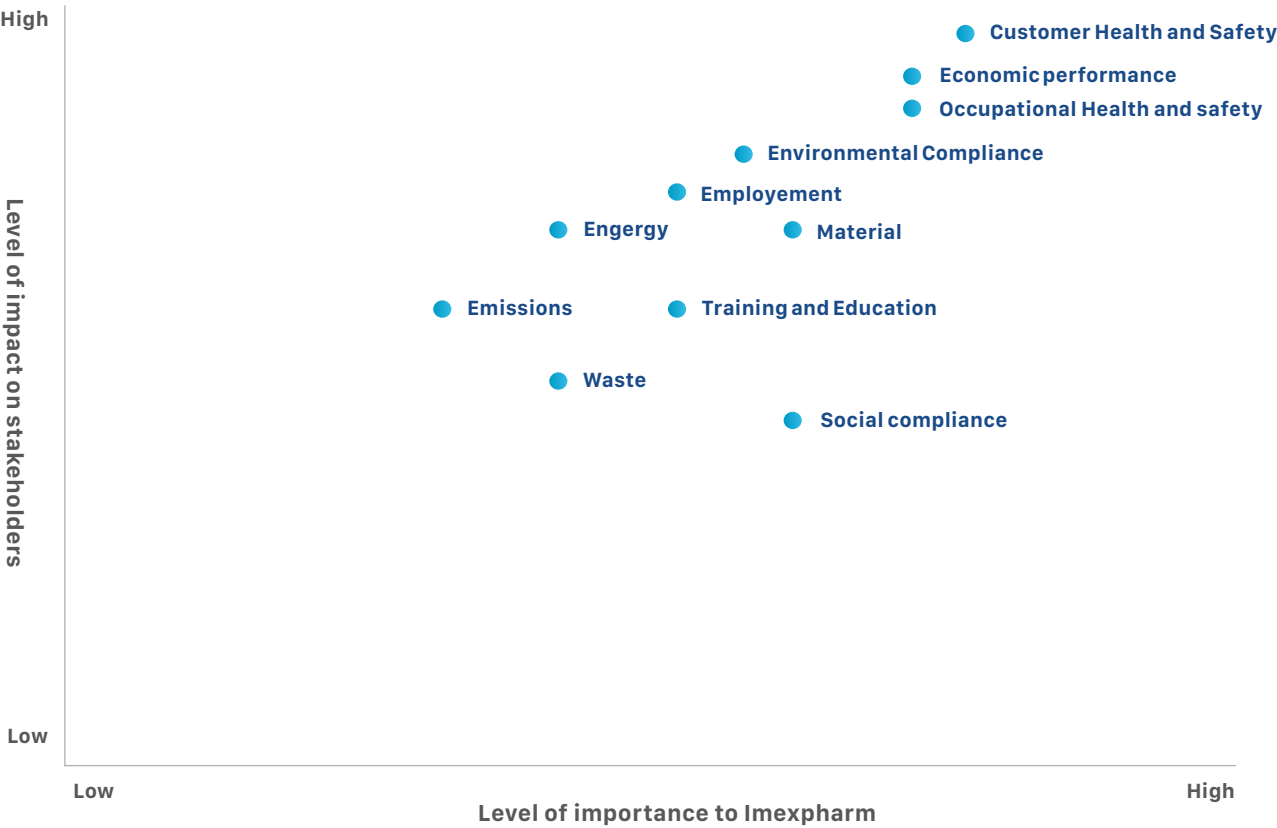
- Imexpharm employees firstly wish a safe working environment, so that each can work with peace of mind.
- The members of the Imexpharm home also need a competitive remuneration policy, a dynamic and fair working environment so that each can maximize their capacity.
- The spiritual life is very significant as well, the employees also need to be shared, cared by the Company and organized entertainment activities and trips to have a happy life as well as increase employees' engagement with the Company.
- In addition, employees are also interested in training and promoting talented people policies.

Actions of Imexpharm:

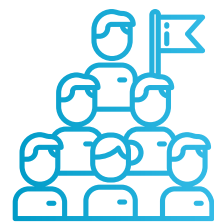
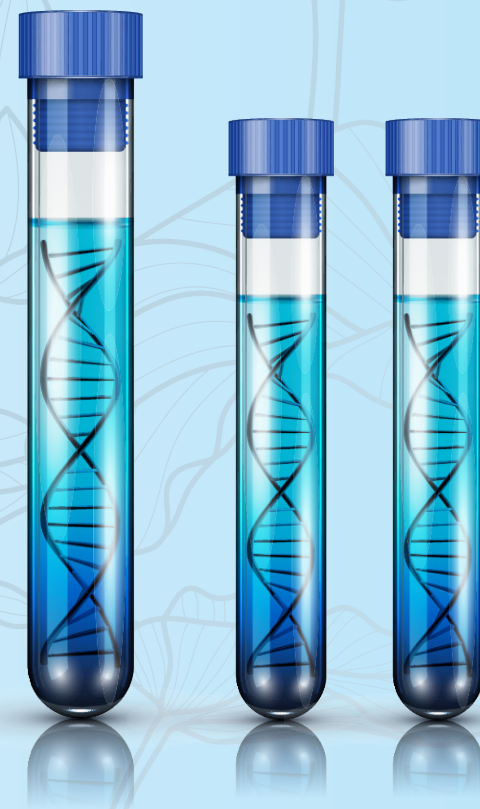
- Imexpharm fully complies with the provisions of the law on occupational health and safety for employees, the Company is also fully equipped with labor protection tools.
- Imexpharm seriously implements the collective labor agreement. Besides, the Human resources, Salary and Bonus Subcommittee under the Board of Directors is in charge of remuneration issues in the Company to ensure fairness and transparency.
- Imexpharm distributes to Bonus and Welfare fund from annual profit after tax to maintain activities caring for employees' mental health.
- Imexpharm has a Human Resources Development department in charge of the Company's recruitment and training issues. Each Imexpharm employee is trained internally and externally.
- Imexpharm always fulfills its obligations to contribute to the State budget, in case of errors in carrying out the tax obligations, the Company always has a provision in the Development Investment Fund to settle the problem relating to the difference in tax amounts between the calculation of the Company and the State agency.
- Imexpharm applies responsible production, protects the environment and maintains a green, clean and beautiful landscape for the community.
- For many years, Imexpharm has been distributing budget to study and talent promotion fund, disaster relief and assist for poor patients.

MATRIX OF MATERIAL ISSUES

After gathering information from stakeholders and Imexpharm's responses. The Company based on GRI standards to propose a matrix of material issues as follows:



Imexpharm's Sustainable Development Goals follow the 5 "P" elements of 17 Sustainable Development Goals set by the United Nations:



People

Mankind is the center of all activities. Any government or a business wishes to improve the quality of life for every citizen as well as every employee. Originating from that general goal, Imexpharm bases on 17 Sustainable Development Goals of the United Nations to define comprehensive human development strategies within the Company. Firstly, each Imexpharm employee will be working in a safe environment and the Company commits to maintain decent jobs and stable income for employees to take care of their material issues, thereby having a better and happier life. In addition, the development

of employees and making each individual's life more beautiful with the motto that tomorrow will be better than today, are also Imexpharm's objectives. Therefore, education and training is concentrated and developed in many different forms within the Company. Training, positive learning and practicing must be done for a lifetime, the Company's productivity can be only increased when the professional level of each individual is improved. Thus, it is thought that each staff member has to be fostered so that they are more and more professional and have good ethical qualities to contribute to build a strong community.



Prosperity

Imexpharm aims to perform responsible business and production to generate higher and higher income, enhance employees' lives and contribute more and more to the local State budget. Thereby, each person's life will be improved and the society will develop more prosperously. Furthermore, besides physical life, living environment and spiritual factors have to be concentrated to improve. As a pharmaceutical manufacturer, Imexpharm always pays attention to the product quality and effectiveness of treatment to help patients recover better and bring happiness to their beloved ones.



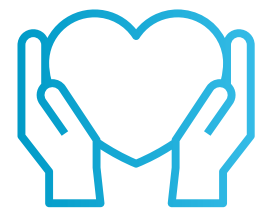
Partnership

Imexpharm implements deep and wide cooperation with partners including suppliers, investors, and enterprises inside and outside the pharmaceutical industry to accomplish the mission of "providing high effective solutions for public health". In 2020, Imexpharm promotes international cooperation through welcome a strategic investor, a conglomerate-SK group from South Korea. Then, the Company was approved by ADB for a loan of \$ 8 million to meet the demand of maintain production of essential medicines continuity for the community.



Planet

Environmentally friendly manufacture is what Imexpharm aims to so the Company always practices economical production, combats waste and preserves the landscape around the factory areas to prosperously develop with the local community. Following the motto "1,000 years later, lotus still blooms", the Company always operates sustainably and protects the living environment for the next generations.



Peace

Peace in Imexpharm's perception is firstly the peace for each individual and then the whole community. The Company strives to collaborate with the Government to perform beneficial works that bring peace and happiness to more and more people.

SUSTAINABLE GOALS OF IMEXPHARM

Among the 17 sustainable development goals proposed by the United Nations for the 2030 Agenda. Imexpharm bases on the business situation as well as the context of sustainable development as a guidance for making the Company’s strategies



GOOD HEALTH, HAPPY LIFE

Firstly, the Company creates a safe working environment for each Imexpharm employee and encourages physical training to improve labor productivity. Next, Imexpharm untirely takes care of the employees towards a more prosperous and richer life. Besides, as a pharmaceutical enterprise, Imexpharm is committed to provide high solutions for public health. Medicines produced by Imexpharm are highly effective in treatment and contributes to enhance health for everybody.



QUALIFIED EDUCATION

Education is the most significant issue for each country. Education is a foundation to boost development. Within the Company, education and training work must be done regularly and continuously. Skills trainings for employees are combined with the ethic and compliance ones throughout the Company. In addition to education for employees, Imexpharm also sponsors and organizes teacher training programs in the province and grants scholarships for study encouragement and talent promotion in order to assist to build Vietnam education sector.



ECONOMIC GROWTH AND DECENT WORKS

Imexpharm has appropriate development strategies and suitable personnel and remuneration policies to create more and more jobs. The motto of Imexpharm General Director is to always make decisions on the basis of maintaining stable jobs for Imexpharm's employees.



RESPONSIBLE CONSUMPTION AND PRODUCTION

Imexpharm is both a manufacturer and a consumer of products and services. Imexpharm's production management is implemented in compliance with European standards (EU-GMP), thereby creating confidence for consumers and local communities because European standard is one of the most advanced ones in the world due to the fact that this standard sets high quality criteria while also strictly adheres to environmental and safety requirements. Imexpharm builds criteria for supplier evaluation in order to select partners with professional qualifications and ethics to collaborate.

GRI standards have been referred to report material issues that stakeholders wish to focus on.

GRI 201 ECONOMIC PERFORMANCE	GRI 301 MATERIAL	GRI 302 ENERGY	GRI 303 WATER CRITERIA	GRI 305 EMISSIONS	GRI 306 WASTE
GRI 307 ENVIRONMENTAL COMPLIANCE	GRI 401 EMPLOYMENT	GRI 403 OCCUPATIONAL HEALTH AND SAFETY	GRI 404 TRAINING AND EDUCATION	GRI 405 EQUAL OPPORTUNITY AND DIVERSITY	GRI 416 CUSTOMER HEALTH AND SAFETY

Although water criteria (GRI 303) and equal opportunity and diversity (GRI 405) are not considered to be very critical, these topics will also be reported.

