



2019-20 **CSR** Report

Hanmi Sustainability

Introduction

Introducing the 2019-2020 CSR Report

Hanmi Pharm is pleased to present its CSR Report for 2019-20, our third report since publishing the domestic pharmaceutical industry's first ever sustainable management report in 2017. This report covers the goals and achievements that comprise the economic, social and environmental values of Hanmi Pharm; the values that drive us to become a pharmaceutical powerhouse based on the ideals of 'creation and challenge'.

Hanmi Pharm will continue issue CSR reports on an annual basis to communicate with our shareholders, customers and other stakeholders about the effort, new challenges and achievements we are making as we strive to elevate the country to become a global pharmaceutical powerhouse.

Reporting Principles

Hanmi Pharm's 2019-2020 CSR Report has been prepared in accordance with the GRI Standards: Core Option. The methodology and results of the process to select the material sustainability topics covered in this report, the contents of the report, and the scope and boundaries of the report are set out on page 24, while the status of the other GRI standards covered can be found on page 98, and information regarding the SDGs is on page 26.

Reporting Scope

The 2019-2020 Hanmi Pharm CSR Report contains information on the sustainable management performance of Hanmi Pharm from January 01, 2019 to December 31, 2019. In addition, certain records of the company's activities until April 2020 as well as data from the prior year that may be relevant to stakeholders' decision-making have also been included for reference. Moreover, to convey Hanmi Pharm's overall

sustainable management capacity to stakeholders more effectively, some topics contain information regarding Hanmi Fine Chemical Company and Beijing Hanmi Pharmaceutical Company.

Assurance

A review of the objectivity, impartiality, and reliability of the contents of this report has been conducted by an independent third-party assurance specialist, who participated in neither the process to select key reporting issues nor the preparation of the report itself. The method and relevant criteria applied to verify the contents of this report, the results of the verification, and information about the assurers are set out on page 96 of the report.



Cover Story

The cover of Hanmi Pharm's CSR Report expresses the company's determination to become a global player on the basis of 'Creation and Challenge'.

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CEO message



We would like to express our deep gratitude to all our stakeholders for your loyalty to and interest in Hanmi Pharm, and we wish you and your families good health and good luck.

Hanmi Pharm, which has been driving the development of the pharmaceutical industry in Korea for the past 40 years, is preparing to start a new challenge by becoming a respected, sustainable company. 2020 will be a very special year for Hanmi Pharm, where we will consolidate everything that we have achieved in the past ten years and set a new course for the next ten years. Over the past 10 years, Hanmi Pharm has licensed out a number of innovative new drug candidate substances and has been making steady progress developing them in conjunction with its partners. This, combined with the sharp sales growth of incrementally modified drugs and compound drugs developed using in-house technology, means that the company has established itself as “Korea’s leading pharmaceutical company” and the closest thing to a global player. The 2019-20 CSR Report is the third edition of a report, the 2017-18 version of which was the first ever to be published by a domestic pharmaceutical company. It showcases the achievements of all the employees of Hanmi Pharm as a result of their hard work, passion and willingness to address challenges over the past year, as well as Hanmi Pharm’s willingness to strive toward becoming a pharmaceutical powerhouse.

Last year, Hanmi Pharm resolutely walked the path of innovation towards becoming a pharmaceutical powerhouse. In particular, Hanmi Pharm annually invests an amount equivalent to about 20% of its revenue in research, the highest among domestic pharmaceutical and bio companies. In absolute values, investment last year alone was in excess of KRW200 billion. In addition, it has been judged that strong performance by a range of specialized drugs using evidence-based

differentiated sales and marketing techniques continues to bolster the R&D investment model, thus creating a virtuous cycle for the development of innovative new drugs.

Hanmi Pharm has maintained steady growth based on the Amosartan family that we developed in-house, and other differentiated self-developed products such as Rosuzet and Esomezole, sales of which support the smooth development of a pipeline of innovative new drug lines. In addition, by continuously implementing sustainable management practices based on social responsibilities, such as healthy Ethics Management and responsible environmental management, Hanmi Pharm was awarded a Prime Ministerial Citation at the 2019 Government Awards of Korea’s Best Companies.

In 2020, Hanmi Pharm is going to start a new challenge for the creation of a bright future in the new decade. At the start of this new challenge, Hanmi Pharm will recognize R&D, which amounts to the life of the pharmaceutical industry, as essential to the sustainable growth and social responsibility of pharmaceutical companies and will implement our vision of building a pharmaceutical powerhouse. As a leading pharmaceutical company in Korea, we will concentrate all of our capabilities to carry out our aim of becoming a pharmaceutical powerhouse with the strong determination that “Hanmi Pharm is the future of the pharmaceutical industry, and the pharmaceutical industry is the future of Korea”.

We look forward to receiving the warm interest and affection of our stakeholders, and hope that you will be able to join us in the hopeful future that Hanmi Pharm will create.

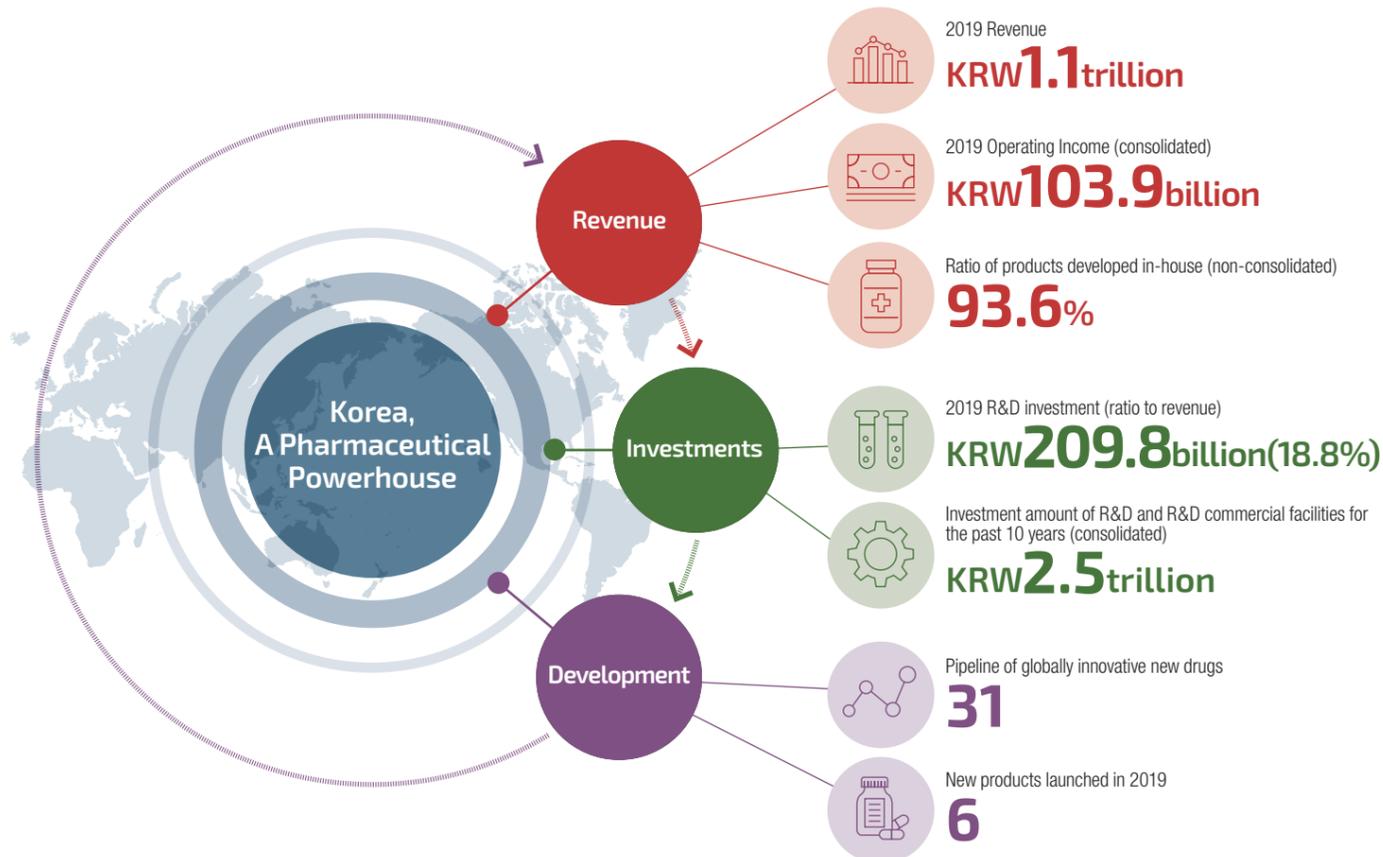
Thank you.

Joint Chairmen

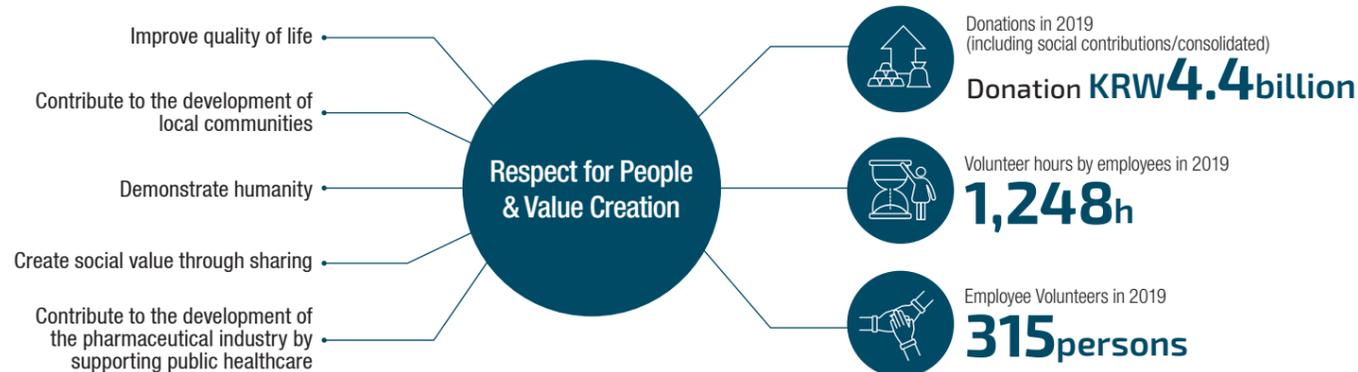
President & CEO **Jong-Soo Woo** President & CEO **Se-Chang Kwon**

Hanmi Pharm's Performance in Sustainable Management in 2019

Korean R&D Performance



Social Contribution



Securing a Global Standard GMP Audit Status in 2019

Paltan Complex



Pyeongtaek Complex



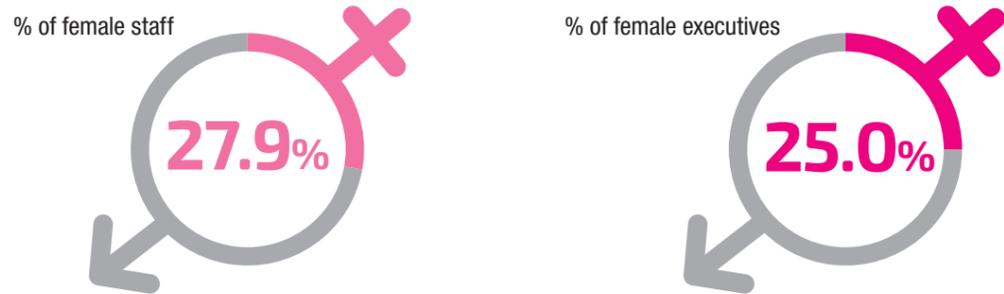
Hanmi Fine Chemical



EHS Performance



Pursue gender equality



Certifications & Awards

Government citation for Korea's Best Award of the Prime Minister

Family-Friendly Excellent Company (Ministry of Gender Equality and Family)

Human Resources Development (Ministry of Employment and Labor)

Local Community Contribution Company (Ministry of Health and Welfare)

2019 Mecenat Grand Prix – Creativity Award (Korea Mecenat Association)

Excellent Company supporting culture and arts (Ministry of Culture, Sports and Tourism)

Compliance Program, CP Rating (Fair Trade Commission)

Corporate Credit Rating (Korea Investors Service/NICE Investors Service)

Environmental : B+
Social : A+
Governance : B
ESG Grade in 2019 (Korea Corporate Governance Service)

Certifications & Awards

ISO 22301

ISO 37001

ISO 27001

ISO 45001

ISO 14001

ISO 13485

Selected as a Meritorious Tax Company (Seoul City)

Social Contribution Citation (Seongdong Disabled Welfare Center)

Citation for Meritorious Companies for Disabilities (Songpa-gu Office)

Korea social contribution Grand Prix – Minister of Food and Drug Safety Award for Social Service Division (Korea Institute of Service Industry)

Selected as a Youth-Friendly Small Giant (Hanmi Fine Chemical, Ministry of Employment and Labor)

Excellent Business Site for Plant in the Forest (Gyeonggi Provincial Government)

Hanmi Overview

Company Introduction | Corporate Values | Business Model | Governance Structure

Company Introduction

Hanmi Pharm, an R&D-centered global pharmaceutical company

Hanmi Pharm is focusing all its capabilities on creating an efficient and strategic R&D model with continuous R&D investment to produce high

quality medicines for the continuing health of humankind. We will give rise to the development of globally recognized innovative drugs.

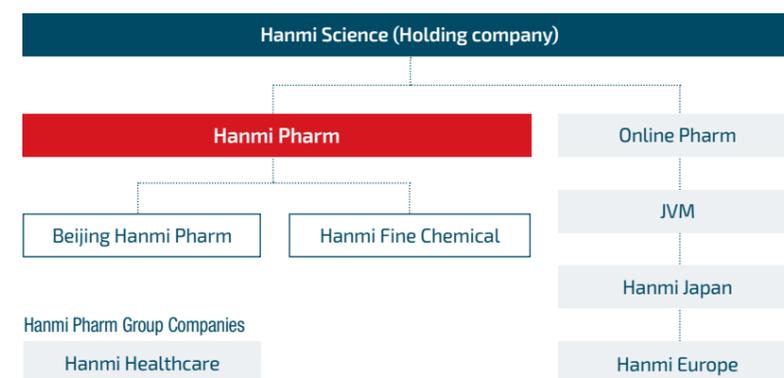


Name	Hanmi Pharm Co., Ltd.
CEO	Joint Chairmen Jong-Soo Woo, Se-Chang Kwon
Date of incorporation	June 15, 1973 (Date of spin-off: July 01, 2010)
Head Office	14 Wiryeseong-daero, Songpa-gu, Seoul
Plant Addresses	<ul style="list-style-type: none"> · Paltan Complex: 214 Muha-ro, Paltan-myeon, Hwaseong-si, Gyeonggi-do · Pyeongtaek Complex: 114 Chupalsandan-ro, Paengseong-eup, Pyeongtaek-si, Gyeonggi-do · Research Center: 550 Dongtangiheung-ro, Hwaseong-si, Gyeonggi-do
Sales	KRW 1.11 trillion (consolidated basis)
No. of Employees	2,419 persons (including registered executives)
Core business	<ul style="list-style-type: none"> · Main business purpose: manufacture and sale of pharmaceuticals, development of innovative new medicines for the global market · Main products: Amodipin, Amosartan, Rosuzet, Esomezol, Palpal, etc. · Product Range: Prescription drugs (217 items), over-the-counter drugs (91 items), Medical devices (36 items), cosmetics (26 items)

Affiliated Companies

Hanmi Pharm sits beneath a holding company, Hanmi Science, and has two key subsidiaries of its own, namely Hanmi Fine Chemical, which manufactures and sells active pharmaceutical ingredients, and Beijing Hanmi Pharm, which manufactures and sells pharmaceuticals in Beijing, China.

Status of the largest shareholder, major subsidiaries and related companies



Introduction to Beijing Hanmi Pharmaceutical Company

Beijing Hanmi Pharmaceutical Company is a Chinese subsidiary, which was founded in 1996 with an investment from Hanmi Pharm, and, which continues to grow steadily as it finds its footing as an independent pharmaceutical company undertaking the entire scope of business from R&D to manufacturing and sales.

Beijing Hanmi Pharmaceutical Company has been attracting attention as the most successful Korean company in China.



Name	Beijing Hanmi Pharmaceutical Company
CEO	Hae Ryong Yhim
Date of incorporation	March 27, 1996
Address	No.10 Tianzhu West Road, Tianzhu Airport Industrial Zone A, Shunyi District Beijing (Beijing China)
Sales	KRW 254.4 billion
No. of Employees	1,327 persons
Core business	<ul style="list-style-type: none"> · Key sectors: manufacture and sale of pharmaceuticals and the development of new medicines · Main products: medicines for infants including Mami Ai(妈咪爱), Itanjing(易坦静) · Product range: a total of 20 items including Mamiai, Itanjing, and Mechangan

Introduction to Hanmi Fine Chemical Company

Hanmi Fine Chemical is leveraging its technology and manufacturing capacity for world-class active pharmaceutical ingredients to develop its business structure. We are currently building a business model that can respond flexibly to future business operations, such as

improving profitability and identifying new CMO businesses. We are focusing on research and development by building a new factory with optimal facilities, securing competitive suppliers, as well as building a more stable quality control system and improving productivity.



Name	Hanmi Fine Chemical Company Ltd.
CEO	Young-kil Chang
Date of incorporation	February 01, 1984
Address	57 Gyeongje-ro, Siheung-si, Gyeonggi-do
Sales	KRW 110.3 billion
No. of Employees	291 persons
Core business	<ul style="list-style-type: none"> · Key sectors: manufacture and sale of active pharmaceutical ingredients, development of new drug synthesis technology · Main products: Cephalosporin series of antibiotics · Product range : Development and production of high-purity and highly complex active pharmaceutical ingredients (exported to 30 countries)

Corporate Values

Strive to become a pharmaceutical powerhouse and contribute to the health of humankind by upholding 'Respect for People' and 'Value Creation'

The primary mission of Hanmi Pharm is to constantly create new value in order to protect the lives and health of all people and to improve their quality of life.

Management ideology

'Respect for People'
'Value creation'



MISSION

Contribute to the improvement of humankind's health

- **Creation**
Blaze a trail to innovation
- **Challenge**
Ride our technology to victory

VISION

Become a pharmaceutical powerhouse

- **Make the leap to become a global company through creation and overcoming challenges**
Starting with the in-house development of a pharmaceutical synthesis technology, Hanmi Pharm has leapt forward to become one of Korea's leading global pharmaceutical companies by developing new and improved compound drugs.
Hanmi Pharm, by conducting joint R&D with global companies, is pioneering a new path for the domestic pharmaceutical industry through creation and overcoming challenges, which are the core values of the company.
- **No.1 R&D for developing global new drugs**
We have invested about 20% of our annual sales in R&D, since becoming the first domestic pharmaceutical company to surpass KRW 100 billion in annual R&D investment in 2013. Based on this approach, we are developing about 30 new drug projects in the USA and Europe, including sustainable new bio drugs, innovative targeted anti-cancer drugs and orphan drugs, which have been designed to target the global market from the early stages of their development.
- **Globally-renowned brand for new and improved compound drugs**
Hanmi Pharm's new compound drug-making technology, which brings together two or more different drugs to make one product, has proven its capabilities worldwide. In the proud position as manufacturer of the most frequently prescribed drugs in Korea, we have created the Amosartan family of compound drugs to treat hypertension, as well as the hyperlipidemia drug Rosuzet, and Esomezole, the first FDA-approved new incrementally modified drug produced in Korea.
- **Korea's leading pharm company fulfilling its CSR**
Hanmi Pharm is doing its utmost to develop a business model that contributes to advancing human health based on a management philosophy of respect for people and value creation, as well as growing into a sustainable and healthy social enterprise through healthy Ethics Management practices, safe and responsible environmental management, trust-based customer satisfaction management, and win-win management for mutual growth, etc.

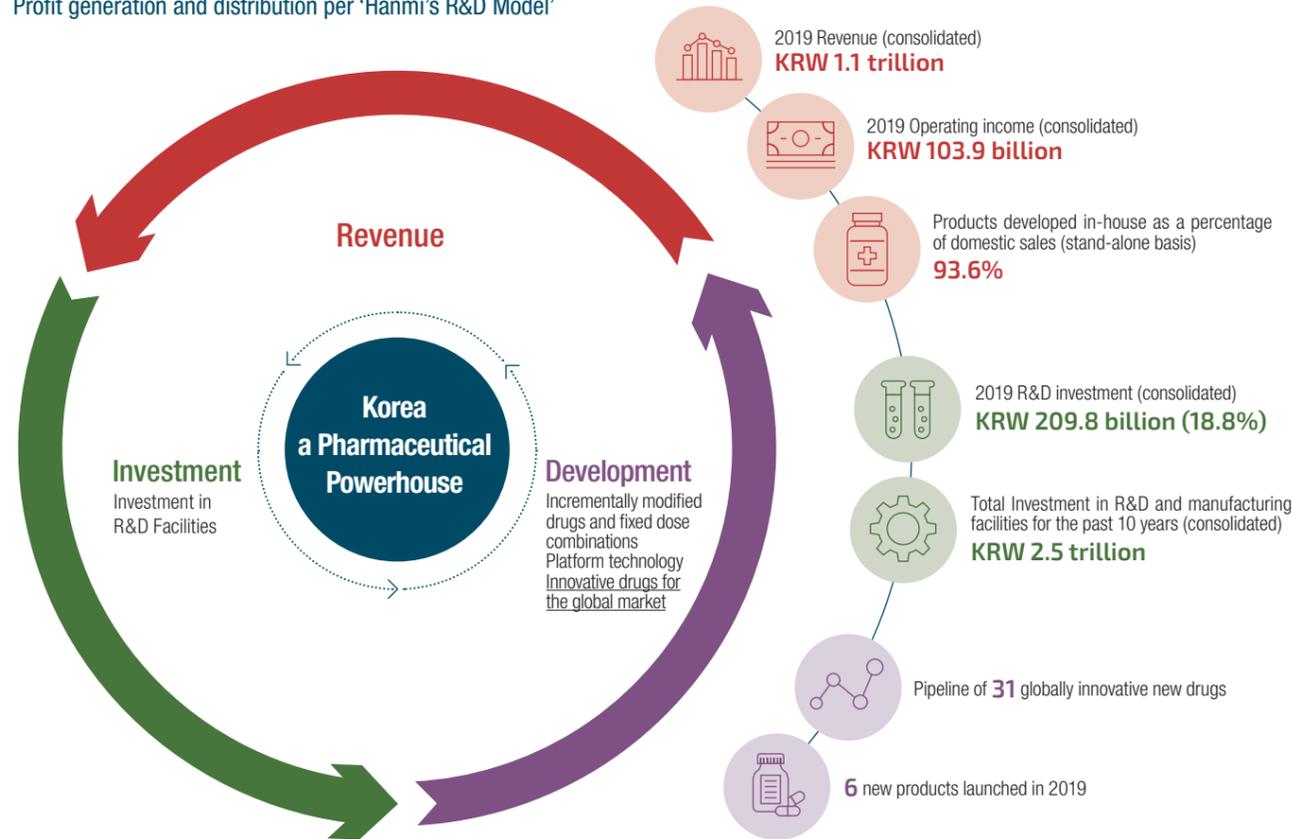
Business Model

Leveraging the Korean R&D Model to Generate and Distribute Profits

Hanmi Pharm's business model revolves around its 'Korean R&D Strategy'. We are striving to maximize the sales of our incrementally modified drugs and fixed dose combinations, and also our licensing contracts and other technology exports; and we are doing our best to create future capabilities by heavily reinvesting our generated profits back into R&D.

※ 'Korean R&D' refers to the strategic virtuous cycle created when the company successfully develops new incrementally modified and fixed dose combination drugs from its world-class manufacturing technology know-how accumulated over the course of 30 years of ongoing research and development, and reinvesting the capabilities generated thereon into pursuing Hanmi Pharm's ultimate goal of developing 'Globally Innovative New Drugs'.

Profit generation and distribution per 'Hanmi's R&D Model'

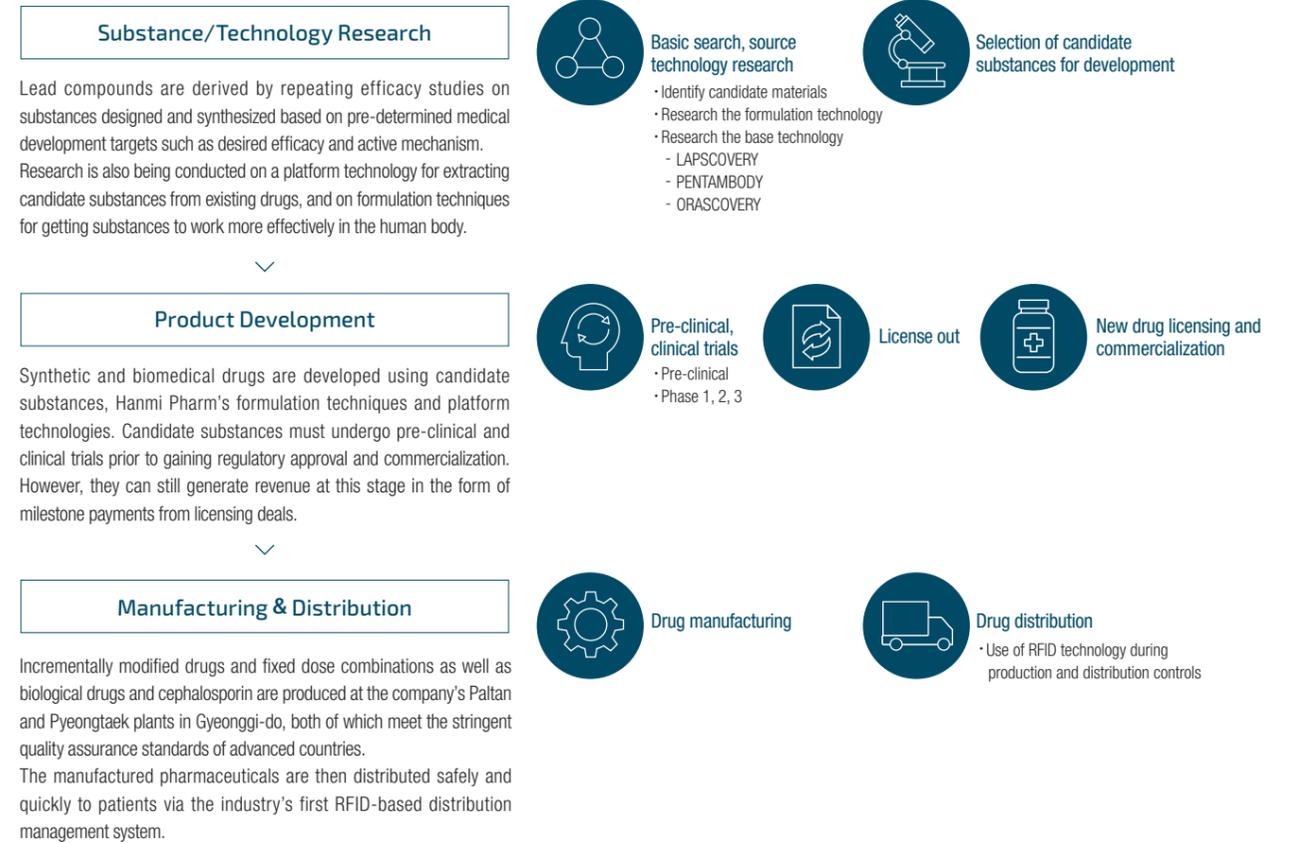


Development Path of Innovative New Drugs for the Global Market

Hanmi Pharm's R&D-oriented business strategy is unique to the domestic pharmaceutical industry for achieving growth by commercializing products developed entirely in-house rather than through the sale of imports. Hanmi Pharm will maintain its position at

the forefront of the domestic pharmaceutical industry by leading the development of innovative new drugs for the global market, a path that other South Korean companies have not been able to follow.

Hanmi Pharm's business model for new drug development



Hanmi Pharm's New Drug Development Process



Select pharmaceutical development targets (desired efficacy & action mechanism) > Design and synthesize new compound > Select lead compounds by repeating efficacy studies

Develop mass-production process for candidate substances > Research formulation > Evaluate safety > Analyze pharmacokinetic / pharmacodynamic data > Conduct clinical trials

Governance Structure

Governance tailored to promote the Korean R&D model

Hanmi Pharm is listed on the Korea Stock Exchange with 41.4% of shares held by Hanmi Science, 58.0% by institutional investors, foreigners, and minority shareholders, and 0.6% comprising treasury stock. The total number of shares issued is 11,612,184, and the total capital is KRW 545,447,088,060 (non-consolidated) and KRW 822,261,424,899 (consolidated). Hanmi Pharm shareholders exercise their voting rights through Shareholders' Meetings, and actively express their ideas about the company's management performance and future vision. Hanmi Pharm continues to make the best R&D investments in

the domestic pharmaceutical industry through a governance structure that draws accord from various stakeholders. In addition, from 2020, Hanmi Pharm Group has introduced an electronic voting system to strengthen shareholders' rights and enhance their convenience. With the introduction of the electronic voting system, in addition to strengthen shareholders' rights, their opinions can be actively reflected in the management of the company. We will continue to try to lead the way in stakeholder-oriented management practices.

Major Shareholders' Share Status

Category	Unit	2017	2018	2019
No. of Issued Shares		11,163,452	11,385,691	11,612,184
Hanmi Science	Shares	4,619,301	4,711,687	4,805,920
Others		6,492,654	6,613,003	6,736,364
Treasury Stock		51,497	61,001	69,900

Composition of Hanmi Pharm shareholders



Independent and Objective Decision-making Structure

Board of Directors' Composition

With the exception of shareholder meetings, the company's Board of Directors (BoD) is the top decision-making body in respect of the company's business performing duties such as resolving major management-related issues. The Hanmi Pharm BoD comprises eight directors, three of whom are non-executive. Per board regulations, CEO Jong-Soo Woo is the current Chairman of the Board. Currently, CEO Jong-Soo Woo and CEO Se-Chang Kwon are responsible for overseeing the management of the company's businesses and the management of new drug development, respectively.

Appointment of Directors

Candidates for the BoD must demonstrate their competence to contribute to the growth of the company and must be appointed in a transparent and fair manner. Candidates may not have had any business dealings with Hanmi Pharm in the three years prior to nomination. Appointment of suitably qualified candidates nominated by the BoD must be approved at a regular shareholders' meeting.