17 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND
	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	

STRATEGY RISK ASSESSMENT

Imexpharm operates in the pharmaceutical industry, the safety and human come first. Due to the specific characteristics of the industry and the ethical criteria of doctors, Imexpharm does not expect any risks affecting its business activities. The Company has built its strategies based on risk adverse appetite. Imexpharm limits the use of debt leverage in its business operations, and the Company applies a conservative working capital policy.



Lack of materials risk

In the context of complicated global trends, natural disasters and pandemic, lack of materials is highly possible to happen. If there are insufficient materials to serve production demand, business operations of the Company will be hugely impacted.

Imexpharm assessed that this risk was at high medium level.

Risk management: Imexpharm is maintaining and evaluating inventory level periodically, which is coordinated among sales, procurement and production divisions. Material stocks have to be enough for the Company at least 1 quarter. Besides, the Company usually assesses suppliers to increase the bargaining power as well as have many back-up proposals in the case that key suppliers could not meet the Company's demand for materials.



Product quality risk

Operating in pharmaceutical industry, product quality is sharply significant because it directly impacts on users' health.

Imexpharm evaluates this risk being low, however; if there is problem relating to product quality, the consequences are very critical.

In order to manage the issue related to product quality, Imexpharm established customer service center with contact center operating 24/7 to explain all customers' concerns about Imexpharm products. Besides, the Company has professional quality control and assurance system to ensure that there is no defect from material input to drug output sold to customers. Delivery is fulfilled by Imexpharm staff to assure product quality during the time of transports. Imexpharm partners in distributing the Company's products are usually assessed to comply with quality and storage standards recommended by the Company.



Legal risk in changing circulars and decree in pharmaceutical industry

In current circumstances, changes in tender decree will directly influence to Imexpharm because the Company is determining to ETC market. There are a lot of factors affecting changes in government policies and these issues are out of Imexpharm control.

Risk assessment for Imexpharm is high

To well manage this risk, Imexpharm has to do market research carefully, usually re-structure product portfolios to follow the market and tender trends. On the other hand, the Company keeps investing for quality and enhancing its competitiveness in the playground of many rivals. Expenses are concurrently controlled to stabilize selling prices and increase competitiveness of Imexpharm products.



Human resources risk

High-quality personnel are what Imexpharm needs to maintain stable production and business activities. The shortage of skilled workers will directly affect production and business activities of the Company.

Imexpharm has evaluated human resources risk to be high-medium due to the fact that the key talented employees are experts with strong experiences in Vietnam pharmaceutical industry and the Company has not found the successors that are qualified enough to lead Imexpharm.

Resolutions of Imexpharm to mitigate this risk is to attract talented people by salary, bonus and benefits scheme. Besides, shares are issued under ESOP program for employees attaching with performances to increase employees' engagement. Training, career development and coaching of Management board are usually offered to strengthen the potential successors for Imexpharm.



Product portfolio risk

At present, the issue of antibiotic resistances is happening, World Health Organization (WHO) has alerted the use of antibiotic without prescriptions and encouraged researches in new drug to replace antibiotics in the future. Besides, WHO asks for strictly controlling use of antibiotics.

Antibiotic resistance cannot be overlooked, however; antibiotic invention has been a breakthrough of modern medicines and it takes a lot of time for mankind to find replacement for such a drug. Antibiotic replacement is evaluated as low risk by Imexpharm. Nevertheless, the situation of being strictly controlled is not avoidable and this action will have great impacts on drugstores' revenue.

Hence, on the one hand, Imexpharm is maintaining to develop the key antibiotics products. On the other hand, the Company puts efforts to add more products into portfolios to make them diversified. Besides, Imexpharm pushes tendering in hospitals to compensate for the decrease of OTC. Furthermore, Imexpharm will actively seek export markets and increase investment for research and development to obtain more European visas for its products.



Information system risk

Imexpharm is implementing innovative software for the productions and business operations including ERP-SAP, Distribution Management System and Imexpharm website together with the Company's pages in social networks. These systems contribute to assist business activities performed smoothly, synchronously as well as keep connections among sales, finance and production divisions.

Internet security is very crucial in the epoch of 4.0 revolution, enterprises' data can be attacked in any time and the consequences are very critical. However, in Imexpharm circumstance, a small and medium enterprise, risk level is medium.

To protect and prevent accessing and being attacked by hackers via internet, the Information technology department always follows, checks the whole company system, builds back-up system, timely solves incidents, concurrently communicates with all employees about cautions as well as asks them to not strange messages and immediately inform to IT department once there is doubtful information.

SUSTAINABLE DEVELOPMENT STRATEGIES AND RESULTS IN 2020

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A sustainable house of nearly 1,300 employees	54
Towards equality and fairness in working environment	57
A company investing in quality and safety	58
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Imexpharm always accompanies to develop communities	74





SUSTAINABLE DEVELOPMENT STRATEGIES AND BUSINESS PERFORMANCE IN 2020

SUSTAINABLE DEVELOPMENT STRATEGIES WILL COMPLY WITH EACH SUSTAINABLE DEVELOPMENT GOAL AND ARE MATERIALIZED FOR REPORTING AGAINST IN ALIGN WITH GRI REPORTING STANDARDS.



A LEADING PHARMACEUTICAL ENTERPRISE IN VIETNAM (GRI 201 - ECONOMIC PERFORMANCES)

In order to realize its leading aspiration goal, Imexpharm implements diversified strategies according to short, medium and long-term plans.

Short-term strategy for 2021 includes 2 basic goals of revenue and profit as follows:

CRITERIA (BILLION VND)	VALUE	GROWTH
Total net revenue and other incomes	1,530	10.7%
Profit before tax	290	13.5%

Strategies to the end of 2022 will focus on ensuring stable revenue and profit growth while simultaneously creating a premise for breakthroughs in the coming periods:



Total revenue of Imexpharm by 2022 will account for 2-2.5% market share of the entire Vietnamese pharmaceutical industry.



The compound annual growth rate of profits during the 2018-2022 tenure is about 14.3%.



Strive to reach OTC / ETC revenue structure of 56% / 44% in 2022.



Facilitate a safe, friendly and fair working environment to exploit the potentials of employees at maximum level.



Maintain high dividend policy for shareholders from 15% to 20% / charter capital.



Develop successors to meet the Company's needs for development.



Investment budget for research and development activities makes up 3-5% of revenue. This amount will be saved for researching new products, testing bioequivalence for key products, continuing to equip modern machines and training for R&D human resources.

Economic performance in 2020 is generally assessed to be good in a fluctuated market. Although Imexpharm did not meet the revenue and profit targets set by the General Meeting of Shareholders, the Company has carried out successfully in regard to risk management activities, costs controlling amid uncertainties caused by the pandemic. Imexpharm has been implementing ERP-SAP with eight modules to support business operations, control sales, expenses and liabilities of the Company since 2013. Financial indicators are an important part of the performance evaluation through the Balance Score Card, there are many implications accomplished beside some goals could not be achieved.

INDICATOR (VND MILLION)	2020	2019	% CHANGE	2020 TARGET	% OF 2020 TARGET
Total net revenue and other income	1,382,337	1,420,716	(2.7%)	1,750,000	79.0%
Net revenue	1,369,422	1,402,454	(2.4%)		-
Export turnover	-	505	(100%)		
Revenues from produced goods	1,279,848	1,293,655	(1.1%)		
Revenues from franchises	70,807	95,937	(26.2%)		
Revenues from other goods	18,767	12,358	51.9%		
Financial income and other income	12,916	10,049	28.5%		
Cost of goods sold	822,376	874,535	(6%)		
Gross profit	547,046	527,920	36.2%		
Operation expenses	304,520	343,723	(11.4%)		
Financial expenses	19,620	18,694	4.9%		
Selling expenses	213,143	225,124	(5.3%)		
General administration expenses	71,348	99,753	(28.5%)		
Other expenses	409	176	232%		
Profit Before Tax and Allocation for Science & Technology Development Funds	255,441	222,429	14.8%		
Profit before tax	255,441	202,429	26.2%	260,000	98.2%
Profit after tax	209,697	162,387	29.1%		
Total assets	2,096,455	1,847,174	13.5%		
Owners' equity	1,730,486	1,558,889	11%		
Charter capital	667,054	494,212	35%		
% COGS/Net Revenue	60%	62.3%	(2.3%)		
% Operating Expense/Net Revenue	22.2%	24.5%	(2.3%)		

In general, Imexpharm has operated effectively in 2020 although revenue decreased slightly by 2.7% but profit after tax rose rapidly by over 29%, contributing to making Imexpharm be one of the companies having the highest growth rate among listed pharmaceutical firms.

The investment strategy for quality through the construction of European standard factories (EU-GMP) has been initially effective. Imexpharm is changing its structure from the OTC sales channel to the ETC channel through bidding in group 1,2, which used to be a playground of foreign businesses.

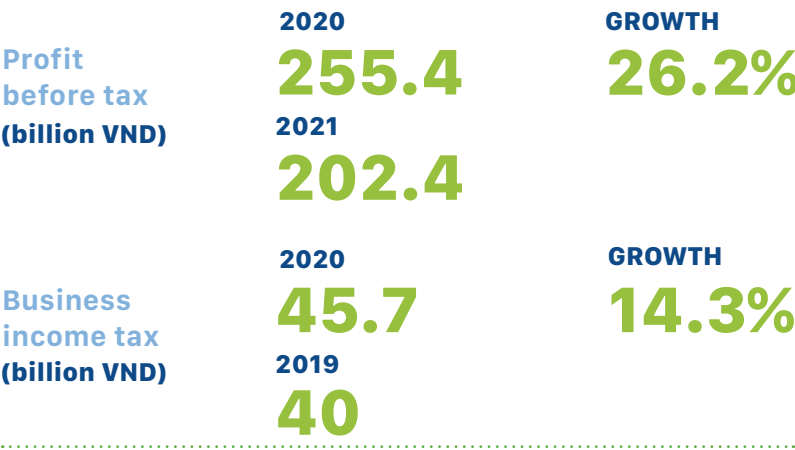
Imexpharm continues investing in research and development and applying visas to export to Europe for its products in 2020. The issuance of a European visa for Cephalixin product is also seen as a step forward for the Company, thereby creating the foundation for other visa applications for other products that Imexpharm submitted the registration packages.

Business and production have been maintained continuously although the Company had to strictly comply with social distancing to prevent the pandemic. The Company has operated factories well and followed the guidelines of WHO and the European Union (EU).

Imexpharm always fulfills all tax obligations to the state. At the end of 2020, Imexpharm received a tax inspection letter from the General Department of Taxation. During the inspection process, the tax authorities discovered that there were some inappropriate tax calculation methods and requested Imexpharm to pay additional taxes into the state budget. Imexpharm has settled the tax payable and pay the additional tax as well as the late payment penalties for the tax authorities. The Company also held a meeting to study about this case in the Accounting and Finance Department to determine the tax payable to the State budget more accurately.

Imexpharm has paid environmental protection tax sufficiently as regulated by Law. The amount of environmental protection tax increased from 39.7 million VND in 2019 to 50.1 million VND in 2020.

Due to the good growth of the Company's pre-tax profit, the corporate income tax also increased by 14.3% compared to the previous year. Every year, the Company makes a distribution to Investment and Development fund for provisions, Imexpharm always fully complies with the regulations of tax law, because the tax calculation method may be different between the Company and Tax authorities but in the spirit of strictly obey laws, the Company will use the Investment and Development fund to pay more to the state budget when the final decision of the tax authority is issued.

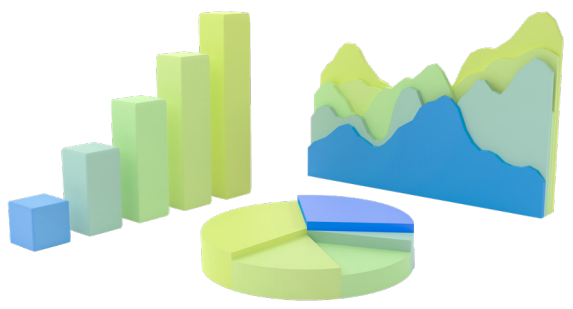
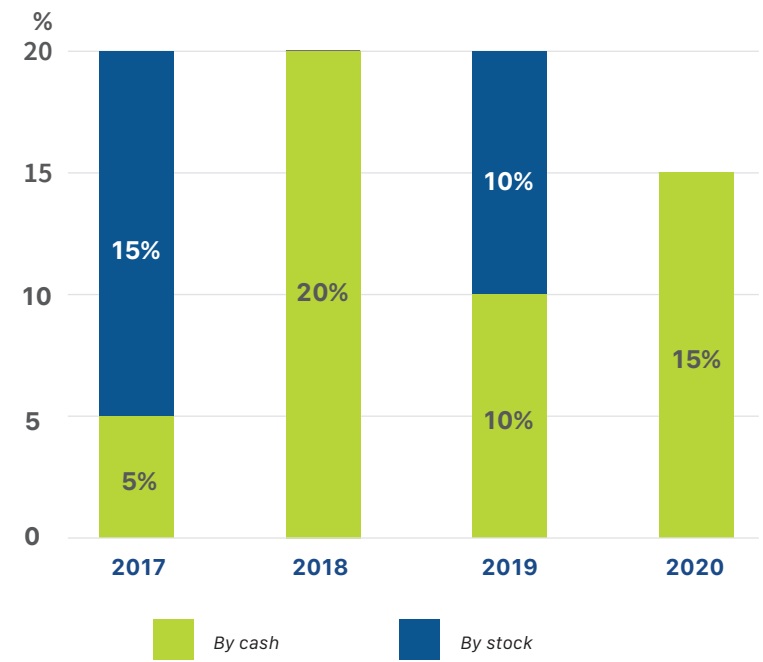


Imexpharm also fulfilled its duty to shareholders through a stable dividend policy, which balances the Company's long-term development goals and receives a high consensus from shareholders.

IMP's dividend is always maintained at 15-20% of its charter capital. Dividends can be paid out in cash or in stock. Dividends for 2019 to be paid in 2020 are 10% in cash and 10% in stocks. Dividends for 2020 are determined based on the company's working capital

needs, 2020 business results and development goals for the coming years. Evaluated on such criteria, the estimated dividend rate for the year is 15% to be paid in cash. Imexpharm is in the process of completing and exploiting factories, the Company's working capital demand has increased rapidly, but Imexpharm always pursues a harmonious strategy for stakeholders and maximizes shareholder benefits. Hence, Imexpharm's current dividend policy is considered to be reasonable.

Ratio of dividend divided by charter capital as follows:
DIVIDEND/CHARTER CAPITAL RATIO 2017-2020



During the struggling periods as well as ups and downs of the Company due to changes in market mechanism, Imexpharm's human resource is the factor that has brought the firm to success, so Imexpharm always maintains a Bonus and Welfare fund to take care of the employees in Imexpharm home. Annually, Imexpharm distributes Bonus and Welfare fund from profit after tax at the rate of 12%.

CRITERIA	ACCUMULATED TO Q4/2020	ACCUMULATED TO Q4/2019	ACCUMULATED TO Q4/2018
Distribution to Bonus and Welfare fund	25,163,625,395	19,486,402,415	16,641,964,995

Imexpharm has been a pioneer in fulfilling insurance obligations for employees for many years, and the Company fully abides by regulations on participating in social insurance and compulsory health insurance for employees. Details of insurance premium paid are shown as below:

NO.	TYPE OF INSURANCE	2020		2019	
		PAID BY THE COMPANY (BILLION VND)	PAID BY EMPLOYEES (BILLION VND)	PAID BY THE COMPANY (BILLION VND)	PAID BY EMPLOYEES (BILLION VND)
1	Social	14.53	6.64	14.53	6.64
2	Medical	2.49	1.25	2.49	1.25
3	Accidental	0.83	0.83	0.83	0.83
TOTAL		17.85	8.72	17.85	8.72

The amount of social insurance payable in 2020 in general did not change in comparison with 2019, Imexpharm identified the threshold of headcount to keep human resources stable in the turmoil 2020; therefore, there was not a big variance in premiums paid of 2019 and 2020.

In addition to labor-related issues and obligations to the State, Imexpharm also actively uses goods produced or distributed by domestic suppliers to contribute to local economic development as well as enhance domestic vendors' competences.

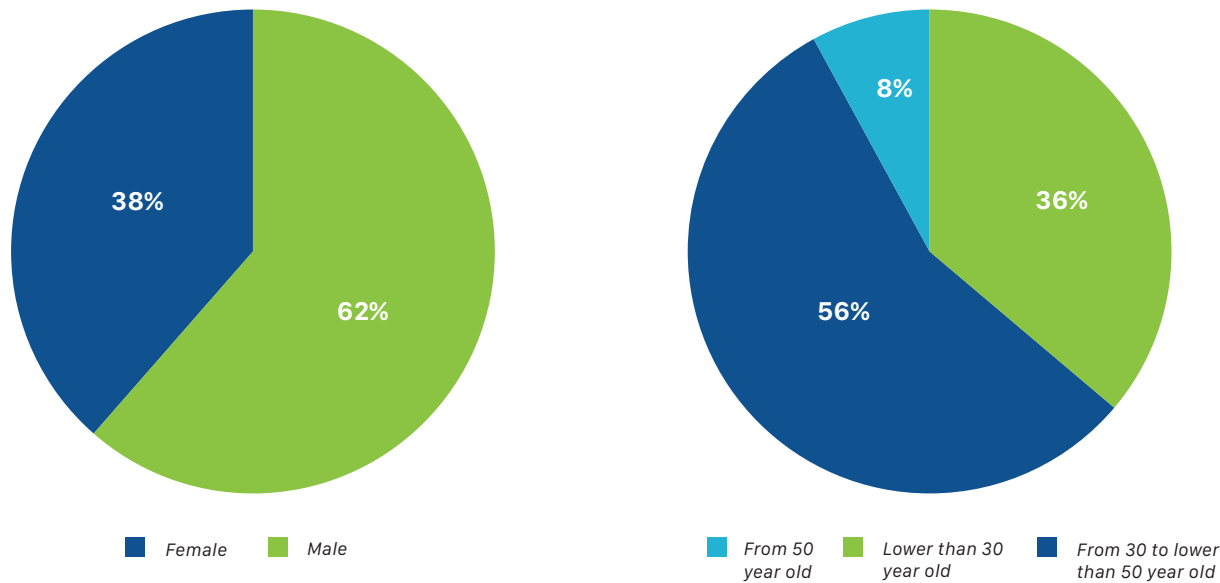
ITEM	2020 (MILLION VND)	2019 (MILLION VND)	GROWTH RATE
Total value of transactions with suppliers for materials, excipients and packages	915,982	784,716	16.7%
<i>In which: Domestic suppliers in Vietnam</i>	474,413	411,803	15.2%
Total outsourcing services	57,890	61,000	-5.1%
<i>In which: services provided by local vendors</i>	57,890	61,000	-5.1%

Due to the increase in packaging materials and excipients, the transaction value with suppliers in 2020 also rose compared to 2019, the amount Imexpharm paid to domestic suppliers accounted for approximately 51% since the Company has to import raw materials from foreign countries. However, Imexpharm always supports to use domestic service providers to develop local enterprises and give a hand in building a sustainable business community.

SUSTAINABLE HOUSE FOR NEARLY 1,300 EMPLOYEES (GRI 401 - EMPLOYMENT)

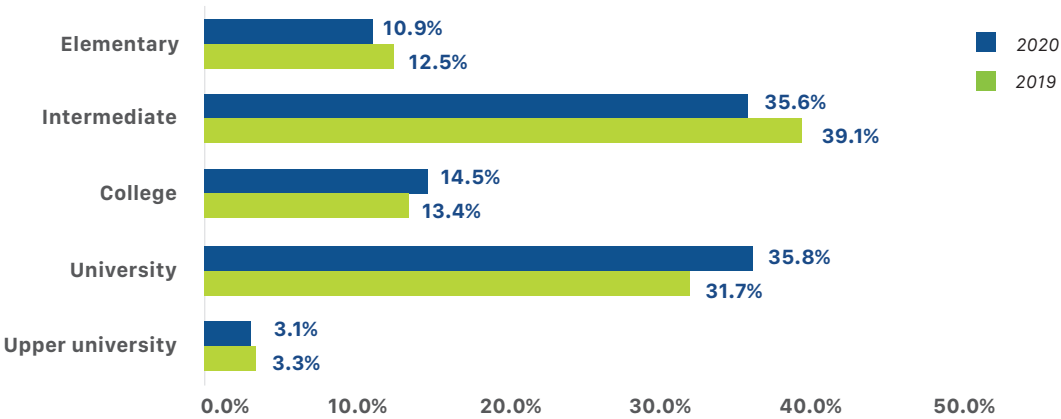
Imexpharm commenced its business as a small pharmaceutical factory in Dong Thap province, but thanks to the effective operations, the Company has gradually expanded its network across Vietnam and currently owns 04 plant clusters and 20 sales branches with a total number of nearly 1,300 employees. Imexpharm's employees come from all parts of Vietnam, but most of them are people of the Dong Thap province because the Company is headquartered and has the two oldest factories in this land, Imexpharm does not discriminate the candidate's background in recruiting process, the Company divides personnel into three main divisions: production, sales and office according

to the specific work of each area. The average number of employees in 2020 of Imexpharm were 1,267 people comprising of 781 male and 486 female. Imexpharm offers equal employment opportunities for male and female employees, however, due to the unique manufacturing industry, some jobs are only suitable for men and female candidates often do not apply for such positions. In terms of personnel structure by age, 30 to 50 year old individuals are the most numerous with 706 people and accounting for 56%; followed by young employees with the age of under 30, making up 36%; the rest of 8% are staff members over 50 year old.