Composition of Board of Directors

Category	Name	Full/Part-time.	Responsibilities	Relation to largest shareholder	Career highlights	Re-appointment (times)
Executive Directors	Jong-soo Woo	Full-time	Management control	Executive	- Chungnam University Graduate School PhD in Pharmacology (2001) - 13th Jangeun Tech Award (Micro-emulsion technology development, 1997) - New Drug Development Excellent Researcher Award (Amosartan, 2010)	Yes (3)
	Se-chang Kwon	Full-time	New drug development	Executive	- SNU Graduate School PhD in Animal Resource Science (2009) - Head of Hanmi Pharm R&D Center (2012-2017) - Recipient of Industry Man of Merit Citation from the Minister of Knowledge & Economy at the Korea Tech Grand Prix (2011)	Reappointed 2020 (2)
	Jong-yun Lim	Full-time	BD Supervisor	CEO	- Boston College - Chairman, Beijing Hanmi Pharm	Yes (3)
	Jong-hun Lim	Full-time	Management planning/CIO	-	- Bentley University Department of Management - VP, Hanmi Pharm	Reappointed 2020 (2)
	Gwan-sun Lee	Full-time	Global strategy	-	- KAIST PhD in Chemistry - Vice-chairman Hanmi Pharm	Yes (3)
Non-executive Directors	Dong-ho Lee	Part-time	Non-executive Director	-	- SNU College of Medicine PhD in Medicine - Professor, Ulsan University College of Medicine - Vice-Chair, KoNECT - CEO, KDDF	Yes (1)
	Sung-hoon Kim	Part-time	Non-executive Director	-	- Brown University Department of Molecular Genetics, PhD in Biochemistry - Director, Medicinal Bioconvergence Research Centre - Professor, SNU College of Pharmacy	Yes (1)
	Dong-chul Seo	Part-time	Non-executive Director	-	- Yonsei University MBA - Chung-Ang University Master of Pharmacology - University of Minnesota PhD in Pharmaceutical Economics - Chung-Ang University College of Pharmacy (Pharmacy Management, Economics and Policy) Professor	Reappointed 2020 (2)

Major Decisions made by the BoD

Hanmi Pharm's BoD holds Regular Board Meetings once a quarter, in accordance with the operating regulations and Ordinary Board Meetings that are convened when necessary. In 2019, 11 board meetings were held to discuss issues such as appointment of the CEO, the internal accounting management system of the Audit Committee and cash dividends.

Hanmi Pharm's BoD also monitors the directors' responsibilities. If work is done in a dishonest manner, or if there is a risk of ethical violations, the BoD requires the execution of the relevant agenda item to be suspended or changed. The attendance rate of non-executive directors was 100%.

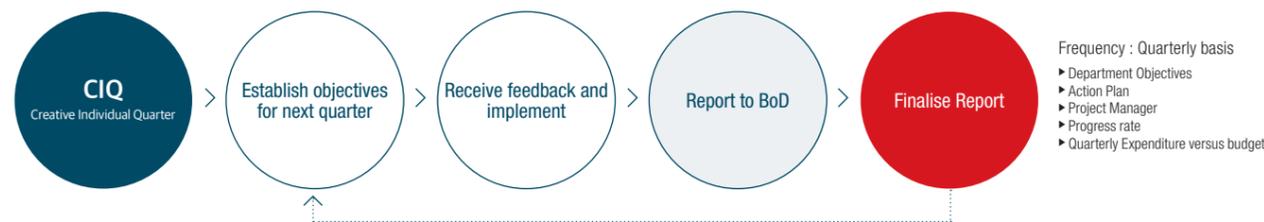
2019 BoD Operations

No.	Date	Agenda
01	2019.1.29	Report on the 2018 closing
02	2019.2.25	Convening the Ninth Regular Shareholders' General Meeting and setting the agenda Cash dividends
03	2019.2.25	CEO's presentation on the operational status of the internal accounting management system Audit Committee's report on evaluation of the operational status of the internal accounting management system
04	2019.3.11	Approval of the 2018 financial statements
05	2019.3.15	Appointment of the CEO
06	2019.4.30	Report on 1 st quarter closing Issuance of Hanmi Pharm's non-guaranteed bonds Amendment of Hanmi Pharm's compliance control standards Appointment of Hanmi Pharm's compliance support personnel
07	2019.6.17	Provision of security
08	2019.7.30	Report on 2 nd quarter closing
09	2019.10.29	Report on 3 rd quarter closing
10	2019.12.03	Finalizing the contract to introduce an oral anti-cancer drug
11	2019.12.12	Transfer of reserve funds to capital Adoption of the electronic voting system

Continuous Reviews and Decision-making about Major Issues

In addition to the decisions on key management issues taken at BoD meetings, Hanmi Pharm also holds a quarterly performance meeting called 'Creative Individual Quarter' (CIQ). In the CIQ, which was established in May 1993, each department is reviewed by management quarterly regarding performance relative to the task-related goals that the department aimed to implement, over and above their day-to-day work.

In the quarterly CIQ, each team reports the goals of each business activity, the action plan, the person in charge, and the degree of each goal's achievement. The team then sets new goals for the next quarter incorporating points raised in management's review of the performance for that quarter.



Committee Activities for Efficient and Transparent Management

Audit Committee

The Audit Committee of Hanmi Pharm is composed of external directors, who are responsible for supervising and supporting management to maximize the company's corporate value through checks and balances. (Per Article 44 of our Articles of Association: the audit committee shall comprise no less than two-thirds external directors.) The Audit Committee

meets regularly each quarter in accordance with the operating regulations in addition to ad hoc meetings when the need arises. It discusses issues related to Hanmi Pharm's financial statements and internal accounting management status, as well as other management risks that may have a significant impact on Hanmi Pharm's management activities.

Operational Overview of the Audit Committee

Date	Agenda
01.29.2019	- Appointment of external directors
01.29.2019	- 2018 Financial Statements - 2018 4 th quarter results and 2019 1 st quarter audit and compliance program planning
02.25.2019	- Operational status of the internal accounting management system
04.30.2019	- 2019 1 st Quarter Financial Statements - 1 st quarter results and 2 nd quarter audit and compliance program planning
07.30.2019	- 2019 2 nd Quarter Financial Statements - 2 nd quarter results and 3 rd quarter audit and compliance program planning
10.29.2019	- 2019 3 rd Quarter Financial Statements - 3 rd quarter results and 4 th quarter audit and compliance program planning

Training of External Directors and Audit Committee (AC)

Date	Trainer	AC members who attended	Contents of the Training
02.25.2019	Hanmi Pharm	All	Amendment of the internal accounting management regulations pursuant to the introduction of a new external auditor law
07.30.2019	Samil Accounting Firm	All	New internal accounting system

External Executives and Audit Committee Support Organization

Dept. (Team) Name	Number of Employees (persons)	Contents of the Training
Compliance Team	7	Internal audit & compliance program management
Finance Team	6	Supporting the BoD and Audit Committee's work

CSR Committee

Hanmi Pharm established the CSR Committee in 2017 to promote sustainable management and transparent and strategic social contribution activities. It is composed of seven members (Executive Directors) with the CEO as the Chairman. In accordance with internal

operating regulations, it discusses issues related to the sustainable management of Hanmi Pharm and ESG, including formulating CSR strategies, reviewing the operational status of social contribution programs, such as their execution and costs.

Overview of CSR Committee Activities

Date	Agenda
01.17.2019	- ESG class status and plans for improvement - 2018 4 th quarter results and 2019 1 st quarter CSR management planning Introduction of ISO 22301
04.11.2019	- Publishing of 2018-2019 CSR Report - 1 st quarter results and 2 nd quarter CSR management planning Establishment of the hEHS Committee to promote Environmental - Management expertise
08.02.2019	- 2 nd quarter results and 3 rd quarter CSR management planning - Operation of the Hanmi Pharm environmental 'Green Hanmi Campaign'
11.14.2019	- 3 rd quarter results and 4 th quarter CSR management planning - Plans to acquire and operate ISO 22301 certification

hEHS Committee

Hanmi Pharm established the Hanmi Environment Health Safety (hEHS) Committee in February 2019, as a company-wide EHS organization. EHS managers at the company's five business sites, led by the Chairman (the Senior Managing Director of CSR), were appointed as members/deputy

members of the committee. Through regular quarterly meetings, they set goals and plans for the strategic environmental management of Hanmi Pharm and discuss the company-wide agenda for compliance with various regulations.

Overview of hEHS Committee Activities

Date	Agenda
02.20.2019	- hEHS Committee establishment - 2018 EHS performance and 2019 EHS plan
05.22.2019	- Compliance with the MSDS, air, industry safety & health law - Management/operation of employee safety protection (Fit tester)
09.03.2019	- Safety & health management following an amendment to the industry safety law Integrated management of waste disposal measures
11.27.2019	- 2019 EHS performance and 2020 EHS plan - Integrated management plan for EHS development - ISO 22301 certification transfer

Governance Structure of the Major Subsidiary Companies

Beijing Hanmi Pharm

Composition of the shareholders

Beijing Hanmi Pharm is a significant subsidiary of Hanmi Pharm. As of December 31, 2019, Hanmi Pharm owns about 74% of the Beijing Hanmi Pharm shares, which constitutes majority of the voting rights.

Shareholders of Beijing Hanmi Pharm

Name	Unit	Share ratio
Korea Hanmi Pharm Co., Ltd.		73.7
Beijing Zizhu Pharm Co., Ltd.	%	26.3
Total		100

Beijing Hanmi Pharm Committee Member Group

The Beijing Hanmi Pharm Committee Member Group consists of five professional managers who are experienced in different fields and have a high level of professional knowledge. The group handles important

decision-making tasks, proactively mitigates possible risks and conducts its own assessment of the company's management performance.

Beijing Hanmi Pharm Committee Member Group Status

Category	Details
Composition	Chair: 1 person, Committee member: 4 persons
Diversity of members	Male: 4 persons, Female: 1 person
Term of a member	4 years
Prevention of a conflict of interest	-Members of the group shall "notify the group of any circumstances in which a conflict of interest may arise and refer them for deliberation." This includes potential conflicts of interest, even if nothing is apparent at the time. -No conflicts of interest have been identified in the group thus far.
Decision-making about major sustainability topics	-Beijing Hanmi Pharm operates a "Crisis Management Committee" to manage risk effectively, and this is further divided into the "Financial Crisis Management Sub-committee" and "Environmental Safety Crisis Management Subcommittee." -The Financial Crisis Management Sub-committee responds to financial risks, such as foreign exchange risk, interest rate risk and credit risk, as well as strategic, operational and regulatory risks. -The Environmental Safety Crisis Management Sub-committee develops documented procedures to respond to overall risks such as wastewater treatment risk, factory management risk, fire accident risk, safety accident risk, electrical short circuit risk, dangerous materials risk, and special (drug, hormone, ephedrine chloride) raw material risk, and presents ways of dealing with these in order to comply with the Chinese government's regulations and systems for preventing pollution. -Specific response activities are undertaken through each business department in accordance with the risk management policies approved by the committee, and each business department identifies, evaluates and prevents risks in close cooperation with each other.
Performance evaluation & remuneration of the BoD	-Every year, the company conducts evaluations of the performance of the BoD members. Compensation for the BoD is calculated based on a long-term business performance-based pay scheme that takes into consideration G&P. The CEO makes the final adjustment to the compensation amount before it is approved by the BoD and publicly disclosed in the company's annual report. -Remuneration decisions are reviewed and resolved through the Human Resources Development Committee, which considers personnel planning, job duties, promotion, and evaluation of the company as a whole. The committee is composed of the CEO, Human Resources Team Manager, Audit Team Manager, and the heads of each department. -Compensation policies are ratified by a majority vote from a quorum comprising two-thirds of committee members. Stakeholders may raise objections and they are debated and acted upon if appropriate.

Decisions regarding other Major Economic, Environmental, and Social Matters

Beijing Hanmi Pharm has organized a 'Sustainable Management TFT' with working-level managers in three divisions to effectively implement its sustainable management policies at the company level.

The TFT focuses on monitoring various sustainable management issues, conducting internal reviews, establishing corrective measures, and

reporting on the results of their implementation. Issues that are identified to have a significant impact are reported to the CEO and shared within the company to be resolved.

Beijing Hanmi Certification Status

Certification	Certification Institution & Country
GMP certification of each dosage form	Chinese FDA (CFDA)
GB/T 24001	Chinese Certification Center Inc. (CCCI)
ISO 14001	Chinese Certification Center Inc. (CCCI)
GB.T 28001	Chinese Certification Center Inc. (CCCI)
OHSAS 18001	Chinese Certification Center Inc. (CCCI)

Hanmi Fine Chemical

Hanmi Fine Chemical shares the management philosophies of “respect for people” and “value creation” with Hanmi Pharm. Through continuous R&D and investment in facilities, the company is able to produce high-quality raw medicinal materials, while complying with our corporate social responsibilities and striving to fulfill our mission.

Shareholder

As in the case of Beijing Hanmi Pharm, Hanmi Fine Chemical is a significant subsidiary of Hanmi Pharm. Hanmi Pharm holds a majority of the voting rights of Hanmi Fine Chemical, with a 63% share ratio as of the end of 2019.

Composition Status of Shareholders

Name	Unit	Share Ratio
Hanmi Pharm Co., Ltd.		63
Institutional & individual investors	%	37
Total		100



BoD

Hanmi Fine Chemical's BoD consists of professional managers who are experienced in different fields and have a professional level of knowledge. They handle the important decision-making matters of the company,

proactively mitigate possible risks and conduct their own performance assessment of the management practices.

Hanmi Fine Chemical BoD Status

Category	Details
Composition	Full-time director: 1 person, Part-time directors: 2 persons, Auditor: 1 person
Term	3 years
Prevention of a conflict of interest	-Hanmi Fine Chemical is not listed on the stock market but complies with the rules on BoD ethics under the same conditions as its parent company, Hanmi Pharm. -Therefore, the director should “notify the BoD of any circumstances in which a conflict of interest may arise and refer them for deliberation”. The BoD has not found any conflicts of interest at this time.
Management of operational risks	-We have established and are operating a risk management system to communicate with our stakeholders to overcome potential risks and to create economic, social and environmental values. -A system is being built to enable the company to grow through management that is more transparent by improving any poor practices and inefficient structures through fair internal audits. -The risk management process is controlled so that all employees, from top management down to local staff, can participate in having integrated and effective crisis response governance measures and are regularly briefed on relevant risks, so that they can quickly identify and prevent major risks as well as disseminate information and respond to crises. -Based on the established risk management processes, we strive to check and improve our crisis response capabilities by conducting simulations for each major risk.
BoD performance evaluation & compensation	-The BoD of Hanmi Fine Chemical is evaluated on its performance each year. -Compensation for the BoD is calculated through the same short-term performance-based pay scheme as the parent company, Hanmi Pharm. The CEO makes the final adjustment to the compensation amount before it is presented at the general shareholders’ meeting for approval prior to disbursement.

Decisions regarding other major economic, environmental, and social matters

To achieve sustained growth, Hanmi Fine Chemical balance monitoring financial and non-financial risks affecting the community and its supply chain.

The non-financial risk management of Hanmi Fine Chemical is operated on three levels. Hands-on workers carry out the risk identification, cause analysis, and continuous monitoring (Level 1); the Cross-Functional Team (CFT) composed of 20 team managers discusses the risk guidelines and countermeasures (Level 2); and the top governance organization approves the overall risk management direction and policies (Level 3). In particular, the CFT for sustainable management monitors and diagnoses the issues based on the company's vision of being a ‘valuable

enterprise’, with ‘sustainable growth’, and promoting the “corporate culture of Hanmi”, and establishes and implements improvement measures, provides feedback on the results, and tries to improve these results into more advanced ways by sharing them throughout the company.

In addition, we seek to realize the company's vision through the efficient operation of a sustainable management system by further segmenting the fields of sustainable management and establishing more focused operating organizations such as the Quality Assurance Committee and the Industrial Safety and Health Environment Committee.

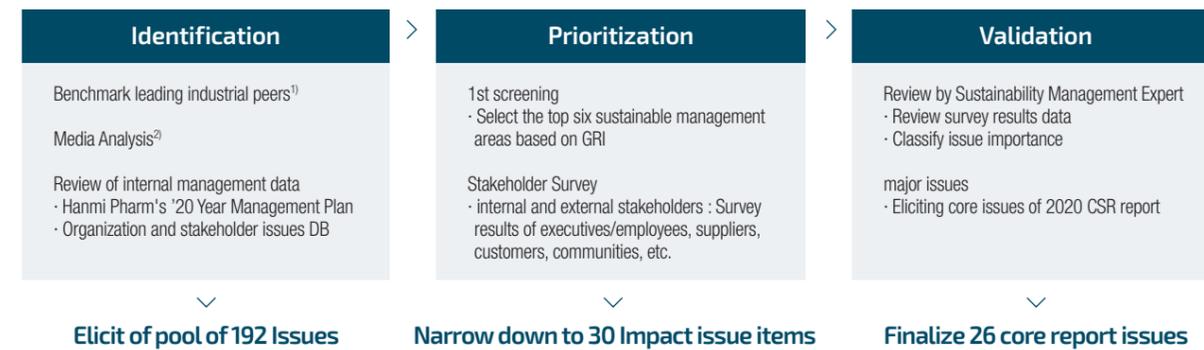
Certification Status of Hanmi Fine Chemical

Certification	Certification Institution & Country
BGMP certification	Ministry of Food & Drug Safety, Korea
European Pharmacopoeia Certificate of Suitability (CEP)	European Directorate for the Quality of Medicines (EDQM)
Injection Manufacturing Facilities GMP suitability certification	Issued by Medicines Control Agency (MCA) now renamed Medicines and Healthcare products Regulatory Agency (MHRA), UK
GMP Audit & CGMP conformance	Food & Drug Administration (FDA), USA
General Plant EU GMP certification, (Building C)	BGV, Germany
GMP Audit & GMP certification	Therapeutic Goods Association (TGA), Australia
GMP Audit & Conformance certification	PMDA, Japan
CGMP Conformance recertification	Food & Drug Administration (FDA), USA
GMP Audit & Conformance certification	COFEPRIS, Mexico
ISO 14001	System Korea Certification (agency) / KAB (certification body)
KOSHA 18001	Korea Occupational Safety & Health Agency (KOSHA)
OHSAS 18001	System Korea Certification (agency) / KAB (certification body)
PSM S class	Jungbu Office of the Ministry of Employment & Labor /Capital Major Industrial Accident Prevention Center
ISO 22301	Lloyd's Register

Materiality Assessment of the 2019 Significant Sustainability Topics

Materiality Assessment Process

The materiality assessment of Hanmi Pharm was undertaken in three steps. Step 1: Identification of Issues; Step 2: Prioritization of issues; and Step 3: Validation.



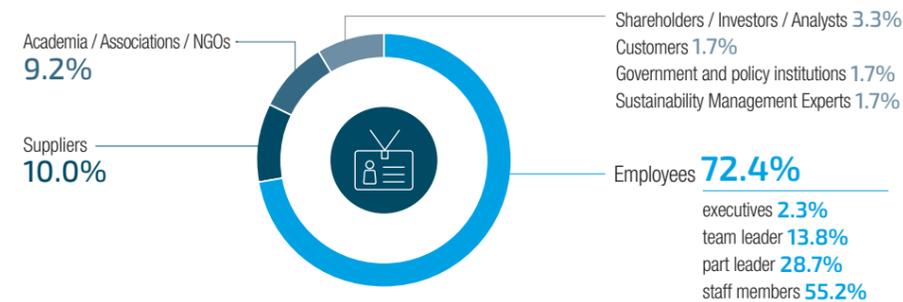
1) Five pharmaceutical companies that were evaluated as excellent or whose ranking was upgraded compared to the prior year based on global sustainable management evaluation (DJSI, Global 100, RepTrak®)
 2) Selected 12 media including daily newspapers (Chosun Ilbo, JoongAng Ilbo, DongA Ilbo, Kyunghyang Shinmun, The Hankyoreh), economic newspapers (Maeil Economic Daily, Hankook Economic Daily), ESG-related newspapers (Future Chosun, Media SR, Environment Daily News), and medical newspapers* (Daily Pharm, Medipana News) and reviewed the newspaper articles referred to when identifying the background of Hanmi Pharm's management plan issues.
 * Selected the Top Two - in terms of number of articles referencing Hanmi Pharm - in medical specialized newspapers

Stakeholders' Survey

Survey Overview

Objective	Period	Target
Collect stakeholder opinions on sustainability management issues of Hanmi Pharm	2020. 1. 28 ~ 2020. 2. 5 (9 days in total)	internal and external stakeholders of Hanmi Pharm (120 valid responses: 87 internal, 33 external)

Participation rate by stakeholder group



Materiality Assessment Results



Transparency by Materiality

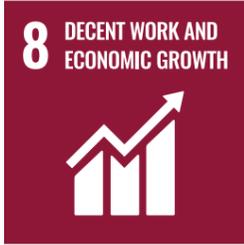
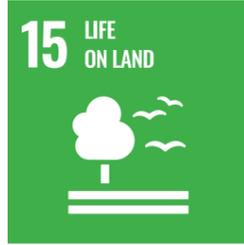
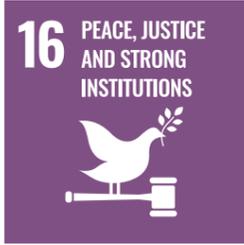
- 1st Tier**
Disclose the complete managerial approach (materiality, managerial strategy, related activities, recent performance, future plans)
- 2nd Tier**
Disclose the managerial overview (managerial strategy, related activities, recent performance)
- 3rd Tier**
Disclose part of the related performance

Materiality Assessment Rank per Core Issue and Classification

Core Issue	Rank	Classification
Increase R&D investment	2	Topic 1. R&D management for new challenges
Expand the range of treatment by developing new drugs	3	
Secure intellectual properties & strengthen their utility	6	
Pioneer & expand the global market	14	Topic 2. Focus on customers through customer satisfaction management
Upgrade production facilities	19	
Strengthen the safety of medicines	1	
Evidence-based sales and marketing	9	Topic 3. Ethics management and the quest for trust
Strengthen personal data protection	16	
Increase the stability of medicine supplies	20	
Improve customer access to medicines	24	Topic 4. Respect for people through talent management
Strengthen communication with stakeholders	12	
Strengthen ethical and lawful management practices	4	
Strengthen human rights management	7	Topic 5. Healthy and safe workplace through EHS management
Recruit high-flyers and improve talent management processes	21	
Improve work life balance	22	
Upgrade employees' skills	23	Topic 6. Mutual growth through win-win management
Strengthen the control of hazardous materials	5	
Prevent water pollution	11	
Strengthen the environmental management system	13	Topic 6. Mutual growth through win-win management
Prevent air pollution	15	
Strengthen waste control measures	17	
Pursue safety & health for employees	10	Topic 6. Mutual growth through win-win management
Support suppliers & promote mutual growth	8	
Build/implement a policy for improving supply chain sustainability	18	
Increase support to the local community	25	Topic 6. Mutual growth through win-win management
Increase support to the healthcare industry	26	

Performance of Hanmi Pharm's SDGs

Hanmi Pharm supports the SDGs implemented by the UN and the international community, and has assessed the alignment between our sustainable management scheme and the goals of the UN SDGs in order to actively participate in their implementation. In the future, we are planning to continue to explore initiatives linked to strategies and projects that can contribute to the SDGs and plan to continuously disclose our SDG implementation activities in our CSR reports.

							
Topic reported on	6. Mutual growth through win-win management	6. Mutual growth through win-win management	6. Mutual growth through win-win management	4. Respect for people through talent management	5. Healthy and safe workplace through EHS management	5. Healthy and safe workplace through EHS management	4. Respect for people through talent management
Related topic	Increase support to the local community	Increase support to the healthcare industry	Increase support to the local community	Strengthen human rights management, recruit high flyers and upgrade employee skills	Prevent water pollution	Strengthen the environment management system	Improve work-life balance
Major activities	<ul style="list-style-type: none"> · Blood donation of love · Charity bazaar by the Hanmi Wives' Association · Donate employees' points · Employees' volunteering 	<ul style="list-style-type: none"> · Supply medicine to vulnerable people · Contribute to healthcare development through operating an academic award & a volunteering award 	<ul style="list-style-type: none"> · Support education expenses to a refugee family in Ansan · Support the operation of a commissioned alternative school, "Kkumbit school" · Support the global citizen's forum & culture and arts education 	<ul style="list-style-type: none"> · Pursue gender equality by recruiting female talent · Establish a family-friendly corporate culture · Strengthen processes for dealing with sexual harassment 	<ul style="list-style-type: none"> · Keep water contaminants below 30% of the legal standard · Operate a water quality TMS · Reuse R/O condensed water · Reuse grey water 	<ul style="list-style-type: none"> · Manage peak demands for electric power · Regulate the company buildings' internal temperature by installing insulation film sheets · Improve the thermal efficiency of the cooling facility 	<ul style="list-style-type: none"> · Fair evaluation & compensation · Increase labor-management communication · Various benefits to employees · Actively operate a flexible work system · Post-retirement preparation program
							
Topic reported on	1. R&D management for new challenges	6. Mutual growth through win-win management	5. Healthy and safe workplace through EHS management 6. Mutual growth through win-win management	5. Healthy and safe workplace through EHS management	5. Healthy and safe workplace through EHS management	3. Ethics management and the quest for trust	2. Focus on customers through customer satisfaction management
Related topic	Increase R&D investment, expand the range of treatments through R&D, and upgrade production facilities	Increase support to the local community	Strengthen the environment management system	Strengthen the environment management system Prevent air pollution	Strengthen waste controls Strengthen hazardous materials controls	Strengthen ethical & lawful management practices	Increase communication with stakeholders
Major activities	<ul style="list-style-type: none"> · Build up R&D infrastructure · Develop new drugs for orphan diseases · Utilize AI for new drug development · Developed products in-house 	<ul style="list-style-type: none"> · Support a multicultural family to settle · Support sun villages & a rural migrant school in China 	<ul style="list-style-type: none"> · Prohibit the use of disposable supplies in the company · Donation campaign for collected waste · Donate scrapped electronic goods for reuse 	<ul style="list-style-type: none"> · Operate a greenhouse gas target control system · Replace an old exhaust facility · Keep air contaminants below 50% of the legal standard 	<ul style="list-style-type: none"> · Build a factory in the woods · Campaign to redecorate an industrial complex · Zero Plastic campaign · Improve waste treatment processes 	<ul style="list-style-type: none"> · Operate CP at the top level · Operate & improve the ISO37001 standard · Educate employees about the importance of compliance · Educate partners about CP 	<ul style="list-style-type: none"> · Operate an employee association · Conduct informal gatherings for discussion with suppliers · Educate suppliers about strengthening safety controls · IR meetings

Material Sustainability Topics

R&D Management for New Challenges | Focus on Customers through Customer Satisfaction Management | Ethics Management and the Quest for Trust | Respect for People through Talent Management | Healthy and Safe Workplace through EHS Management | Mutual Growth through Win-win Management

Topic 1. R&D Management for New Challenges

Linked UN SDGs

- 8. Good Jobs and Economic Growth
- 9. Innovations and Infrastructure Improvements

Materiality and Approach

Hanmi Pharm is trying to contribute to improving human health through the development of new globally innovative drugs. Therefore, in order to fulfill our mission and responsibility to contribute to society, we acknowledge R&D as a core value and, companywide, are focusing our capabilities on it. Hanmi Pharmaceutical will continue to take actions to become a pharmaceutical company that communicates with its stakeholders and fulfills its social responsibilities in regards to the various assets created by its R&D management.

Disclaimer on Limitations to the Disclosure of the Performance Indicators

The quantitative indicators used to report on our activities to create value through R&D were organized after collecting figures from the media and agencies that we believe are suitable for a visual representation of the various assets that can be created through our R&D. The quantitative information contained in this section may not be used to directly compare performance with similar figures from other companies or other industries.

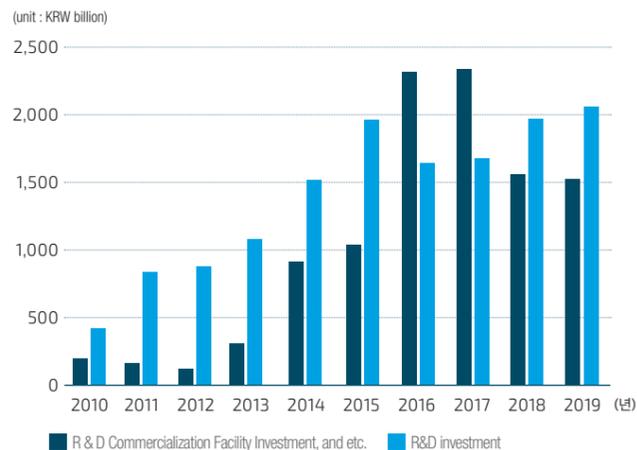
Increase in R&D Investment

Hanmi Pharm has been practicing R&D management measures to create 'Globally Innovative New Drugs'. For the past 10 years, we have invested KRW 2.4555 trillion in new drug development research and production facilities that are essential for the commercialization of products such as bio and synthetic drugs. This is equivalent to about 16.9% of our revenue over the past 10 years and is a preeminent amount of investment among domestic pharmaceutical companies. Through ongoing R&D investments, Hanmi Pharm will keep continue to do its best to become a global pharmaceutical company, as well as elevating Korea to become a pharmaceutical powerhouse.