EMPLOYEES RATIO CLASSIFIED BY GENDER AND AGE

Due to the specific characteristics of the manufacturing industry, Imexpharm's staff educational background is diverse, most production workers have intermediate and elementary qualifications. However, nowadays due to the strict requirements of production meeting EU-GMP, the skills of Imexpharm production workers are more demanding than ever before. Thus, Imexpharm's human resources have developed in the direction of increasing the number of workers with college, university or higher degrees.



EMPLOYEES RATIO CLASSIFIED BY EDUCATIONAL BACKGROUND

In 2020, the number of new recruits of Imexpharm was 164 persons, Imexpharm's new employees are mainly medical representatives of sales division and production staff, 70% of new employees joining the Company are male and under 30 year old, Imexpharm is implementing policies of inheritance, training and empowering opportunity for young human resources while there were 205 individuals leaving the Company. Imexpharm's turnover rate has increased by approximately 5% from 11% in 2019 to 16% in 2020. In each case, Imexpharm always has a department to survey employees' opinions about the working environment and causes to quit job. All cases were voluntary resignation and the Company did not recognize any resignation relating to the unfair treatment. Additionally, Imexpharm always fullfils its obligations with employees and, there is no complaint from employees to be recorded.

The number of new and leaving employees is shown as below:

THE YEAR 2020	TOTAL	GENDER		AGE GROUP		
		MALE	FEMALE	< 30	30-50	> 50
Number of new employees	164	115	49	115	49	0
Number of leaving employees	205	140	65	99	89	17



Imexpharm always maintains rewarding and welfare policies to motivate its employees striving at work. 2020 is the year full of fluctuations for all industries and businesses. Hence, labor policies are also mostly affected, Imexpharm in the earlier year has kept a stable salary range for all employees. Additionally, the Company has implemented many outstanding policies to make staff feel safe when working at Imexpharm. These policies can be listed as follows:

- 100% staff and employees receive their salary timely;
- 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 such as 27/2 and Lunar new year; during the previous years the Company also offered bonuses for employees on the occasion of 30/4, 2/9 and solar new year. However, due to uncertainties induced by the pandemic and to balance the Company's financial demand, the policies to give bonus for employees in these days have been paused in 2020.
- Besides, at the end of the year, the Company also has applied a remuneration and promotion scheme based on working ability and work performance evaluations.
- Workers are considered for a pay raise periodically according to the salary and compensation policies.
- Reward innovations and immediate bonus for achieving high performance at work.
- Imexpharm always pays attention to the income level of its employees, ensuring that the income paid at Imexpharm is always competitive with the leading companies in the industry, in order to attract and retain workers, especially the scientific, technical and highly professional staff.
- ESOP for key officers in 2020 with restricted transfer until 2023 has boosted the commitment and dedication of the staff.

Average salary in 2020 was reduced by 10% in comparison with the previous year. In details, average salary dropped from 13.3 million dong/person/month to 11.8 million dong/person/month. The cause of this fall is decreasing in revenue. However, the Company has maintained remuneration policies to keep income of employees stable.

The Company always promotes effective business activities to increase profits to improve income for employees. Imexpharm strives to 2022 that the average income of employees will be 19 million / person / year. However, this target is extremely challenging and depends heavily on the general recovery of the economy.

In addition, Imexpharm commits that the Company always creates competitive salary and bonus policies to attract and retain labor as well as earn prestige and trust in Imexpharm's recruitment brand.

Imexpharm also fully complies with the provisions of the law on the maternity regime for women. The Company ensures that female employees are allowed to return to work after maternity leave without any discrimination.

YEAR	TOTAL NUMBER OF EMPLOYEES TAKING MATERNITY LEAVE BY GENDER			TOTAL NUMBER OF EMPLOYEES COMING BACK TO WORK AFTER MATERNITY PERIOD			RATIO OF COMING BACK EMPLOYEES			RATIO OF BEING RETAINED		
	TOTAL	MALE	FE-MALE	TOTAL	MALE	FE-MALE	TOTAL	MALE	FE-MALE	TOTAL	MALE	FE-MALE
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%
2020	71	45	26	68	45	23	96%	100%	88%	100%	100%	100%

According to the provisions of the labor law, male officers having wives taking maternity leave can take leave legally to take care of, Imexpharm creates all conditions to keep the staff after maternity leaves. In 2020, there are 3 female employees who took maternity leave and did not return to work at the Company. They are employees who voluntarily apply to resign and the Company has fully completed the procedures in accordance with the law.

In addition to policies on salary and bonus, Imexpharm also carries out gratitude activities on March 8. Children

of Imexpharm employees in the eligible age will receive mid-autumn gifts. The Company also prepares presents for all Imexpharm's employees on the traditional New Year's Day. In addition, Imexpharm organizes cultural competitions and programs to increase engagements among employees. Besides, the Company sponsors summer tours for all staff. However, in order to strictly abide by the government's measures to prevent the pandemic and avoid gathering in groups, Imexpharm did not conduct some mentioned programs last year. The Company will base on actual conditions to have a plan to resume such programs for employees in 2021.

AIMING TO EQUALITY IN WORKING ENVIRONMENT (GRI 405 - DIVERSE AND EQUAL OPPORTUNITY)

Imexpharm has a female General Director and she is also a talented "captain" who has driven the Imexpharm "boat" during her 40-year journey. Imexpharm concentrates on the competence of every employee regardless gender, religion, ethnicity. The Company has a work performance evaluation system according to balanced score card (BSC) to ensure a fair working environment, equal reward and punishment for everyone. The Company is applying bonus and salary scheme fairly for both men and women regardless of gender.



The Company always recognizes the contributions of female employees and actively support them in their work. Imexpharm has launched the emulation movement for women with 2 good qualities to reward the efforts of female staff for working at the Company as well as taking care of families.



AN ENTERPRISE INVESTING IN QUALITY AND SAFETY

Currently, Imexpharm owns 04 factory clusters, of which 02 factories have met EU-GMP standard with 8 production lines for oral medicine and powder for injection. Products manufactured at EU-GMP factories will be complied with the same stringent standards as those produced in Europe. Therefore, the EU-GMP factory has stricter requirements in terms of human resources and equipment than the WHO-GMP one. According to the experiences in building EU-GMP plants and basing on the assessments of Imexpharm specialists as well as the inspectors who evaluated and accredited EU-GMP factory, the differences are lying on the below points:

The method of EU-GMP accreditation

The WHO-GMP is written by the group of experts on manufacturing from the World Health Organization (WHO) and is used for developing countries. WHO-GMP factories are evaluated by domestic experts, and the requirements will be flexibly applied depending on the scientific and technological level of the country where the factory is located. Meanwhile, EU-GMP factories are required to obey the strict standards of the Ministry of Health of countries in the European Union. It can be understood simply; for instance, in order to manufacture drugs that are eligible to be sold in France, the factory must comply with EU-GMP and be assessed by the French National Health Authority; and must have the drug registered and circulated in the inspecting Country-France. The EU-GMP requirement is to apply the latest scientific and advanced technology to the production of drugs in order to accomplish the best quality. Every three years, experts will come to assess the compliance with new regulations. Therefore, the EU-GMP factory always has to update, monitor and upgrade the system of machines, and also enhance personnel's skills.

Soft area

Soft area includes data management procedures and personnel. The control, monitor and inspect quality products process of EU-GMP is up to 3 times stricter than WHO-GMP standards.

In relation to human resources, to be able to work in the EU-GMP factory, each employee needs to meet the following standards:

- Having a technical expertise and practical experience to deal with increasingly new and stringent requirements;
- Ability to use foreign languages fluently to communicate directly with European experts;
- Performing the spirit of learning to actively update new knowledge, standards and regulations from Europe;
- Flexibility in handling problems.

Hard area

Hard area comprises of: factories, machines and materials. The factory investment cost of EU-GMP is always 30%-40% higher than WHO-GMP one. EU-GMP plant was constructed under design consultancy and supervision of European experts. If the factory is not accredited, it is not able to go into operation.

The workshop must meet the following requirements:

- Anti-cross contamination to ensure working conditions for workers and assure the best product quality;
- 100% fresh air system, waste water and emission must be treated to meet the requirement before being released to the outside environment;
- Machinery and equipment are imported from well-known European brands in pharmaceutical production; documents and inspection certificates are much more complicated than those used for WHO-GMP factories. It must be proved that materials used are absolutely safe.

Materials must meet the following 03 criteria prior to be put into production:

- Having clear origin, meet European standards or have a certificate of protection from Europe
- Raw materials must be thoroughly inspected prior to production. Thanks to that, the raw material supply chain is assured from the beginning stage at the manufacturer's site.

Although building a factory is based on many factors and relied on the current circumstance of each enterprise. In addition, the calculation method might be distinct, Imexpharm has considered that operating costs as well as personnel's qualification in EU-GMP factories are much higher than WHO-GMP ones, which leads to higher product costs. However, EU-GMP products are more outstanding than WHO-GMP drugs in terms of safety and effectiveness.

IMEXPHARM

Imexpharm has always been the leading company investing in quality and advanced standards in the Vietnam pharmaceutical industry. While in the process of investing in the construction of EU-GMP factories, Imexpharm has experienced the effectiveness as well as cost of construction of EU-GMP in comparison with WHO-GMP factories that the Company had invested in the past.



OCCUPATIONAL HEALTH AND SAFETY FROM PRODUCTION STAGE (GRI 403 - OCCUPATIONAL HEALTH AND SAFETY)

IMEXPHARM STRATEGIES



CREATE A SAFE WORKING ENVIRONMENT FOR ALL EMPLOYEES TO BE SECURED IN PRODUCTION AND BUSINESS.



CONDUCT MONITORING ACTIVITIES AND INSPECTION OF NEAR MISSED REPORTS AND FIND SOLUTIONS IMMEDIATELY TO AVOID OCCUPATIONAL ACCIDENTS AT ANY LOCATION.

Number of employees participating in occupational health safety and hygiene

NUMBER OF EMPLOYEES

48 PERSONS

ACCOUNTED FOR **4%** OF TOTAL EMPLOYEES

Employees health is always put on top priority of Imexpharm because human resource is the most valuable asset of the Company. As a responsible enterprise, the Company always strictly obey the law of the government on occupational health and safety. Furthermore, Imexpharm's factories are certified according to WHO-GMP (IMP1) and EU-GMP standards (IMP2, IMP3 and expected IMP4 as well in the near future). Imexpharm is currently applying EU-GMP widely in production management because it is one of the most advanced standards in the world and according to this standard, the safety and health of workers are strictly monitored.

Imexpharm has 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. Labor safety committee has 7 members; Fire Fighting and Prevention team has a leader, vice-captain and 4 specialized groups. Besides, there are 48 members being responsible for safety in each production groups, an emergency team and an environmental team. All members take responsibility with the General Director and Occupational Health and Safety Council about their duties.

Imexpharm fully abides by the provisions of the law on monitoring of occupational accidents in the Company. The statistics of occupational accidents comply with Circular 08/2016/ BLDTBXH-BYT on guiding the collection, storage, synthesize, provide, declare, evaluate the situation of occupational accidents, technical incidents causing serious occupational unsafety and hygiene. In addition, the Company conducts reports for Labor, War Invalids and Social Affairs Department according to Appendix 12 of Decree 39/2016 / ND-CP detailing the implementation of a number of articles of the Law on occupational safety and sanitation every six months. In 2020, Imexpharm well obeyed the regulations on occupational safety, and occupational accident tracking. No unusual issue was recorded at the Company.