Overview of Hanmi Pharm R&D Investment

Year	Revenue (KRW hundred millions)	R&D Investment (KRW hundred millions)	R&D Commercialization Facility Investment (KRW hundred millions)	R&D Investment to Revenue (%)
2010	3,376	443	205	13.1
2011	6,061.9	839.6	196	13.9
2012	6,740.1	910.4	139	13.5
2013	7,301.3	1,155.9	317	15.8
2014	7,612.8	1,525.2	863	20.0
2015	13,175.4	1,871.6	1,152	14.2
2016	8,827.3	1,625.9	2,251	18.4
2017	9,166	1,706.8	2,289	18.6
2018	10,160	1,929	1,531	18.9
2019	11,136	2,098	1,509	18.8



※ Sales: 2010 – consolidated, after the demerger (July), 2011–2019 – consolidated

R&D Investment Status Relative to Revenue by Industry

Category	R&D Investment Ratio to Revenue (%)				
	2014	2015	2016	2017	2018
Listed Companies	9.4	8.9	8.9	8.39	9.1
Listed Pharma Companies	7.3	7.1	9.1	8.9	9.1
Innovative Pharma Companies	8.7	8.5	11.1	11.0	11.5
Hanmi Pharm	20.0	14.2	18.4	18.6	18.9

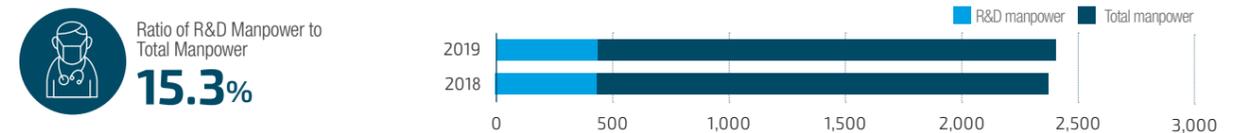
Source: Korea Pharmaceutical & Bio-pharma Manufacturers Association (2019 Pharma Industry DATABOOK)

Asia-Pacific the Top 5 Most Innovative Korean Pharmaceutical Companies

Name	Early Partnering	New Drug Development	Maturity	Total Score
Hanmi Pharm	325	295	115	735
Company D	305	300	95	700
Company H	225	265	90	580
Company S	180	270	115	565
Company L	170	290	95	555

Source: Clarivate Analytics (Korean companies selected as the most innovative large pharmaceutical companies)

Job Creation Effect through R&D Investment



R&D Manpower Employment in the Pharmaceutical Industry

Year	Category	Total (persons)	R&D (persons)	Ratio
2017	Korea Pharm. Industry	95,524	11,925	12.5%
	Hanmi Pharm	2,271	340	15%
2018	Korea Pharm. Industry	97,336	11,884	12.2%
	Hanmi Pharm	2,399	383	16%
2019	Hanmi Pharm	2,419	371	15.3%

Source: Korea Pharmaceutical & Bio-pharma Manufacturers Association (2019 Pharma Industry DATABOOK)/ excluding subsidiary companies

Hanmi Pharm R&D Manpower New Recruits

Year	R&D Manpower New Recruits (persons)
2013	125
2014	85
2015	129
2016	93
2017	136
2018	138
2019	101

R&D Infrastructure

Hanmi Pharm employs a total of 579 pharmaceutical R&D personnel at the Seoul Research Center located in Songpa-gu, Seoul, the Dongtan Research Center in Gyeonggi-do, the Medicine Research Center at the

Paltan Industrial Complex, and the Bioprocess Research Center at the Pyeongtaek Bio Plant, as well as at Beijing Hanmi Pharm and the Hanmi Fine Chemical Research Institute.

Hanmi Pharm R&D Network

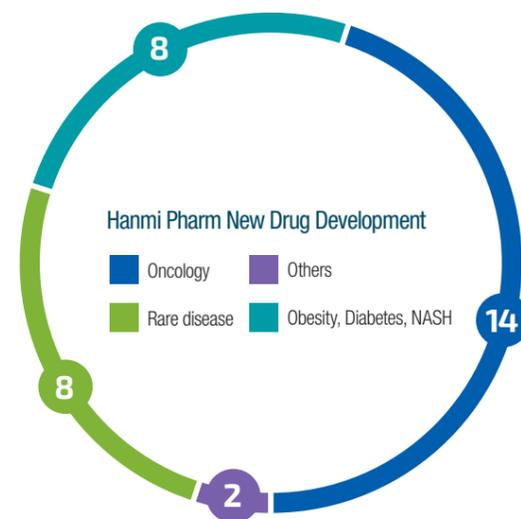
Name	Location	Personnel	Major Field of Study
Hanmi Pharm Research Center	Dongtan	149	Bio new drugs, synthetic new drugs
Seoul Research Center	Songpa-gu	104	Clinical studies, license registration, licensing
Medicine Research Center	Paltan	61	New medicines, drug transfer platform technology
Bioprocess Research Center	Pyeongtaek	57	Bioprocesses
Hanmi Fine Chemical Research Institute	Sihwa, Gyeonggi-do	51	Mass production of active ingredients
Beijing Hanmi Research Center	Beijing, China	157	New biomedicines, new synthetic drugs
Total R&D Personnel of Hanmi Pharm		579	

※Comprising research centers and related departments whose labor expenses are charged as R&D expense

Expansion of the Range of Treatments and Development of a Global Market through New Drug Development

Hanmi Pharm currently has the largest pipeline in Korea of 31 new drugs mainly focused on obesity, diabetes, cancer, immune disorders, and orphan diseases and it is committed to the rapid commercialization of Hanmi's future assets, such as the neutropenia drug 'Rolontis' which has passed FDA's preliminary review, the anti-cancer drug 'Oraxol' for oral use, and the obesity and diabetes bio new drug 'Efpeglenatide' that has been licensed out to Sanofi. At the '2020 JP Morgan Healthcare Conference', the world's most prestigious pharmaceutical bio event, we announced the results of key R&D research on candidate drugs such as LAPS Triple Agonist (for non-alcoholic steatohepatitis), HM15136 (for obesity), and HM43239

(for acute myeloid leukemia). In particular, LAPS Triple Agonist (for non-alcoholic steatohepatitis) is expected to lead the global market in the NASH area, where there is currently no proper treatment, and in March 2020, FDA granted LAPS Triple Agonist Orphan Drug Designation (ODD) for treating primary sclerotic cholangitis and primary biliary cholangitis. Hanmi Pharm will focus all of its capabilities on the global commercialization of its new drugs, which are at the clinical study phase with its global partners.



Rare disease-Intractable disease

- 1 LAPS hGH - Growth hormone deficiency, Phase 2, Orphan drug(EMA)
- 2 LAPS Triple Agonist - Non-alcoholic steatohepatitis, Primary sclerosing cholangitis, Primary biliary cholangitis, Phase 1, Orphan drug(FDA)
- 3 LAPS Glucagon Analog - Congenital hyperinsulinism, Phase 1, Orphan drug(FDA, EMA, KFDA)
- 4 FLT3 - Acute myeloid leukemia, Phase 1, Orphan drug(FDA, KFDA)
- 5 Oraxol™ - Angiosarcoma, Soft tissue sarcoma, Phase 1, Orphan drug(FDA, EMA)
- 6 Long-acting ASB - Mucopolysaccharidosis, Pre-clinical
- 7 LAPS GLP-2 Analog - Short bowel syndrome, Phase 1, Orphan drug(FDA, EMA, KFDA)
- 8 LAPS Glucagon Combo - Non-alcoholic steatohepatitis, Pre-clinical



Oncology

- 1 Rolontis™ - Chemotherapy-induced neutropenia, Biologics License Application(BLA) filing
- 2 Oraxol™ - Solid tumors (Breast cancer), Phase 3
- 3 poziotinib (pan-HER) - Solid tumors (Breast, Lung cancer), Phase 2
- 4 Oratecan™ - Solid tumors (Colorectal cancer), Phase 2
- 5 Ordoxel™ - Solid tumors, Phase 2
- 6 belvarafenib (pan-RAF) - Solid tumors, Phase 1
- 7 PD-1/HER2 BsAb - Solid tumors, Phase 1
- 8 FLX475 - Solid tumors, Phase 1
- 9 EZH1/2 - Solid tumors, Hematologic cancers, Pre-clinical
- 10 LSD1 - Small cell lung cancer, Acute myeloid leukemia, Pre-clinical
- 11 ADOR - Solid tumors, Pre-clinical
- 12 GBM Stem Cell Therapy - Glioblastoma, Pre-clinical
- 13 Immuno-oncology BsAb - Solid tumors, Hematologic cancers, Pre-clinical
- 14 PD-L1/CD47 BsAb - Solid tumors, Pre-clinical

Obesity, Diabetes, NASH

- 1 efpeglenatide - Diabetes, Phase 3
- 2 LAPS GLP/GCG - Obesity, Phase 2
- 3 LAPS Glucagon Analog - Obesity, Phase 1
- 4 LAPS Insulin - Diabetes, Phase 1
- 5 LAPS Insulin Analog - Diabetes, Phase 1
- 6 LAPS Glucagon Combo - Obesity/Diabetes, Pre-clinical
- 7 LAPS Insulin Combo - Diabetes, Pre-clinical
- 8 LAPS Insulin 148 - Diabetes, Pre-clinical

Others

- 1 BTK - Autoimmune disease, Phase 2
- 2 Luminate® - Diabetic Macular Edema, Phase 2 - Retinitis Pigmentosa, Phase 1

Deriving New Drug Candidate Materials using AI

In preparation for the fourth industrial revolution, Hanmi Pharm is in full swing to utilize AI to derive new drug candidate materials. In January 2020, we signed a joint research contract with Standigm, an AI-based new drug development specialty company, and decided to actively utilize AI in the early research stages of our new drug development. AI is expected to play a major role in dramatically reducing the time

and costs involved in the early stages of new drug development and in deriving innovative candidate materials. Through this research collaboration, Hanmi Pharm will continue to do its best to develop promising candidate materials for the company's success in the global market.

Studies Published in Major Global Associations in 2019

Association	New Drugs
American Diabetes Association (ADA)	Epeglenatide (Obesity, Diabetes) LAPSCO TM Triple Agonist (Non-alcoholic steatohepatitis) LAPSCO TM Glucagon Analog (Rare diseases)
American Society of Clinical Oncology (ASCO)	Rolontis (Spectrum/Neutropenia) Oraxol (Atenex/Anti-cancer new drug)

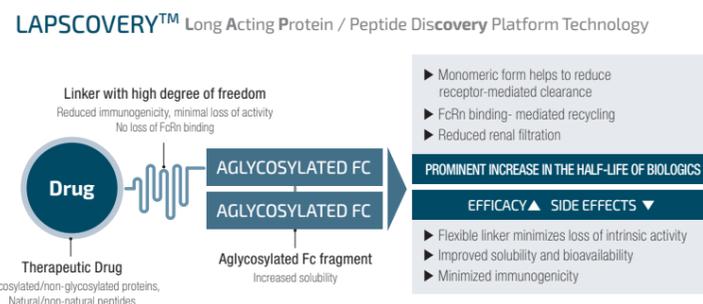


Joint research contract with Standigm

R&D Projects

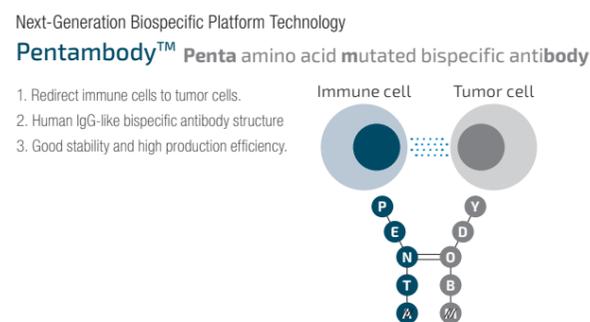
LAPSCOVERYTM

Biomedicines consist of proteins, and therapeutic proteins have a short half-life (period of time before the drug's blood concentration is halved) when administered to the human body, causing the patient the problem of more frequent dosage regimen. LAPSCOVERYTM is an innovative platform technology developed by Hanmi Pharm that increases the half-life of biomedicines to reduce the inconvenience and side effects that comes with these drugs and to improve their efficacy.



PENTAMBODYTM

PENTAMBODYTM is a next-generation bi-specific antibody platform technology developed by Beijing Hanmi Pharm that allows one antibody to simultaneously bind to two different types of antigen, enabling both anti-cancer immunotherapy and targeted anti-cancer therapy. In particular, PENTAMBODYTM has the advantage of having similar structural characteristics to the natural immunoglobulin G (IgG) in the body, which is less likely to cause an immune response, as well as having better stability and a higher production efficiency.



New Synthetic Drugs

We are focusing on the development of synthetic drugs to treat cancer and autoimmune diseases. In particular, we are striving to conduct research on drugs that will act selectively on specific cancer-causing targets, thus reducing the side effects of treatment and increasing therapeutic efficacy.

New Biomedicines

Following the development of medicines for diabetes, obesity, neutropenia, and human growth hormone deficiency that have a half-life that has been innovatively increased by applying LAPSCOVERYTM technology, the company is expanding these applications to orphan drugs.

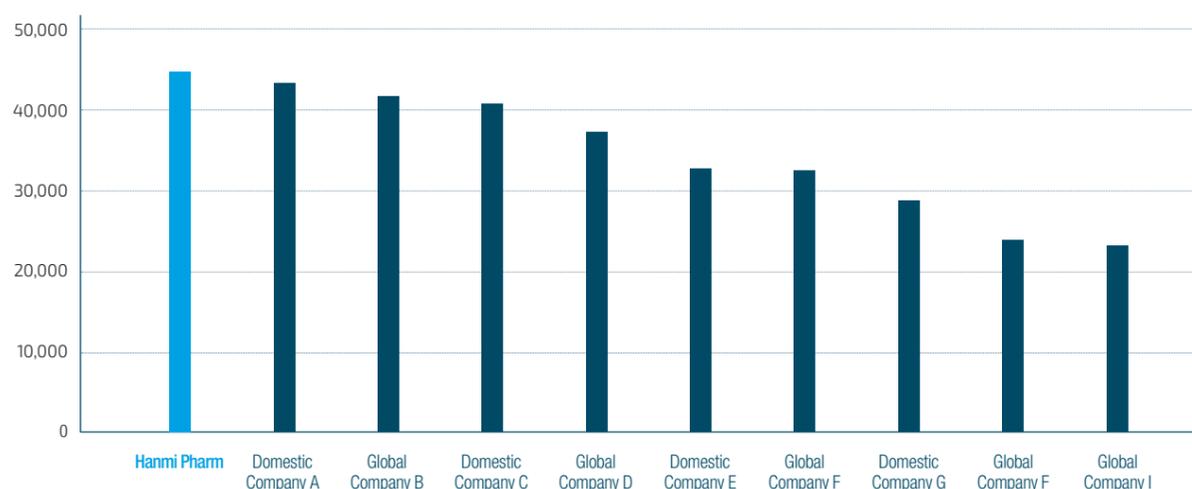
New Incrementally Modified Drugs / Fixed Dose Combinations

Incrementally modified drugs and fixed dose combination drugs have the advantage of improving compliance and safety versus the original product due to changes made to the shape (dosage) or structure (salt). Competitiveness in the global market can be secured by holding patents for such drugs and with its accumulated experience in developing incrementally modified and fixed dose combination drugs, Hanmi Pharm is making its mark in the global market by making drugs with enhanced efficacy and compliance.

Becoming a Pharmaceutical Powerhouse on the back of the Power of Hanmi Pharm's Incrementally Modified and Fixed Dose Combination Drugs

While the domestic pharmaceutical market has seen a growing dependence on imported products, Hanmi Pharm has maintained pride of place in the industry by recording the highest number of prescriptions from 2010 to last year, due to the strength of drugs such as Rosuzet, Amosartan, Esomezol, and Amodipin, which were developed in-house. In particular, the Amosartan family (Amosartan, Amosartan Plus, and Amosartan Q), a high blood pressure treatment drug, and Rosuzet, a hyperlipidemia medicine, were the only

domestically developed products among the top 10 outpatient prescription medications. Hanmi Pharm also produces the largest number of items among the so-called blockbuster drugs that were prescribed to a value in excess of KRW 10 billion KRW last year. As such, Hanmi Pharm will continue to contribute to enhancing the competitiveness of our company, the pharmaceutical industry, and even the nation with better incrementally modified drugs and fixed dose combination drugs developed through continuous R&D.



Source: Daily Pharm (Hanmi Pharm, first place in prescription records for 10 years)

Blockbuster Products in Korea

Name	Efficacy	sales	Name	Efficacy	sales
 Amosartan	Hypertension	786	 Palpal	Erectile dysfunction	424
 Amosartan Plus	Hypertension	191	 Gugu	Erectile dysfunction	136
 Rosuzet	Hyperlipidemia	810	 Hanmi Tams	Prostatism	174
 Rovelito	Hypertension/ Hyperlipidemia	209	 Esomezol	Reflux esophagitis	361
 Amodipin	Hypertension	241	 Naxozol	Pain relief/anti-inflammatory	166
 Carnitil	Brain function improvement	192	 Hyalu mini	Dry eyes	146
 Pidogul	Antithrombotic	120	 Rabon D	Osteoporosis	112

※Source: UBIST DATA/ Unit: KRW hundred millions

Examples of Hanmi Pharm being the First, Most and Largest

Year	Case	Amount	Year	Case	Amount
1989	-The first Korean pharmaceutical company to export technology to a global pharmaceutical company (the largest at the time) -Exported the manufacturing technology of "Ceftriaxone" to Roche	\$6 million	2016	-Became the largest exporter of synthetic new drugs technology in the pharmaceutical industry (surpassing its own record) -Licensing out of an "RAF targeted anti-cancer drug" to Genentech	\$910 million
1997	-The largest technology export in the pharmaceutical industry at the time (beat its own record) -Exported "Micro-Emulsion" technology to Novartis	\$74 million	2017	-Released the world's first asthma + allergic rhinitis fixed dose combination "Monterizin" -Released the world's first SERM + Vit. D fixed dose combination "Rabon D" -Esomezole became the first drug produced by a Korean pharmaceutical to be listed on the U.S. Pharmacopeia (USP) -Became the first pharmaceutical company to obtain certification for Anti-Bribery Management Systems (ISO37001)	
2004	-Released Korea's first new salt-modified new drug, "Amodipin (for high blood pressure)". -Recorded the largest sales of incrementally modified drugs as of 2008	KRW 57 billion (2008)	2018	-The most patent challenges logged in the consolidated approved patent system	122 cases
2009	-Released Korea's first fixed dose combination new drug, "Amosartan (for high blood pressure)". -Achieved the largest sales ever for a domestically developed incrementally modified fixed dose combination drug for Amosartanin 2019	KRW 78.6 billion (2019)	2019	-3-drug fixed dose combination new medicine for treating hypertension (Amosartan Plus, Amosartan Q) became the first domestic export to enter the Mexican market -Achieved the largest number of blockbuster products developed in-house -Recorded the largest value of prescriptions over the past 10 years.	14 brands (UBIST) KRW 4.42 trillion
2013	-Korea's first joint development with a global pharmaceutical company for Rovelito (for high blood pressure and hyperlipidemia) -Achieved the largest domestic sales for a product co-developed with a global pharmaceutical company in 2014.	KRW 19.9 billion (2014)			
	-The FDA approved "Esomezol" the world's first incrementally modified new salt version of Esomeprazole -The first case of a new domestic incrementally modified drug				

Protecting Pharmaceutical Sovereignty by Developing Products In-house

Hanmi Pharm is Korea's leading pharmaceutical company and has the lowest proportion of merchandise sales amongst domestic pharmaceutical companies. In 2019, 93.6% of its domestic revenue was derived from products developed in-house, which was a source of pride as Korea's pharmaceutical leader. This business model, which emphasizes self-reliance, will continue to have a positive impact on the firm's profitability. Merchandise sales are drug sales introduced through contracts with multinational pharmaceutical companies with margins

applied, so high merchandise sales are likely to have an adverse effect not only on corporate profitability but also on the creation of national wealth and national economic power. In the future, Hanmi Pharm will continue to reduce its dependence on imported products by developing its own drugs, leading us to become a pharmaceutical powerhouse with a strong pharmaceutical sovereignty.

Domestic Sales Ratio (non-consolidated basis)

Category	Prescription Drugs	OTC Drugs	Total
Product	88.6%	5.0%	93.6%
Merchandise	5.7%	0.7%	6.4%
Total	94.3%	5.7%	100.0%

※Merchandise Sales: Sales earned by domestic pharmaceutical companies by importing multinational pharmaceutical companies' drugs or buying products from other companies and reselling them with margins added, instead of producing them directly.

※Product Sales: Sales achieved by selling products developed in-house and manufactured at domestic factories

2019 Major Domestic Pharmaceutical Companies' Operating Incomes

Company	Sales	Operating Income	Operating Income Ratio
Company A	KRW 1.48 trillion	KRW 12.5 billion	0.8
Company B	KRW 1.37 trillion	KRW 40.3 billion	2.9
Hanmi Pharm	KRW 1.11 trillion	KRW 103.8 billion	9.3
Company C	KRW 1.11 trillion	KRW 44.6 billion	4.0
Company D	KRW 1.08 trillion	KRW 74.5 billion	6.9

Source: "Operating Income Ratio Drops at Big 5 Pharmaceutical Companies, Profitability Down" (Pharm. Industry Newspaper)



Contributing to the Financial Integrity of the National Health Insurance with Incrementally Modified and Fixed Dose Combination Drugs

National health insurance, which is the basis of national health and medical policy, is the foundation for improving people's health and quality of life, and it is important to secure financial integrity of the system. Hanmi Pharm contributes to the financial integrity of the national health insurance by supplying new incrementally modified and fixed dose combination drugs based on its global-level R&D capabilities. It is estimated that we have contributed about KRW 35.3 billion in health insurance financial savings in 2019, even with the calculations limited to just five major products.

Although this figure has been derived internally from limited publicly available data, it clearly demonstrates our contribution through R&D to supporting the financial soundness of the health insurance system.

2019 Expected Contribution to the Financial Soundness of the National Health Insurance (Major 5 Products)

KRW35.25billion

Estimated Accumulated Savings since each Product was Released (Major 5 Products)

KRW214.52billion

Estimated Savings in Terms of Tablet Costs of the Major Products

Product Name	Saving per Tablet ¹⁾	Quantity of Prescriptions (T)		Expected Integrity (KRW)	
		2019	Accumulation since released	2019	Accumulation since released
		Amosartan 5/50mg	61 KRW	60,721,133	490,120,252
5/100mg	345 KRW	26,815,519	307,055,454	9,251,354,055	114,996,723,397
Amosartan Q 5/50/5mg	228 KRW	1,806,182	2,573,915	411,809,496	590,868,413
5/50/10mg	225 KRW	1,529,659	2,196,020	344,173,275	498,401,586
5/50/20mg	223 KRW	273,420	355,472	60,972,660	79,318,990
5/100/5mg	545 KRW	681,381	1,014,951	371,352,645	557,002,626
5/100/10mg	542 KRW	1,063,005	1,552,840	576,148,710	847,753,847
5/100/20mg	540 KRW	279,384	359,512	150,867,360	194,218,296
Amosartan Plus 5/50/12.5mg	58 KRW	10,288,172	16,840,622	586,425,804	1,004,502,917
5/100/12.5mg	341 KRW	9,098,010	14,581,517	3,093,323,400	5,030,520,093
5/100/25mg	353 KRW	1,938,137	3,032,433	684,162,361	1,083,491,551
Rosuzet 10/5mg	210 KRW	38,782,203	85,268,951	8,144,262,630	13,472,158,953
10/10mg	122 KRW	29,813,277	56,235,551	3,637,219,794	5,755,061,394
10/20mg	183 KRW	8,180,369	47,887,012	1,497,007,527	2,443,998,517
Rovelito 150/10mg	130 KRW	12,234,302	62,163,300	1,590,459,260	3,217,463,422
150/20mg	96 KRW	4,136,929	20,295,789	397,145,184	807,861,732
300/10mg	282 KRW	2,117,954	7,319,735	597,263,028	1,106,446,374
300/20mg	156 KRW	966,988	3,713,007	150,850,128	5,424,380,224

Source: UBIST DATA

1) Cost savings per tablet: Difference between prescription amount of the Hanmi Pharm combination dose and that of the original drug with a single ingredient

Strong R&D Capacity as Demonstrated by Intellectual Property Rights

The purpose of the pharmaceutical industry is to ensure healthy lives for patients through the research and development of good medicines. The current portfolio of medical patents held is a quantitative measure to evaluate the R&D capabilities of a company. As of December 2019, Hanmi Pharm holds a total number of 1,759 patents registered across

the globe, and 2,100 patent applications are currently under review. In addition, Hanmi Pharm is the only domestic company among the Top 10 pharmaceutical companies active in Korea to have obtained patents for incrementally modified drugs.



Hanmi Pharm's Patent Applications at Home and Abroad¹⁾ as of December 2019

Category	Domestic	Overseas	Total
Registered Patents	153	1,606	1,759
Patent Applications	255	1,845	2,100

Top 5 Companies holding Medicine Patents in Korea

Company with the patent registered	Registered medicine	Patents registered
Multinational Company A	79	153
Multinational Company B	47	82
Hanmi Pharm	43	66
Multinational Company C	43	95
Multinational Company D	41	59

Source: Daily Pharm (Patent registration of medicines...Hanmi Pharm Prominent)

Number of Domestic Patent Applications^{2) 4)}2015~2018

Year	Hanmi	Domestic Co. A	Domestic Co. B	Domestic Co. C	Domestic Co. D
2015	35	8	16	12	24
2016	36	7	10	12	7
2017	44	6	11	20	19
2018	41	11	-	21	18
Total	156	32	37	65	68

Number of Overseas Patent Applications^{2) 4)}2015~2018

PCT ³⁾	Hanmi	Domestic Co. A	Domestic Co. B	Domestic Co. C	Domestic Co. D
2015	26	2	15	5	6
2016	29	6	14	10	24
2017	30	6	3	5	9
2018	25	5	5	5	21
Total	110	19	37	25	60

US	Hanmi	Domestic Co. A	Domestic Co. B	Domestic Co. C	Domestic Co. D
2015	14	1	7	5	5
2016	16	2	6	7	11
2017	16	5	6	2	4
2018	9	1	3	-	4
Total	55	9	22	14	24

1) Patents held by Hanmi Pharm and Hanmi Science (excluding PCT patents, Internal DB data)

2) Patent applications by other companies are only disclosed after 1.5 years, so the period of 2015~2018 was analyzed.

3) PCT: Patent Cooperation Treaty

4) Source: KIPRIS

Global Standard Production Facilities with the Highest Level of Integrated Technology

Hanmi Pharm continues to invest in world-class pharmaceutical manufacturing infrastructure. Currently, the Paltan Industrial Complex, a pivotal production base for Hanmi Pharm, has a new incrementally modified and fixed dose combination drug formulation research laboratory, as well as a solid formulation production building, and a global smart plant with an annual production capacity of 6 billion tablets. In particular, the smart plant, where about 90% of processes are automated, occupies an eight-storey one-basement building and is dedicated solely to solid formulations. Information and communication technology (ICT) and the Internet of Things (IoT) are utilized in a smart environment where people, intelligent equipment (powered with optimized programs), and machinery collaborate as a fully integrated system that optimizes production using a central control unit, which intervenes in the case of a shortage of raw materials, various accidents, etc. Due to this one-stop system, which was built to allow pharmaceutical preparation technology to be applied directly during production, the Paltan Industrial Complex is called an "Industrial Complex" rather than just a

factory. In the future, we plan to leverage this smart plant, which has offers a full suite of services from "research to production to quality control on one site", to aggressively launch a Contract Development and Manufacturing Organization (CDMO) business targeting global pharmaceutical companies. The Pyeongtaek Industrial Complex, which serves as an outpost for the future core growth of Hanmi Pharm, consists of bio-plants that manufacture biomedicines and the Cepha Plant, a production base for Cephalosporin-based antibiotics.

Top 5 Companies for Medicine Production

Name	2017 Production Amount	2018 Production Amount
Hanmi Pharm	7,596	9,075
Company J	7,178	8,172
Company S	9,023	7,259
Company D	6,682	6,926
Company N	6,676	6,623

Source: Korea Pharmaceutical Bio Association (2019 Pharmaceutical Industry DATABOOK)

Paltan Smart Plant



Material Handling Automation | Automation of the material handling flow (AGF, RGV, Conveyor)



Production Automation | Half-finished goods supplying floor was designed, Automatic IBC docking using AGF, After processing, dirty IBC is automatically moved to the washing room for washing/drying



Factory Automation | Certain production processes can run autonomously at night



Modern Equipment | Equipment controlled by a state-of-the-art safety management system such as Split Valve (cross-pollution prevention and worker protection system) as well as autonomously driving AGF (with map recognition functionality) were introduced to prevent safety issues and improve productivity.



Network Connection | Integrated operation of production processes and optimal quality controls are conducted by interconnecting various computer systems such as ERP, MES, MCS, PWMS, WMS, GLMS, BMS, EDMS, LIMS, QMS, etc., via wired and wireless networks.

Certifications at the Paltan Industrial Complex

Certification	Certification Institution & Country
Certificate of GMP Compliance of a Manufacturer (PIC/S)	Korea / MFDS
EU GMP Certificate (Renewed)	Germany / BGV
Accreditation certificate of foreign drug manufacturer	Japan / Pharmaceuticals and Medical Devices Agency
Registration certificate of manufacturing site	Gulf Cooperation Council (GCC)
GMP/GLP Certificate	Peru / DIGEMID
Registration certificate of manufacturing site	Syria
Certificate of Good Manufacturing Practice	Kenya / Pharmacy and Poisons Board
ISO14001	ICR (Awarding Institution) / KAB (Certification Body)
OHSAS 18001	ICR (Awarding Institution) / KAB (Certification Body)
ISO22301	Lloyd's Register

Pyeongtaek Bioplant



Improving wastewater treatment processes | Reducing the emission of hazardous chemicals by using 9% sulfuric acid and 20% sodium aluminate instead of the more toxic 98% sulfuric acid and 25% sodium hydroxide.



Comprehensive chemical management | Annual external inspections of the hazardous chemical handling facilities to ensure the safety of the facilities and provision of safety training to all those who handle or work with hazardous chemicals (handlers: 16 hours/2 years, workers: 2 hours/year)



Air Quality Management | Efforts to reduce the annual emission of pollutants (NOx) subject to the total volume in accordance with the Special Act on the Improvement of Air Quality in the Seoul Metropolitan Area



Halon Fire extinguishers | 392 halon fire extinguishers with a zero rating for ozone layer depletion were installed (due to the nature of the business, extinguishers that leave no residue were installed).



Strengthening contractors' safety procedures (Agent business site) | Expanding the scope of the safety management for contractors (from 2 companies to 5 companies) and having consultation meetings and joint inspections to promote communication and to identify and mitigate accident risk factors.