Imexpharm performs annual environmental measurements to ensure that the parameters in the working environment are consistent with the regulations of the Ministry of Health. In 2020, no abnormal parameters have been recorded. The Company also has a collective labor agreement that highlights Imexpharm commitment to occupational safety and health, and the Company also issues labor regulations for people to strictly comply with occupational safety rules.

NO.	CRITERIA	2019	2020
1	Occupational diseases rate	0%	0%
2	Employees turnover due to labor incidents and diseases	0%	0%
3	Absence rate due to occupational incidents and diseases	0%	0%
4	Death related to work	None	None

In 2020, when the pandemic was out breaking, which disturbed many activities of manufacturing companies, Imexpharm has strictly implemented measures to prevent the pandemic. Beside protective cloths for pharmaceutical workers that the Company always equips according to the characteristics of the industry, Imexpharm also provided masks for nearly 1,300 employees. The Company prepared hand sanitizer at all branches, offices of the corporation's headquarter and factories to ensure health safety for employees. Furthermore, the General Director of Imexpharm also issued documents guiding all staff about prevention of the pandemic and counter measure to cope with the pandemic throughout the Company. Imexpharm has organized periodic health examinations for all staff members despite the effects of external objective conditions. Imexpharm throughout 2020 has maintained production continuity while ensuring safety for all employees. The results of conducting occupational safety activities in 2020 are as follows:

NO.	CRITERIA	UNIT	2019	2020
I	Labor force			
1	Total number of employees	Individual	1,282	1,253
2	Staff handle occupational safety and hygiene	Individual	7	3
3	Staff take responsibility for medical issues	Individual	2	4
4	Female	Individual	493	481
5	Employees working in heavy, toxic, dangerous conditions (labor conditions type IV, V, VII)	Individual	660	643
6	Employees being adolescent	Individual	0	-
7	Employees being under 15 year old	Individual	0	-
8	Disable people	Individual	2	2
9	Elder employees	Individual	5	7
II	Occupational incidents			
1	Total number of occupational incidents	Case	0	-
2	Total number of people involved in incidents	Individual	0	-
3	Total expenditures for occupational incidents	Million dong	0	-
III	Occupational diseases			
1	Total number of people facing occupational diseases counted accumulatively until the report date	Individual	0	-
2	Number of people retiring before retire age due to occupational diseases	Individual	0	-
3	Total expenditure for people with occupational diseases	Million dong	0	-

NO.	CRITERIA	UNIT	2019	2020
IV	Results on health classification of employees			
1	Type I	Individual	122	57
2	Type II	Individual	723	845
3	Type III	Individual	228	182
4	Type IV	Individual	34	38
5	Type V	Individual	6	3
V	Occupational safety and hygiene training			
1	Total number of employers be trained/total number of employers	Individual/ individual	49/55	65/66
2	Total number of persons handling occupational safety and hygiene be trained/total number of person handling occupational safety	Individual/ individual	07/07	12/12
3	Total number of people operating precise equipment and using chemicals trained/ Total number of people operating precise equipment and using chemicals	Individual/ individual	214/194	324/324
4	Total number of employees in charge of medical care being trained/ Total number of employees in charge of medical care	Individual/ individual	2/5	1/4
5	Total number of employees handling occupational safety and hygiene trained/ Total number of employees handling occupational safety and hygiene	Individual/ individual	25/48	45/52
6	Total number of other type of employees trained	Individual	598	523
7	Total training fees	Million dong	100	84.6
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	60	63
2	Number of inspected one	Piece	60	63
3	Number of declared one	Piece	60	63
VII	Working time and relaxing time			
1	Number of employees working overtime	Individual	739	864
2	Total amount of overtime	Hour(s)	71,422	110,381
3	Highest amount of overtime per month	Hour(s)	16	19,5
VIII	Compensation for toxic by kind			
1	Number of people	Individual	505	530
2	Total expenses	Million dong	1,953	1,689

NO.	CRITERIA	UNIT	2019	2020
IX	Working environment monitoring			
1	Samples to implement monitoring in working environment	Sample	464	420
2	Number of unqualified samples	Sample	24	24
3	Number of qualified samples/total samples	Sample/sample	440/464	396/420
4	Temperature	Sample/sample	0/54	0/53
5	Humidity	Sample/sample	05/54	02/53
6	Windy speed	Sample/sample	0/54	0/53
7	Light (lux)	Sample/sample	15/54	18/53
8	Dust	Sample/sample	0/54	0/4
9	Noise	Sample/sample	04/54	04/42
10	Vibration	Sample/sample	0/38	0/12
11	CO ₂	Sample/sample	0/54	0/42
12	CO	Sample/sample	0/48	-
13	Magnetic electricity field	Sample/sample	0/48	0/31
14	Employee psychology	Sample/sample	0/24	0/1
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	600
3	Equip personal protective tools	Million dong	50	500
4	Taking care of employees' health	Million dong	950	1,100
5	Propaganda and training	Million dong	10	90
	Total expenses	Million dong	1,310	2,490

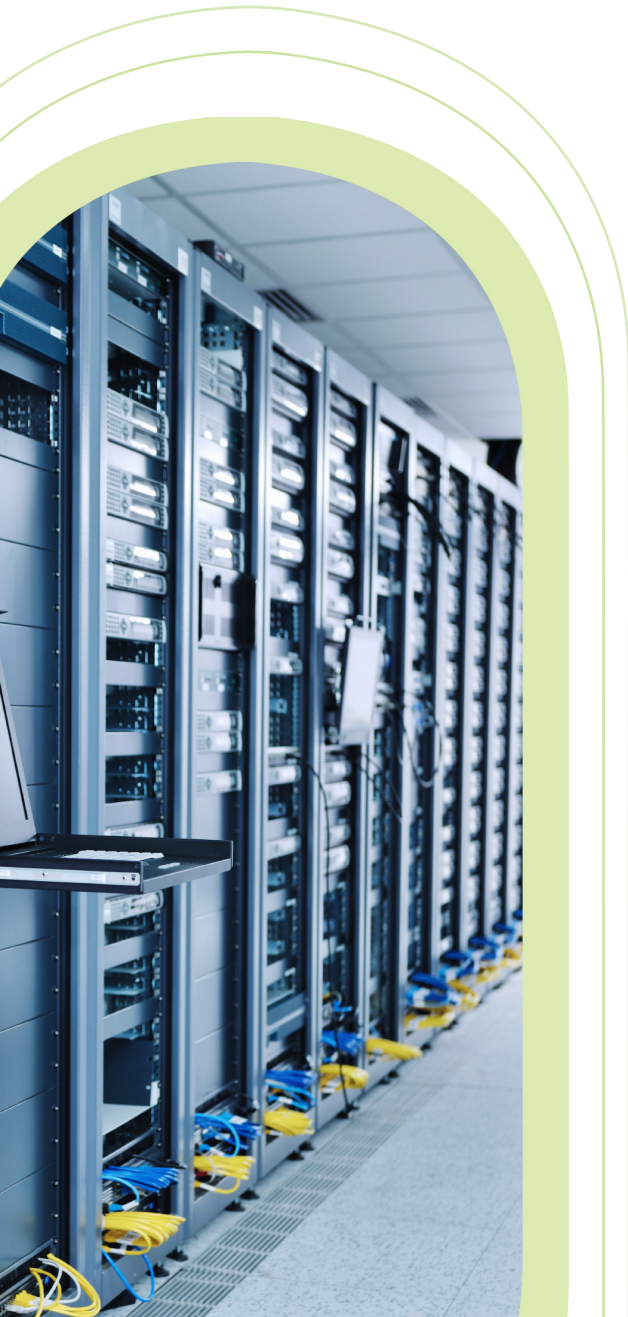


OUTSTANDING QUALITY - MATERIALS MEETING INTERNATIONAL STANDARD (GRI 301 - MATERIALS)

Pharmaceutical raw materials are very important and the integral factor for the quality of products. Therefore, Imexpharm always uses the selected ingredients with high stability to ensure the therapeutic effect of drugs. Beside ingredient, the excipients and packaging are the main products that Imexpharm consumes. Due to the characteristics of the pharmaceutical industry, packaging recycling is difficult to implement. In addition, Imexpharm has a procurement process established according to advanced management standards. This procedure is also supported by SAP-ERP software. Furthermore, SAP-ERP also assists the management of raw materials thanks to identification codes, which contributes to improve the efficiency of raw materials and inventory management of the Company. Pharmaceutical ingredients for factories meeting EU-GMP standards must satisfy the CEP standard, which requires materials to be thoroughly inspected before registering with the Ministry of Health and put into production. Imexpharm appointed a Deputy General Manager in charge of research and development and also be the leader of the supplier evaluation team who has been performing the global supplier assessment according to the Company's standardized process to select the appropriate raw materials for Imexpharm's factories. In addition, Imexpharm has the Quality Assurance department, which has been conducting a comprehensive inspection of raw materials' quality before warehousing. The Company's Procurement department issues Standard Purchasing Procedures to guide all the staff to follow the standards set by the Company in order to ensure the stability of the input materials. The forecasting of raw material demand is also very important, it not only affects inventory level but also impacts on product quality; therefore, Imexpharm has the Planning department that directly connects with the Sales team and the Production department to plan which raw materials should be purchased in order to manage inventory and assure product quality.

Most of Imexpharm's active pharmaceutical ingredients, excipients and packages are bought from abroad, so the Company cannot be proactive in the supply of raw materials. In 2020, the global supply chain was disrupted under the influence of the pandemic. Small and medium enterprises like Imexpharm were also affected significantly, Imexpharm planned to overcome the crisis through the policy of stockpiling of raw materials to maintain production continuity. However, this has pushed the company's inventory level being higher than in 2019. But this issue did not impact on the quality of the product as Imexpharm selects ingredients with a long shelf life. Besides, the Company also has a storage system designed according to European standards, so raw materials will be kept in the best condition prior to be put into production. In 2020, Imexpharm's raw material consumption decreased due to the decline in revenue and restructuring the product portfolio to focus on high quality products. However, Imexpharm has recorded the increase in packages consumption.

NO.	CRITERIA	UNIT	2019	2020	GROWTH RATE
1	Key materials	Ton	437	422	-3%
2	Accessories In which:	Million unit	794	671	-15%
	Capsule	Million unit	481	415	-14%
	Excipients	Ton	312	256	-18%
3	Packages	Million unit	146	175	20%



ABSOLUTE SAFETY FOR USERS (GRI 416 - CUSTOMERS' SAFETY)

- ▶ Conducting product quality checks before leaving the factory to ensure that there is no substandard drug reached consumers.
 - ▶ Train and do inspection at partners' sites in the process of drug storage to promptly resolve problems in product quality.
 - ▶ Carry out periodic customer surveys to improve product quality and increase customer confidence.
 - ▶ Continuously trainings for medical representative staffs to acquire firmly usages, features of products in order to consult for customers to ensure the safe and effective use and distribution to end users.
- Imexpharm is currently implementing production management in accordance with EU-GMP, a standard to ensure product quality from raw materials to output. With the core capacity of investment in quality and taking quality to build the brand, Imexpharm has been showing to be one of the leading firms of the pharmaceutical industry in Vietnam. The Company's products are highly recommended by leading experts in the industry. For many years, Imexpharm is among the top reputable pharmaceutical companies in Vietnam.
- Imexpharm has deployed customer management on DMS (Distribution Management System), the Company actively applies modern technology to better support orders management, product quality, and increase efficiency of interaction with customers to take timely action when product-related problems occur. In addition, Imexpharm's customer service call center operates 24/7 to answer all customer questions about the product in order to ensure the safe and effective use of drugs.



In addition, the Company also built a pharmacovigilance system, complaint and recall process as a guidance for resolving customer recommendations 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.



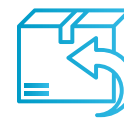
Customer's Complaint Handling Process

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 has a professional team to design the Company's packaging products, the content images on the product packaging are sufficiently shown as recommended by WHO-GMP and EU-GMP.
- ▶ In 2020, Imexpharm has no products to be recalled by the Ministry of Health and did not record any complaints about product quality.
- ▶ The Company has many channels to interact with customers in order to promptly answer all questions of customers, Imexpharm has a team of professional medical representatives who are responsible for contacting and discussing with pharmacies, hospitals and experts to have the most active support for distributors to ensure maximum safety for consumers. In addition, the Company annually organizes medical forums for experts and medical staff to discuss and share experiences and necessary knowledge for treatment as well as drug usage in order to enhance effective result of cures and better protections for patients' health.
- ▶ Imexpharm also builds a survey on customer satisfaction, and the Company annually assigns employees to go directly to the provinces and cities in order to visit pharmacies to listen to the responses of these agencies about Imexpharm's drugs quality and services to have appropriate improvement strategies.

COMPREHENSIVE HUMAN RESOURCE DEVELOPMENT TO BE READY FOR BREAK THOUGHTS (GRI 404 - EDUCATION AND TRAINING)



Despite a number of challenges due to the impact of the Covid 19 pandemic, it is also an opportunity for businesses to look back and strengthen their capabilities, Imexpharm has taken this occasion to focus on training for its staff and their managers at various forms from improving both the quantity and quality of internal and external training to change the traditional method of direct training to training online in accordance with the context and development trends.

Imexpharm manages education and training through the Standard of Procedures on coaching and training, keep the leaderships updated on a regular basis through training plans as well as quarterly and annual internal and external training reports.

Overall assessment of Imexpharm's management approach to education and training in 2020 is that the quality of internal and external training programs is improved through the adjustment of training content being closer to practical work and, training methods concentrated more on practice than theory (reviewing after each training course), especially flexible online trainings were implemented for sales branches and factories in the courses of integration training, DMS training and product knowledge. In addition,

the Company's training strategy also aims to build a team of successors for the 2018-2022 term and for the next tenure by establishing a list of succession plans and Key persons for all departments in the Company and assign specific challenging tasks for each selected employee. Beside, Imexpharm aims to attract more highly qualified workers, especially personnel working in high-tech factories accredited EU-GMP.

In 2020, internal training and coaching (mentoring) has improved both in quantity and quality. Imexpharm has organized 655 training programs for its employees, including internal and external training ones. In particular, the total number of training hours in 2020 was 49,480 hours, an increase of 2% compared to 2019. Especially, the number of internal training hours rose by 7% which showed that internal training activities have been promoted in the past year. Besides, there is also the strategy to exploit current internal resources of the Company. Each employee was trained on average 39.7 hours / year. Male and female employees have an equal opportunity to receive ongoing career development and training at Imexpharm. Average hours of training for women was 42.4 hours while that of men was 38.0 hours in 2020.

Furthermore, outstanding activities in relation to the training and education in 2020 is that the Company has issued a training program framework and strictly controlled expenditures. Moreover, Imexpharm has been implementing the organization model of learning with some typical activity as follows:



- ▶ Assign BSC target on the number of internal training hours to managers and deputy managers of each department. According to this objective, middle managers are assigned to train at least 6 to 12 hours per quarter for staff in the department. This policy contributes to promote internal resources as well the performance of the managerial role of the managers and deputy managers within the Company.
- ▶ Set up an internal platform to share knowledge on Facebook to create a channel of sharing management knowledge and experiences among middle managers of the Company.
- ▶ Building IMP online library to enhance knowledge within the Company. Thanks to this activity, all the external training materials that staff members acquired from external training courses will be saved and included in the library's catalog. As a result, all other employees will have access to this resource. This will help spread knowledge across the Company.

At Imexpharm, work performance is assessed by KPIs (Key Performance Indicators) - Performance evaluation index is applied for positions in factories, departments and sales branches. This is an important basis for measuring and evaluating work performance, thereby serving as a foundation to build bonus policies in accordance with the contribution and work efficiency of each individual. Besides, this method also helps to create fairness and motivation for each employee. In 2020, 100% of employees were assessed monthly. As for the middle managers, they will be assessed performance based on the BSC of each department. In addition, the individual and departmental emulations have created an atmosphere of healthy competition and strives to achieve high results monthly and yearly. The assessment council decides to maintain the rivalry annually.

Additionally, in order to improve the qualification of internal personnel, Imexpharm mentions clearly all standards of key positions in job descriptions in accordance with the actual demands of the Company. In particular, the education level of staff from the team leader or higher must be at least a university degree and specializes on field being relevant to the required job. This standard is considered to help enhance managers' competences in the Company.

On the other hand, Imexpharm also conducts resignation interviews for employees who decide to quit their jobs at the enterprise, the Company hopes to listen to the feedbacks of employees on the path of working at Imexpharm to understand their thoughts and aspirations through the interviews, thereby reviewing and researching to improve the Company's management policy and developing human resources more effectively.



ENVIRONMENTAL RESPONSIBILITY OF BUSINESS AND PRODUCTION ACTIVITIES

USING ENERGIES ECONOMICALLY AND EFFECTIVELY - GRI 302

The main fuel consumed at Imexpharm is DO oil, used in factories. In addition, Imexpharm also uses electricity to operate factories, headquarters and branches. Imexpharm issues an environmental handbook to guide the correct and most efficient methods of using energy. The Company always encourages innovative initiatives to promote thrifty practices within the Company. Due to the decrease in output caused by the overall decline in aggregate demand, energy and fuel consumption in 2020 fell sharply compared to 2019. In addition, the focus on production of highly efficient products and the launch of innovative idea contest to raise the sense of savings throughout the Company have been effective.

The consumption of DO oil and electricity at IMP1,2,3 factories in 2020 is as follows:

CONSUMPTION VOLUME	2020	2019	GROWTH RATE
DO (lit)	220,269	299,904	-26.6%
Electricity (Kwh)	9,352,681	12,449,313	-24.9%

(Source: The Company consolidates)

Every year, the company sets energy-saving indicators in the Balance Score Card (BSC) to evaluate plant performance while promoting management staff to improve their administrations. The Company establishes a target of using electricity for each plant and reports the monthly electricity consumption per product of each factory to promptly take measures to use energies effectively. Annual environmental and quality target performance reports are prepared by the environmental department, reviewed by the Deputy General Manager of Production 1 and finally approved by the General Manager. Simultaneously, the General Director of Imexpharm enacts the policy of economical and efficient use of energy throughout the Company, these indicators are used to evaluate the performance of the production sector. Furthermore, Imexpharm is committed to complying with ISO:14000 on energy use, as well as legal requirements. Energy audit is conducted every 3 years by Dong Thap Department of Industry and Trade. Imexpharm fully meets the energy criteria, so the energy audit report has no special recommendations.



According to the statistics in 2020 of the Environmental team, the total power consumption of 3 factories: IMP1, IMP2, IMP3 is lower than the target threshold and reached the set plan. However, due to the drop in outputs, Cao Lanh plant did not meet the energy target, while the other two factories successfully accomplished the objectives of energy use intensity.



CRITERIA	2020	2019	GROWTH RATE
Total number of units produced	1,104,376,751	1,234,281,365	-10.5%
Eneyg intensity (Kwh/million units)	8,469	10,086	-16.0%

(Source: The Company consolidates)

The production output statistics made by the Company is the number of product units, including oral and injectable drugs, and the conversion from injectable to oral drug units is made by the Company based on the results of monitoring activities, production and energy consumption of product lines.

Production output in 2020 dropped by 10.5% in comparison with 2019, so the intensity of power consumption decreased by 16% as well. The activities of improving and restructuring the product portfolio have brought into full play, reflected through the decrease in energy consumption intensity faster than production output.

REDUCING EMISSIONS TO THE ENVIRONMENT – GRI 305

Imexpharm's main source of CO₂ emissions comes from the use of DO oil in boiler operations. Imexpharm issues policies to guide on using engergy effeciently to save the Company budget and protect the living environment. The Company commits to fully comply with the law as well as the requirements of ISO: 14001 on emissions.

CO₂ emissions in 2020 declined dramatically year over year, the main cause also comes from the reduction in output and thrifty consumption practices. The Board of Management always sets specific targets on energy use, especially DO oil each year, based on the production and business situation. The Company conducts gas emission monitored from the boiler periodically every 3 months. This activity is performed by licensed environmental monitoring organizations. Imexpharm took periodic measurements at factories in accordance with regulations and the Company did not record any abnormal numbers, or any figure exceeding the permitted threshold.

CO₂ emission form using DO

CRITERIA	2020	2019	GROWTH RATE
CO ₂ emission (ton)	519.47	794.95	-34.7%

(Source: The Company consolidates)

MANAGE EFFLUENCES AND WASTES - GRI 306

Waste and wastewater in Imexpharm are divided into 2 types of hazardous waste and non-hazardous one. Solid waste classification is done in accordance with the instructions of the Department of Natural Resources and Environment.

Waste management policy is shown in the Quality and Environment Handbook issued by Quality Assurance - QA on November 30, 2018. Imexpharm's leadership develops policies to reduce waste quality and to require saving to avoid waste in production in order to mitigate negative impacts on the environment.

The total volume of non-hazardous solid waste of the reported factories decreased sharply in 2020, but the volume of solid waste of the IMP2 plant increased slightly. The concentration of high value medicines has made the amount of non-hazardous solid waste in Dong Thap factory reduced. Imexpharm also has a policy of classifying non-hazardous wastes such as cartons, PVC, etc and selling them to purchasing units for recycling. The Company currently has an ecouragement to limit the plastic bags and bottles used in the office division's activities and aim to completely eliminate them. Products from recyclable materials such as paper bags and cloth bags are highly recommended to use.

WEIGHT OF NON HAZARDOUS SOLID WASTE (KG)	2020	2019	GROWTH RATE
Dong Thap factory (IMP1)	33,979	57,330	-40.7%
Vinh Loc factory (IMP2)	97	91	6.6%
Binh Duong factory (IMP3)	35,151	37,190	-5.5%
Total	69,227	94,611	-26.8%

(Source: The Company consolidates)

Imexpharm does not recycle non-hazardous waste, but gathers and sells it to a recycling unit.