Certifications held by the Pyeongtaek Bioplant

Certification	Certification Institution & Country
ISO14001	KFQ (Awarding Institution) / KAB (Certification Body)
ISO13485	SGS United Kingdom Limited
EC Directive 93/42/EEC	SGS United Kingdom Limited
GMP conformance determined for finished goods (sterilized) and raw material medicines	KFDA
Registration certification of manufacturing site	Syria
ISO45001	KFQ (Institution)
ISO22301	Lloyd's Register

Pyeongtaek Cepha Plant



Control of Cepha residuals | Monitor the amount of Cepha residuals in the building lobby, exterior, products, wastewater, etc., to protect against cephalosporin pollution outside the designated workspace



Aseptic manufacturing facility | Aseptic-controlled powder injection production facility with the largest capacity compared to other companies



Aseptic testing facility | A microbial laboratory that is equipped with an EU-GMP Isolator to conduct aseptic testing

Pyeongtaek Cepha Plant Certification

Certification	Certification Institution & Country
Detailed audit of pharmaceutical affairs	KDMF
Advance GMP inspection per product	MFDS
PIC/S reference plant inspection	KFDA
EU-GMP conformance determined	LSJV Germany
ISO 22301	Lloyd's Register

Review of value creation through R&D investments and future plans

Hanmi Pharm is focusing all of its capabilities on R&D in order to make Korea a pharmaceutical powerhouse. R&D leads to the most fundamental value, not only in terms of creating the future of the pharmaceutical company but also in fulfilling its social responsibilities. Organic internal management procedures are in place covering all areas of R&D, including new drug development lines, intellectual property rights, and production infrastructure, and dealing with

all stages of the process from the presenting the business plan to approving investment of resources, authorizing new business investments and executing the budget. Through internal decision-making procedures involving top management personnel, including the BoD and the Creative Individual Quarter (CIQ) meetings, we closely examine our quarterly performance and plan the next quarter, to pursue continuous performance improvements and value creation.

Topic 2. Focus on Customers through Customer Satisfaction Management

Linked UN SDGs

- 3 Health and Welfare
- 12 Responsible Consumption and Production

Materiality and Approach

Trust and satisfaction in our products from customers are important factors to gain recognition as a global pharmaceutical company. As such, Hanmi Pharm will always put the needs of our customers and

Strengthening the Safety of Medicines

Pharmacovigilance System

Medicinal drugs give great benefits in terms of alleviating and treating the symptoms of diseases. However, the risk of unexpected adverse effects cannot be overlooked, which is why pharmacovigilance throughout the entire drug development cycle is a must.

The awareness of drug safety management continues to grow as various measures are being implemented in Korea, such as a drug re-evaluation system, a system to voluntarily report side effects, a second review system for new drugs, recommendations for the proper use of medicines, a compensation fund for those suffering ill-effects from drug use, and a requirement to establish a risk management plan.

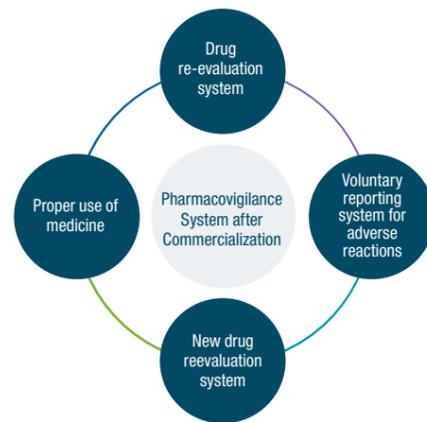
In line with these changes, Hanmi Pharm has established its own pharmacovigilance system to contribute to reinforcing drug safety through appropriate drug monitoring activities. Firstly, we actively collect information on atypical cases involving our company's medicines through various channels, such as Individual Case Safety Report (ICSR), literature searches, and clinical research. All employees receive annual training on the need and process to forward any atypical cases they may encounter in the course of their work to the pharmacovigilance department.

This collected safety information can be used to detect, measure and prevent any unidentified adverse drug reactions, the risks and mechanisms inherent in the adverse reactions, and to assess the risk/benefit profile of the drug.

Through the systematic collection and analysis of safety information, Hanmi Pharm carries out regular safety management procedures from the development stage of the drug through the commercialization of the product to the point at which the product's license expires, and strives to maintain safe usage and prevent potential risks from the drug by efficiently managing

stakeholders first and implement customer-centered management to safeguard trust in the efficacy and safety of our medicines, and ensure that there is no difficulty in using our products.

its safety profile. Hanmi Pharm ultimately aims to contribute to improving public health via safe use of medicines through the pharmacovigilance activities described above.



<Figure>Pharmacovigilance System after Commercialization

Ensuring the Safety of the Active Pharmaceutical Ingredient

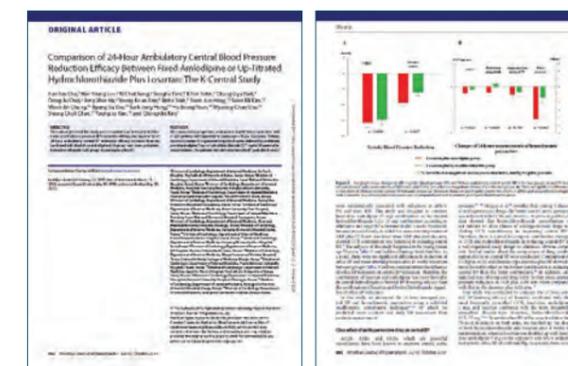
Following the Valsartan incident in 2018, NDMA, a carcinogen, was detected in a Ranitidine preparation in 2019, and the Ministry of Food and Drug Safety suspended the manufacture, import, and sale of finished drugs containing the Ranitidine as the active pharmaceutical ingredient in Korea. Hanmi Pharm voluntarily issued an urgent recall of its three drugs that contained Ranitidine, while proposing a phased risk assessment of all of Hanmi's licensed drugs

to fundamentally block the risk of any unintentionally generated harmful substances. Evaluation for hazardous substances in the 17 selected active pharmaceutical ingredients would be completed by May 2020, and the remainder of our finished products will be tested by 2021. In the future, Hanmi Pharm will develop preemptive actions and advanced risk assessment processes to ensure the safety of its medicines.

Evidence-based Sales and Marketing

In 2019, there were 220 "blockbuster" specialized drugs in Korea that were prescribed to a value in excess of KRW 10 billion. By virtue of continuous investment in R&D, 14 of those blockbuster drugs are Hanmi Pharm products (based on UBIST outpatient prescription data). Considering that we recorded the largest number of products among domestic pharma companies, we have cemented our reputation as the master of incrementally modified / fixed dose combination drugs. In addition, Hanmi Pharm continues to publish research results from its R&D in global academic societies and journals and is building high levels of trust among medical professionals through evidence-based sales and marketing that meets the needs of clinical sites. In particular, various results from the clinical study on the Amosartan family have been published at least once a year in international academic journals, including SCI standard ones and research results have been actively presented at major domestic and international academic conferences. We have also applied for and obtained patents

not only in Korea, but also in 45 major advanced countries such as the United States and Japan. Hanmi Pharm's independently developed new drug Rosuzet for treating dyslipidemia was listed in the SCI-level journal "Cardiovascular Therapeutics" for the first time in Korea in 2016, and the results of further analysis were also listed in the SCI-level journal "Clinical Therapeutics". The efficacy of Rosuzet has been recognized abroad through clinical trials in many countries, and we are currently working with MSD in the U.S.A. to obtain international sales licenses. We expect to obtain permission to sell this drug in Mexico and Argentina in 2020. Based on its evidence-driven marketing, Rosuzet has continued to grow at a double-digit percentage rate every year since it was released in 2015.



Amosartan Phase 4 clinical paper printed in the American Journal of Hypertension (Sep, 2019)

Evidence-based Marketing Activities of Major Products

Name	Details
Amosartan	Phase 4 clinical trial (The K-Central Study) printed in the American Journal of Hypertension (Sep 2019)
	Phase 4 clinical trial (The K-Central Study), sub-analytic study printed in the Journal of Hypertension (December 2019)
Rovelito	Phase 4 clinical trial printed in Drug, Design, Development and Therapy (2019:13:633-645) (March 2019)
Rosuzet	Presented at the 2019 Spring Industrial-Academic Session of Cardiovascular Integration Conference Presented at the 2019 Industrial-Academic Session of the Korean Heart Association Fall Conference
Carnitil	Phase 4 clinical trial, Alzheimer's Association International Conference poster released (July 2019)
Naxozol	Phase 4 clinical trial printed in PLOS ONE (January 2020)



Industrial-Academic Session of the Korean Heart Association Fall Conference "Amosartan family • Rosuzet Symposium"

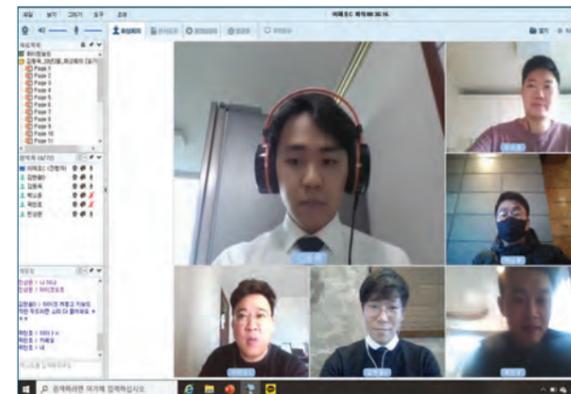
Online MR Training & Conference Platform "H-CAMPUS"

Hanmi Pharm operates the H-CAMPUS on its intranet, to strengthen its evidence-based sales activities and the professional capabilities of its domestic business unit MRs. H-CAMPUS provides various materials necessary for evidence-based business activities, such as basic information about the products, detailed segments, clinical trial results



Medical Online Portal HMP main screen

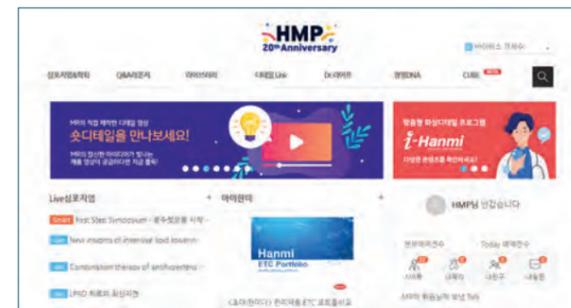
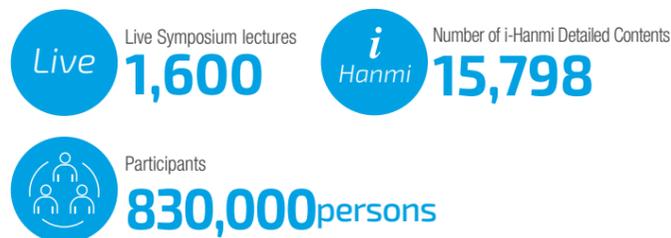
and scientific papers, and the latest knowledge about diseases, and MRs take more than 50 product courses annually online. We also provide real-time product training/new MR training on sales meetings and marketing through the Live Hanmi video conferencing system.



Hanmi Pharm H-CAMPUS Screen Domestic Biz Unit Video Training & Meeting

Strengthen E-marketing using the Medical Online Total Site "HMP"

Hanmi Pharm opened HMP (www.hmp.co.kr), the first in the Korean pharmaceutical industry, in 2000. HMP has provided medical professionals with the latest medical information, industry news, disease and product information, knowledge community, and support for donation activities to develop talented doctors for the past 20 years, while serving as a high-quality medical information database and an online communication channel for medical personnel. In particular, the "Live Symposium", a real-time lecture service introducing the latest findings about various diseases to medical professionals in each field, has held a total of 1,600 lectures given by 950 speakers and attended by 830,000 cumulative attendees. HMP's "i-Hanmi" where consultants called "Hanmi Pros", who have completed professional drug training, provide customized services to medical staff through video conferencing, has been well received and has conducted more than 15,000 consultations since it was launched in 2016. This year, to mark the 20th anniversary of its initiation, HMP will introduce a variety of new content such as a series of lectures on chronic disease for the medical industry, as well as launching Chatbot, which will serve as a platform that accompanies medical staff in the field and acts as their sounding board.



Medical Online Portal HMP main screen

Hanmi Pharm, the domestic pharmaceutical company most-trusted by pharmacists

The leader in all categories including trustworthiness, academic information, and salespersons' attitude, according to the results of a survey of 887 pharmacists nationwide (Daily Farm).

Ranking of the most trustworthy pharmaceutical companies

Rank	Company	Percentage
1st	Hanmi Pharm	26.9%
2nd	Domestic Pharma Co A	25.0%
3rd	Domestic Pharma Co B	9.9%
4th	Domestic Pharma Co C	6.8%
5th	Domestic Pharma Co D	5.5%
6th	Domestic Pharma Co E	4.1%
7th	Domestic Pharma Co F	2.1%
8th	Domestic Pharma Co G	1.4%
9th	Domestic Pharma Co H	1.3%
10th	Domestic Pharma Co I	1.2%
etc	Other	11.8%
None	None	3.4%

Pharmaceutical companies which best provide academic and product information

Rank	Company	Percentage
1st	Hanmi Pharm	24.9%
2nd	Domestic Pharma Co A	11.0%
3rd	Domestic Pharma Co B	10.7%
4th	Domestic Pharma Co C	9.4%
5th	Domestic Pharma Co D	7.7%
6th	Domestic Pharma Co E	4.1%
7th	Domestic Pharma Co F	3.9%
8th	Domestic Pharma Co G	3.3%
9th	Domestic Pharma Co H	1.6%
10th	Domestic Pharma Co I	1.5%
etc	Other	12.7%
None	None	7.4%

Pharmaceutical companies whose salespeople are the kindest

Rank	Company	Percentage
1st	Hanmi Pharm	29.6%
2nd	Domestic Pharma Co A	11.0%
3rd	Domestic Pharma Co B	10.4%
4th	Domestic Pharma Co C	5.6%
5th	Domestic Pharma Co D	5.4%
6th	Domestic Pharma Co E	4.2%
7th	Domestic Pharma Co F	3.4%
8th	Domestic Pharma Co G	3.0%
9th	Domestic Pharma Co H	2.9%
10th	Domestic Pharma Co I	2.8%
etc	Other	18.0%
None	None	1.6%

Source: Most trustworthy pharmaceutical companies according to pharmacists (Daily Farm/06.10.2019)

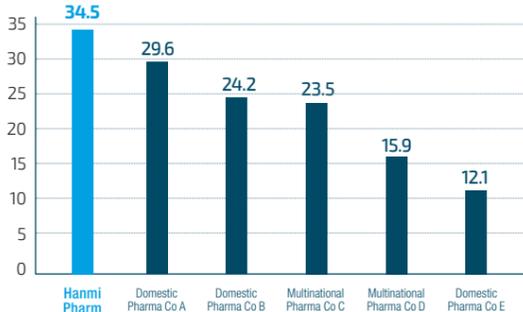


뉴스
학술N비즈
포토
건강
블로그

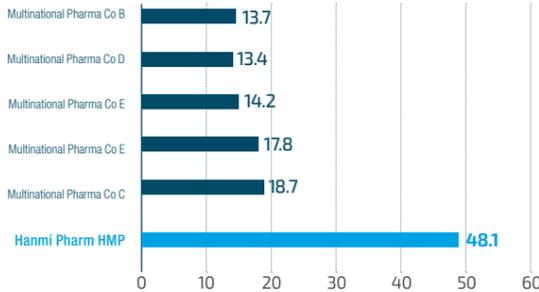
전체기사
의약정책
제약바이오
종합병원

Hanmi Pharm cited by doctors as the leader in "Digital Marketing"

According to a survey conducted among doctors on pharmaceutical companies that are doing well in digital marketing, Hanmi Pharm ranked in first place. According to the survey, doctors cited "Hanmi Pharm" (34.5%) as a company that is superior in its digital marketing activities related to



Pharmaceutical companies doing well in digital marketing about diseases & products



Ratio having used the doctor-exclusive portal (HCP Portal)

diseases and products, and when they were asked about their experience of various pharmaceutical companies' doctor-exclusive portal sites (HCP Portal), 48.1% of the respondents said they had experienced the "HMP of Hanmi Pharm" (multiple responses allowed).