Working in the pharmaceutical industry, Imexpharm pays a serious attention on hazardous solid waste. For this kind of waste, the Company collects and gathers to put on waste storage and then hand it over to the treatment organizations according to regulations. Imexpharm's hazardous waste treatment contractor is Siam Cement Vietnam Company Limited. This is a company that has sufficient capacity to handle hazardous waste according to Vietnamese law. The hazardous waste treatment company will employ copper burn and treat it in a cement kiln. Imepxharm conducts inspection after the treatment process done and send the Company's approval to the treatment firm in accordance with regulations.

Factories set different goals to control hazardous solid waste based on the specific activities of each factory.

IMP1 factory:

HAZARDOUS WASTE (KG)	2020	2019	COMPARED TO QUALITY OBJECTIVE	GROWTH RATE
Dong Thap factory (IMP1)	24,938	26,338	Not achieved	-5.3%
Weight of hazardous waste/1 million product unit	33.6 kg	29.01 kg		15.4%

(Source: The Company consolidates)

Although the volume of hazardous solid waste of the IMP1 plant decreased by 5.3% compared to the earlier year, the volume of hazardous waste/million product units increased by 15.4% year over year due to the more declined in production volume. Additionally, in comparison with the quality target of 30.06 kg, the amount of hazardous solid waste was still higher than the set goal, so the performance of Dong Thap plant (IMP1) was unsatisfactory and did not achieve the target.

The IMP2 plant in 2020 sets a target for the total volume of hazardous solid waste of less than 300kg, the result IMP2 reached in the year was 115.6 kg and met the plan.

Wastewater in the pharmaceutical industry must be treated carefully to avoid impacting on the water environment, especially for antibiotic production, the wastewater treatment must be carried out fully and strictly complied with the process. For the IMP1 plant, Imexpharm has built a wastewater treatment system that fully met the criteria for environmental protection. Wastewater after being treated is measured the substances level in accordance with the approved threshold and then discharged into the city's sewage system. For IMP2 and IMP3 factories, Imexpharm also has constructed an initial wastewater treatment system according to European standards, treated wastewater will be discharged into the wastewater system of the industrial park where the factory is located. During the year, Imexpharm has strictly implemented wastewater treatment process and there is no violation relating to waste discharge.

Meanwhile, the IMP3 plant has set a goal that the total volume of hazardous solid waste for the year does not exceed 36.2 kg/million product units, the performance result of the IMP3 plant was 42.97 kg/million product units and has not met expectations.

The production and business situation of 2020 was fluctuating, so the comparison with 2019 may not reflect the Company's hazardous solid waste management honestly. The Company's environmental department quarterly reviews the business and production situation to come up with plans to adjust targets appropriately in the context of uncertainties.

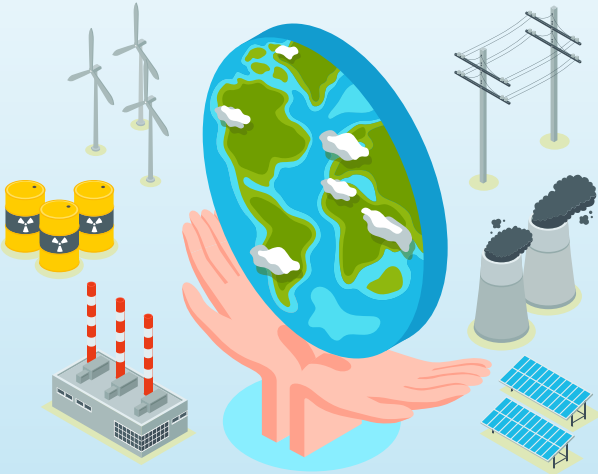
SAVING WATER - GRI 303

Water source Imexpharm uses is tap warter, the Company monitors monthly water usage through water bills. Imexpharm still follows the motto of save water, protect the environment and improve operational efficiency.

The total water consumption of the IMP1 and IMP2 factories decreased, especially the amount of water consumed at the IMP2 plant fell sharply due to the significant drop in output. Whereas the rising in the volume of injectable medicines at the IMP3 plant leads to an increase in water consumption.

WATER CONSUMPTION	2020	2019	GROWTH RATE
Dong Thap factory (IMP1)	29,175	31,886	-8.5%
Vinh Loc factory (IMP2)	8,448	13,286	-36.4%
Binh Duong factory (IMP3)	24,894	20,713	20.2%
Total	62,517	65,885	-5.1%

(Source: The Company consolidates)



IMEXPHARM ALWAYS ACCOMPANIES TO DEVELOP THE ECONOMY

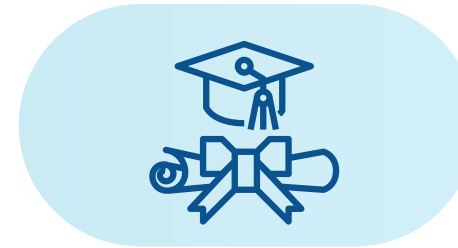
CONTRIBUTE TO BUILD THE COMMUNITY



Imexpharm's study promotion activities have been concentrating on encouraging the studious spirit of students in difficult circumstances. The Company always maintains two typical study promotion programs: Nguyen Sinh Sac study encouragement scholarship in Dong Thap and Huynh Thuc Khang study encouragement scholarship in Da Nang. In the year 2020, Imexpharm has implemented new programs such as: A model of fondness for learning to award scholarships to children in extremely difficult situation to help them able to go to school. In addition, the Company also focuses on fostering teachers because they are key persons training the country's future generations and being responsible for sustainable human development. Imexpharm sponsored to organize courses of fostering modern teachers' competencies with the desire to improve the capacity and training skills of teachers in Dong Thap province.



Details of the educational development programs that Imexpharm sponsored in 2020 are as follows:



THE PROGRAM "MODEL OF FONDNESS FOR LEARNING"

Purposes:

Offering scholarship for extremely difficult pupils and students to be affordable for educational cost.

Number of time to be conducted:

04 scholarships/year

Coordinating organization:

Dong Thap Study Encouragement Association

Budget:

48,000,000 VND



ORGANIZATION OF "ENHANCING MODERN TEACHERS' COMPETENCES"

Purposes:

Fully funding for organizing a training course of knowledge and skills to improve the capacity of high school teachers on the whole Dong Thap province towards modern education.

Number of time to be conducted:

Once a year

Coordinating organization:

Education and Training Department of Dong Thap province

Budget:

270,000,000 VND



HUYNH THUC KHANG TALENTED ENCOURAGEMENT (DA NANG CITY)

Purposes:

Sponsor organizational costs and award prizes to students with excellent academic achievements in each academic year.

Number of time to be conducted:

Once a year

Coordinating organization:

Da Nang city Study Encouragement Association

Budget:

194,000,000 VND



PRAISING EXCELLENT TEACHERS, STUDENTS AND PUPILS OF THE ACADEMIC YEAR 2019-2020 (DONG THAP)

Purposes:

Sponsor organizational costs and award prizes to teachers, students, and pupils with outstanding achievements in teaching and learning in each academic year.

Number of time to be conducted:

Once a year

Coordinating organization:

Dong Thap Study Encouragement Association

Budget:

313,000,000 VND

In addition to constantly improve operational efficiency and maximize the value of the Company, Imexpharm also actively contributes to building a strong community. Imexpharm's social activities focus on two main areas: study promotion and financial contributions to help people and victims to overcome the consequences of natural disasters.

In addition to the annual typical activities that IMP commits to carry out as above, in 2020, the Company also sponsored and supported a number of volunteer activities and programs enhancing social security and corporate responsibility to the community with a total cost of 1,030,000,000 VND.

Furthermore, Imexpharm also promptly contributed to the Covid-19 pandemic prevention and control Fund and Dong Thap drought damage support Fund (VND 500 million) as well as avocate people facing damage caused by floods in the Central region (VND 150 million).



FULFILLING OBLIGATIONS WITH THE LOCAL AUTHORITY (GRI 307, 419 – ENVIRONMENTAL COMPLIANCE AND SOCIECONOMIC COMPLIANCE)

Imexpharm always strictly obeys the provisions of the law on environmental protection and fully fulfills the obligation to pay to the State budget.

In 2020, the Company seriously abide by the law on environmental protection without any prompting warning from the local government where the Company is located.

At the end of 2020, Imexpharm received an official letter from the General Department of Taxation on the conduct of tax inspection. The Company has actively collaborated to clarify issues in the tax calculation method of the Company in comparison with the General Department of Taxation. Imexpharm and the General Department of Taxation coordinated to complete the inspection successfully. The Company also fully performed its duties to pay more to the State budget for taxation as well as late payment penalty. Imexpharm held a meeting to learn from this event and disclosed information as regulations appropriately. The Company has completed all the procedures for the tax inspection and did not receive any complaints from Gernerl Department of Taxation.



CONTINUOUSLY CREATING VALUE, NURTURING THE FUTURE

Stakeholders' opinions about Imexpharm's operations

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Sustainable development at Imexpharm in 2021 and vision towards 2025

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STAKEHOLDERS' OPINIONS ABOUT IMEXPHARM'S OPERATIONS

IMEXPHARM EMPLOYEES

Imexpharm's staff work in many regions of Vietnam but mainly in Dong Thap, Ho Chi Minh City and Binh Duong. Due to being a manufacturing company, Imexpharm's human resources are diverse and seniority level is distinct among employees.

With Imexpharm employees, the Company has become a sustainable home and a place where people can work, dedicate and above all is sharing from colleagues to build a rich life in all aspects from physical to mental.



Ms. Trinh Thi Thuan
Quality Control Department

Ms. Trinh Thi Thuan, who has been devoted for 29 years at Imexpharm home, the quality of Imexpharm brand drugs is what she is proud of. Spending many years engaging on the Quality control of the Company, Ms. Thuan has a deep understanding of Imexpharm branded products, thereby her pride is also the affirmation for the 40-year journey of investing in product quality of Imexpharm. Additionally, she is keen on and satisfies with remuneration policies of the Company, especially organizations of outing trips.

Mr. Nguyen Thanh Liem
Sales Branch

As a person who has been attaching with Imexpharm for more than 15 years, Mr. Thanh Liem - Sales branch Director has a very condensed and enthusiastic comment on where he considers his home: "working environment at Imexpharm is very good, and salary and benefit policies are good too". Mr. Lien deems Annual sales conference is a large fair that he is interested in. The gathering of medical representatives across the country within 3 days creates extremely precious moments when he can live in the passionate fire of "Leading Aspiration". Concurrently, this is also an opportunity for him to share, exchange and learn from other sales persons nationwide.



Mr. Nguyen Minh Luong
Marketing Department

Particularly for Mr. Minh Luong, who has more than 5 years working in the Marketing department of Imexpharm, the Imexpharm brand firstly expressed the Company's love for employees, then the good heart with the community. Imexpharm always saves its Bonus and welfare fund to improve the lives of employees, organizes tours, picnics and especially the annual Sales Conferences for all employees of Sales division to meet, socialize, and engage. In addition, the Company also actively supports people in difficult circumstances through free medical examination and medicines as well as money sponsored for people in the Central region who have suffered natural disasters.



Ms. Nguyen Hong Ngoc
Accounting and Finance Department

In Ms. Ngoc' s opinion, Imexpharm has always been her home as her impression of the slogan: "We are a family and always will be". As a child born and raised on the land of Dong Thap, Ms. Ngoc is very proud of being a member of the Imexpharm family and really hopes to dedicate more to Imexpharm when she witnesses the Company's noble gestures for the community through sponsoring study encouragement programs, talent promotion, green summer programs to nurture her beautiful hometown as well as orientations to a better society and more sustainable development.



ASSESSMENT OF ASIAN DEVELOPMENT BANK AT IMEXPHARM

In March 2020, ADB announced 6.5 billion USD of COVID-19 response package to address the needs of its Developing Member Countries as they respond to the COVID-19 pandemic, which was then expanded to 20 billion USD in April 2020. The package includes 1.8 billion USD of support for the private sector to tackle the economic crisis induced by the Covid-19 pandemic and help firms maintain business and production continuity as well as meet the market demand of drugs, especially medicines serving to treat Covid-19.

Based on the need to increase working capital and stockpile materials to resolve the problems of global supply chain and keep business and production stably, Imexpharm has pioneered to approach ADB for a loan. Thanks to the transparent financial operations together with policies in compliance with environmental, social and labor regulations, Imexpharm has successfully carried out the due diligences prior to be approved by ADB to sign the Facility Agreement on 15 Dec 2020.



Photo of ADB-Imexpharm online Social and Environmental Due Diligence

Furthermore, Imexpharm pledges to boost gender equality and empower women in accordance with ADB's gender indicators.

The sign of the Facility Agreement for the project to generally support to manufacture generics at Imexpharm has been disclosed by ADB in the official website of the Bank on 15 Dec 2020. In the report, Mr. Aniruddha Patil-Head of Health and Education Investments at ADB's Private Sector Operations Department said that "Asia has witnessed disruptions across the pharmaceutical supply chain in 2020, including a shortage of active pharmaceutical ingredients. This project demonstrates ADB's continued efforts to enhance health outcomes in Viet Nam by encouraging the development and use of local generic medicines"⁽³⁾. Besides, Mr. Nguyen Quoc Dinh, Chairman of Imexpharm Corporation has shared the opinion: "We are pleased to be working with ADB. The financing will improve our liquidity situation and ensure a consistent supply of affordable generic drugs to hospitals and pharmacies across Viet Nam."⁽⁴⁾.

Imexpharm has continuously accompanied with the Vietnam pharmaceutical industry to provide high quality products being affordable with the Vietnamese people. The support from ADB has once again confirmed that Imexpharm is a reliable brand and always takes action for social developments.

The report on assessment of the project of ADB has been disclosed in Oct 2020. In which, ADB evaluated sufficiently on financial and non-financial indicators of Imexpharm. In terms of the Safeguard Categorization about Environment, Involuntary Resettlement and Indigenous peoples⁽¹⁾, the project of Imexpharm to maintain production continuity and stockpile significant materials is classified in group C comprising of the projects likely to have minimal or no adverse impacts on environment. The environmental implications need to be reviewed but Environmental Impact Assessment has not been required. Simultaneously, this project does not cause Involuntary Resettlement and affect Indigenous peoples⁽²⁾. Imexpharm also commits to strictly obey the ADB's policies about anti-corruption, anti-money laundering and Financing of Terrorism. ADB president has declared his opinion to approve the project.

(1): Loan Imexpharm Corporation, Imexpharm Covid-19 Generic Pharmaceutical project, 2020

(2): Safeguard Categorization of ADB, <https://www.adb.org/site/safeguards/safeguard-categories>

(3), (4): ADB, Imexpharm Sign Loan to Support Generic Medicine Production in Viet Nam, 2020

EVALUATION FROM CURRENT INVESTORS

Currently, Imexpharm has two major shareholders: Vietnam Pharmaceutical Corporation-Joint Stock Company and SK Group of South Korea.

In his speech at the 2021 Annual General Meeting of Shareholders, Mr. Dinh Xuan Han - General Director of Vietnam Pharmaceutical Company praised the activity of bravely investing in quality at Imexpharm with the motto "Initially being committed". Mr. Han has emphasized that "all Imexpharm's staff are applying this mindset in their actions professionally. Imexpharm always pioneers in the implementation of international advanced standards, Vinapharm wishes Imexpharm to maintain its position as one of the leading companies in the Vietnam pharmaceutical industry. Vietnam Pharmaceutical Corporation always respects and thanks Imexpharm's dedication, resilience, scientific and professional devotion to bring good results to the Company, its shareholders and investors".

Meanwhile, Mr. Truong Minh Hung – SK Vietnam Senior Investment Director shared his thoughts about SK's investment in Imexpharm as well as comments on the company's upcoming future as follows: "Through working with the leaders and key staff of Imexpharm, I see Imexpharm has a lotus-like spirit of resilience. In 2020, it was very difficult, the situation of Covid-19 caused patients not go to the hospitals. However, thanks to the efforts of the Board of Directors, the Board of Management the profit before tax increased by over 26% and the profit after tax grew by to 29% although the revenue was approximately equal to the figure of 2019. SK Group acknowledges and appreciates that hard work. If there is no company culture, it is impossible to have such business results. For SK, we also have a commitment from the beginning to accompany Imexpharm in order to help the Company promote its core values and bring Imexpharm's brand to the international market.



Photo of **Mr. Dinh Xuan Han**
taken at the AGM 2021



Photo of **Mr. Truong Minh Hung**
taken at SK Vietnam office



Photo of **Mr. Doan Tan Buu**
taken at the AGM 2020

ASSESSMENT FROM DONG THAP LEADERSHIPS

Mr. Doan Tan Buu - Vice President of Dong Thap province shared his pride when Imexpharm is an enterprise of Dong Thap received high credibility from the community through the 100 Sustainable Enterprises awarded by VCCI. In addition, he also believes in Imexpharm's future when the Company is always supported by shareholders, investors, customers and partners. Mr. Doan Tan Buu also sent his sincere thanks to Imexpharm as the Company donated VND 500 million to help Dong Thap province cope with the pandemic and ensure the safety of the community.

SUSTAINABLE DEVELOPMENT AT IMEXPHARM IN 2021 AND VISION TOWARDS 2025

IMEXPHARM'S ASSESSMENT OF THE IMPACT OF DISEASE AND CLIMATE CHANGE ON SUSTAINABLE DEVELOPMENT

Climate change has become one of the top concerns of mankind as extreme weather events become more and more severe. Ice melting and rising sea levels have caused significant saline intrusion, while global warming has also led to wildfires in many places. All these activities have been affecting the lives and livelihoods of millions of people on the earth. At Imexpharm, as a small and medium enterprise operating in the pharmaceutical industry, climate change brings both opportunities and challenges to the Company. The health of the people will be adversely affected by the consequences induced by climate change. Diseases emerges more and more with a high degree of danger; pharmaceutical companies have more space to grow in the future. However, the Company's production activities will face certain obstacles, which is the high raw material price due to increasingly strict regulations on environmental protection in top pharmaceutical raw material exporting countries such as China and India. In addition, the government's regulations are tighter and tighter on antibiotics, which also makes the OTC channel change. However, the Company recognizes that these changes are positive and consistent with future development tendency and Imexpharm will have a suitable production strategy to reinforce OTC channel.

The year 2020 is the turmoil year on the globe due to the impact of the pandemic. The world has experienced painful losses and its consequences can hardly be monetized. The impact of the pandemic may last for many years due to the influence of lockdown orders and living habits also changed. The mental health also takes into account when "shelter in place" order was taking for a long time. Aggregate demand plummeted, the economy entered into crisis and most of manufacturers were impacted. Vietnam Pharmaceutical industry also suffers from the pandemic despite its highly defensive characteristics. The implementation of social distancing has brought changes in consumption behaviors and people have restricted to go to the hospitals, which caused the reduction of ETC sales channel. Besides, OTC revenue also declined due to decrease in income. However, thanks to the right strategy, Imexpharm has overcome the difficulties and achieved high profit growth rate in 2020. Nevertheless, the travel restriction order affects the process of the IMP4 factory accreditation and may influence to the other EU-GMP factory in the procedures of being re-certified.

IMEXPHARM SUSTAINABLE STRATEGIES IN 2021

In 2021, Imexpharm will focus on implementing the following core strategies:

- ▶ Maintain stable growth in terms of revenue and profit for the Company.
- ▶ Maximize shareholder benefits and actively contribute to the community.
- ▶ Promote a culture of fairness, transparency and focus on performance. Furthermore, the Company creates a safe, friendly, and non-discriminatory working environment between men and women.
- ▶ Strengthen training and comprehensive development of human resources. Promote policies to attract and retain employees.
- ▶ Implement energy saving policies, set energy consumption, water consumption per million product units depending on the production and business situation as well as regulate the amount of hazardous solid waste per total warehouse input.
- ▶ Promote innovation initiatives to practice savings at the Company factories, headquarters and branches.

LONG TERM VISION OF THE COMPANY TOWARDS SUSTAINABLE DEVELOPMENT

Encountering increasingly complex movement of climate change and epidemics, each business and individual is more aware of the responsibility for the living environment and the community. Sustainable development will be the guideline for all activities of the Company in the medium and long term. All business decisions of Imexpharm are made based on three factors: long-term development of the Company, a stable working environment for employees and impacts on the living environment and the community.

Currently, Imexpharm's sustainable development activities have not performed deeply, and the results of sustainable development programs are not so clear. However, starting in 2021, Imexpharm will focus on promoting sustainable development strategies according to the roadmap. The long-term sustainable development goals are as follows:

- ▶ Maintaining production and business continuity and stimulating sales and profit of the Company are put on the top priorities. The efficiency of economic activities is always the most essential concern of all stakeholders. The Company disclosed annual revenue, profit and dividend policy through Annual Reports and submits to the General Meeting of Shareholders each year.
- ▶ Next, creating a safe working environment for all employees to work with peace of mind. Occupational health and safety will be a top concern at the workplace. In addition, the Company factories have a tendency to apply advanced management standards such as EU-GMP to create a safe and minimizing adverse effects of chemicals on labour health.

Furthermore, the Company builds a recruitment policy and evaluates employees based on work performance, regardless of gender, religion, or ethnicity. The balanced scorecard assessment system is showing efficiency and, labor productivity is being enhanced at Imexpharm. The Company will focus more on developing female employees, building more supportive and encouraging policies for women. Moreover, Imexpharm is committed to a happy working environment, taking surveys and obtaining opinions from employees to improve the working environment in the direction of bringing more and more values to each employee working at Imexpharm.

▶ Conducting responsible and environmentally friendly production. Propagating the policy of using energy economically for all staff. The Company will actively encourage innovative initiatives to save energy, reduce production costs, research and use clean energy such as solar energy.

▶ Enterprise contributing for the community. Imexpharm continues to invest in learning and talent encouragement activities. The Company will spend an annual budget investing in educational development in Dong Thap and other provinces in order to incubate future talents for the country. Besides, Imexpharm also assists vulnerable people and persons in difficult situations in the society through free medical check-up programs for poor patients, and support recovery after natural disasters.

“ ENHANCE VALUES, SUSTAIN THE FUTURE ”

SUSTAINABLE DEVELOPMENT REPORT 2020