Participants: 1,010 member doctors of InterMD, Survey period: Mar 25 to 26, 2020
 Surveyor: InterMD Company, Survey method: InterMD Poll

Improving Customer Access to Medicines

The 72nd session of the WHO World Health Assembly was held in May 2019 under the theme of "Universal Health Coverage: Leave no one behind". Universal health coverage is one of the UN's Sustainable Development Goals (SDGs) that will ensure that all citizens have access to high quality services that are essential for health and treatment without experiencing financial difficulties. In order to improve customers' access to medicines, the right price and quality must be guaranteed, and everyone should easily be able to obtain information about and conveniently purchase such medicines.



Hanmi Pharm operates a search engine "Find a Pharmacy" to locate a pharmacy that sells our products and also has a product news bulletin board that provides information about product recalls, changes made to each tablet and licensing matters for the convenience of customers. We have inserted QR codes on the packaging of some of our external preparations to provide instruction videos to aid in the correct topical application of the medicine.



'Find a Pharmacy' homepage

Bolstering Stability of Medicine Supplies

Business Continuity Management System (BCMS) established

In January 2020, Hanmi Pharm became the first Korean pharmaceutical company to obtain ISO22301 certification. ISO22301 is an international standard for a management system that maintains the continuity of business management processes by restoring the core business within a short period of time in case of an unexpected crisis, such as an accident, disaster, etc. Hanmi Pharm identified "core tasks" in production, R&D, support services and all other business sectors from all of its business sites including Paltan Industrial Complex, Pyeongtaek Bioplant, Cepha Plant, R&D Center and the Seoul Headquarters. In addition, the risk factors that could affect these "core tasks" were analyzed in order to develop a "business continuity plan". In addition, we established emergency manuals and systems for responding to various accidents and disasters, and will conduct an annual "emergency response simulation drill" to improve our proficiency in this area. Hanmi Pharm will protect the safety of its employees in case of an emergency, and will normalize its business operations to ensure a stable supply of medicines in the shortest time possible to minimize any damage to stakeholders.

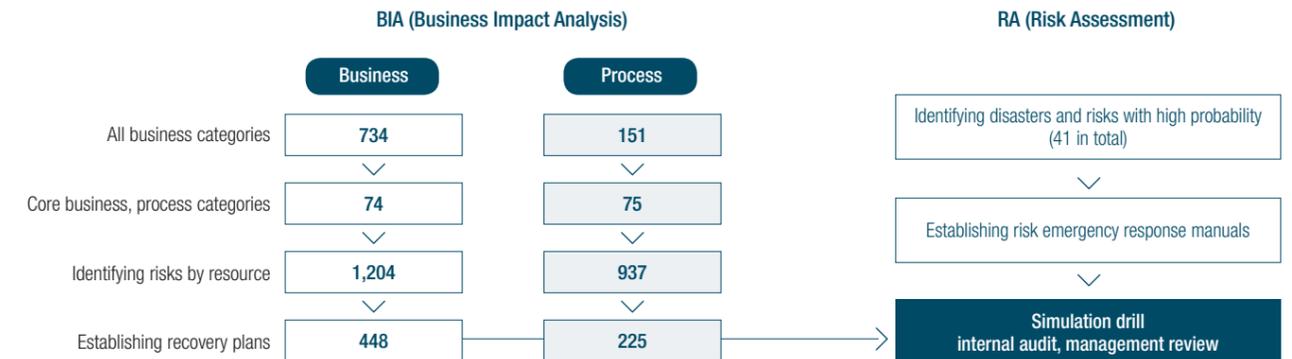


Emergency Response Simulation Drill



ISO22301 Certification Presentation Ceremony

Hanmi Pharm Process of Building a Business Continuity Management System (BCMS)



2019 Performance	2020 Plan
<ul style="list-style-type: none"> ▶ BCMS Zero Risk <ul style="list-style-type: none"> -Analyze task impacts and analyze the risks -Develop a business continuity strategy -Establish a restoration plan and emergency manuals -Train internal auditors -Implement internal audits, management reviews and simulation drills ▶ Acquire ISO22301 international certification 	<ul style="list-style-type: none"> ▶ Minimize the occurrence of production-related risks and secure supply continuity <ul style="list-style-type: none"> -Identify risk of a managerially disruptive accident like a quality failure and implement upgrades accordingly -Prevent unplanned production stops ▶ Environmental, safety, health risks, zero defects <ul style="list-style-type: none"> -Develop a companywide health & safety plan and monitor the results -Strengthen preventative controls for keeping the industrial disaster rate at zero -Strengthen preventative controls against environmental accidents ▶ Examine diversifying the storage & control of finished goods <ul style="list-style-type: none"> -Examine dispersed storage of stock (Paltan) ▶ Advance BCMS <ul style="list-style-type: none"> -Intensify domestic and foreign legal compliance management and institute monitoring

Hanmi Pharm BCMS Activities to Cope with Covid-19

Hanmi Pharm initiated its "BCMS Emergency Response System" to prevent the spread of the novel coronavirus COVID-19 in January, when it first broke out in Korea. We have been operating an emergency situation room (CSR team), which has been circulating step-by-step response guidelines to all

our workplaces and affiliated sites, and instituting various prevention and quarantine measures such as establishing SOPs for each situation and restricting access to workplaces with external pollutants.

In-house infection prevention activities and strengthening disinfection

- Monitoring our employees' health (twice a day) and securing and providing preventative supplies like masks.
- Monitoring access to the building and disinfection (thermal imaging cameras, disinfection of the hands, etc.)
- Strengthen measures to prevent transmission in commuter buses
- Multiple sittings and no face-to-face seating in the cafeteria, and flexible working hours, etc.



Blocking the possibility of infection from outside before it can occur

- Holding the Shareholders' General Meeting with thorough measures to prevent infection
- Holding video interviews
- Minimizing external visitors, and designating a dedicated space for unavoidable meetings with such visitors.

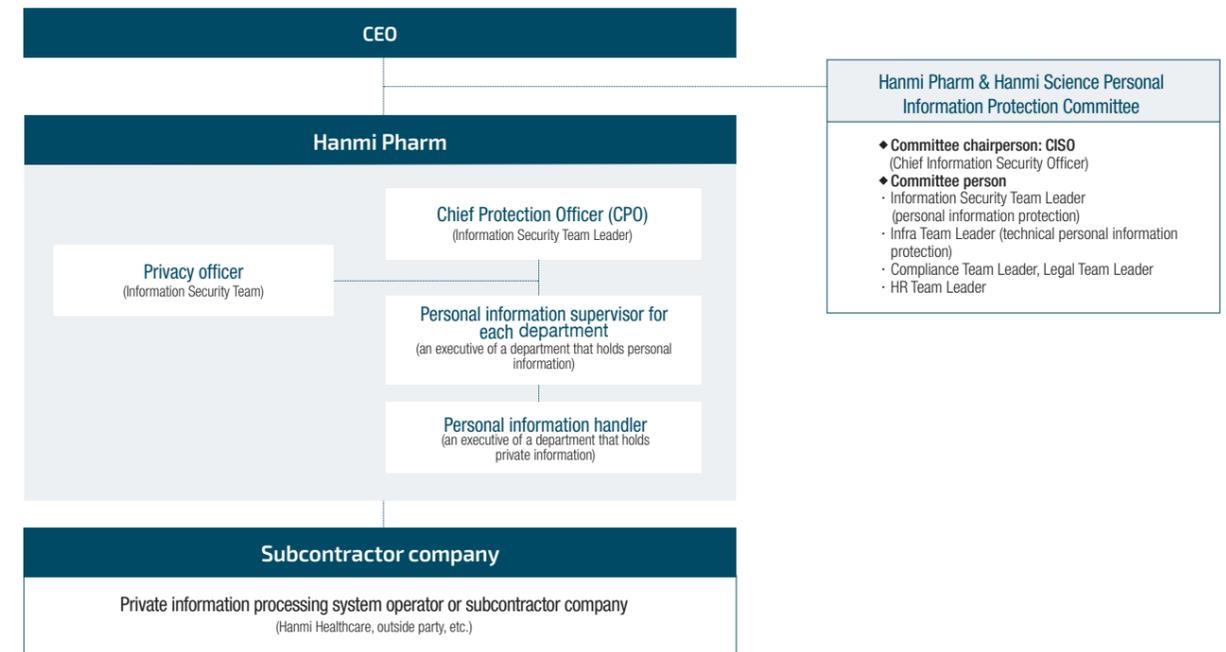


Strengthening Personal Data Protection

As the volume of personal information collected increases and the risk of a leak of personal information rises in tandem, Hanmi Pharm is ensuring the security of personal information collected in accordance with Articles 24 and 29 of the Personal Information Protection Act and Articles 21 and 30 of the Enforcement Decree of the same Act. Moreover, Hanmi Pharm is establishing and implementing an internal management plan in accordance with the same standards that will ensure the safety of personal information. For the purpose

of operating the internal management plan, we have designated a privacy manager and a person in charge of handling personal information protection matters. Our personal information processing guidelines are posted on our website in order to enhance the protection of personal data and ensure the swift resolution of any related grievances. Due to such efforts, there were no incidents of personal information protection violations or customer information losses during the reporting period.

Personal Data Protection of the Operating Organization and its Activities



2019 Performance	2020 Plan
<ul style="list-style-type: none"> -Group of personal information handlers were trained -The level of personal information processing in each department was identified, and measures were taken to improve deficiencies -Personal information processing policies were established for employees -The encryption status of the personal information processing system was investigated and unnecessary information was deleted -An internal management plan for the EU Personal Information Protection Act (GDPR) and designated data protection officers (DPOs) were established. - A report on the personal information protection activities was prepared 	<ul style="list-style-type: none"> -Revise the personal information internal management plan -Operate a personal information life-cycle -Inspect/improve the management of video information processing devices -Train employees and promote personal information protection -Inspect the status of the company's personal information protection (self-audits) -Update the status and train personnel via the EU Personal Information Processing Department and revise the current regulations

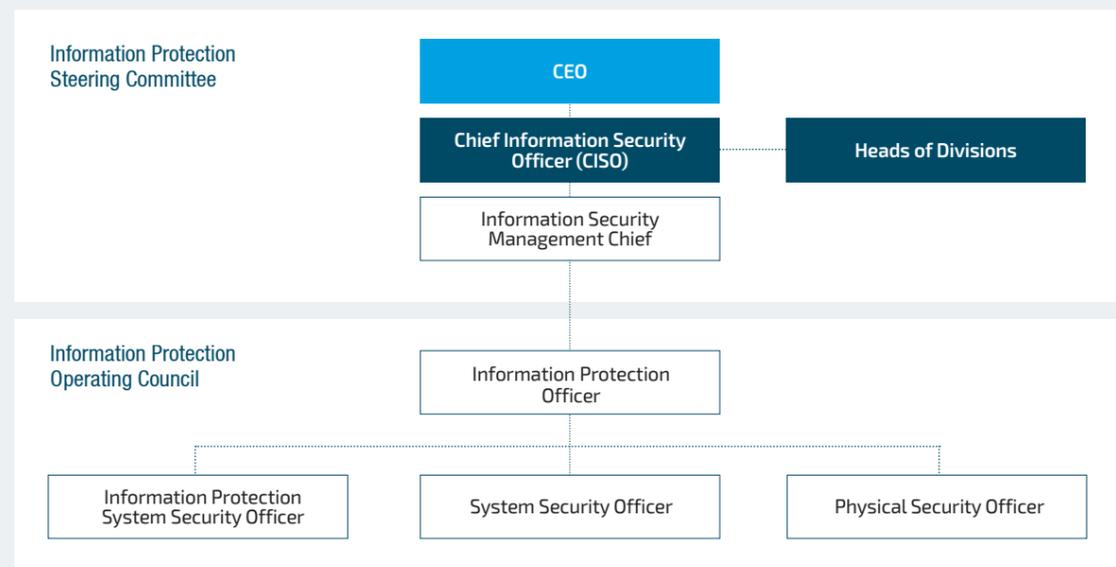
Status of Training Personal Information Handlers

Category	Headquarters	Paltan Complex	Pyeongtaek Complex	R&D Center	Total
Persons trained	138	11	15	8	172



Training Session on Personal Information Protection held at Headquarters

Information Protection Management System (ISO27001) Certification



Hanmi Pharm has established and implemented an information protection management system to protect its key information assets from internal and external security threats, as an essential part of its sustainable management strategy. In order to maintain the company's information protection management system, the "Information Protection Committee" has been formed and security management regulations are in operation. The Information Protection Committee conducts monthly security checks to detect any regulation violators and takes disciplinary action.

Based on such efforts, in December 2018, the company was certified with ISO27001, the international standard for information protection management systems, a first for the pharmaceutical industry. ISO27001 is an international standard for information protection management systems established by the International Organization for

Standardization (ISO), and we had to pass an competency evaluation of 114 items in 14 management areas, including information protection policies, physical security, access controls, and legal compliance, in order to obtain this certification.

The ISO27001 certification has enabled us to manage the systematic protection of our newly developed drug research information, as well as to meet the essential information protection requirements for a global business, and the certification was maintained with zero significant nonconformance issues in the 2019 follow-up audit. In the future, we will conduct security training, anti-phishing mail training, and the promotion of protection through our newsletters for all employees, and will continue to manage our information security through workshops and the collective education of our security personnel.

Strengthening Communication with Stakeholders

Hanmi Pharm has classified our major stakeholders into six groups by referring to the business models, business activities, and sustainable management statuses of global pharmaceutical companies, and it has

identified the major interests of each group by compiling the interests of the stakeholders gathered through internal and external communications.



Topic 3. Ethics Management and the Quest for Trust

Linked UN SDGs
16 Peace and Justice, System



Materiality and Approach

The ethical awareness of the company and our employees is a standard of proper behavior and value judgment that allows us to meet the needs of our stakeholders who emphasize corporate transparency and morality above and

beyond compliance with the law, and to achieve sustainable management practices. Hanmi Pharm pursues sustainable business and sustainable value creation by using "ethics" and "compliance" as its solid foundation.

CP Grade Evaluation
AA Maintaining **AA** grade for **6** consecutive years for the first time in the pharmaceutical industry

Strengthening Ethics Management and Compliance Management

Hanmi Pharm introduced and began operating the Fair Trade Self-Compliance Program (CP) in 2007, to establish a culture of fair competition within the pharmaceutical industry. In 2019, Hanmi Pharm was re-awarded AA grade, the highest level in the pharmaceutical industry, in its CP grade evaluation, which has been administered by the Fair Trade Commission every year since 2014. As a result, by the time the current certification expires in 2021, the company will have

maintained AA grade for six consecutive years. In addition, ISO 37001 certification, the international standard for anti-bribery management systems was achieved for the first time in the pharmaceutical industry, and has created an opportunity to raise the level of Ethics Management and compliance management at Hanmi Pharm. The effectiveness of the anti-bribery management system is verified annually by external certification review agencies.



Hanmi Pharm CP Grade Evaluation Certificates

Operating the highest level of Fair Trade Self-Compliance Program in the pharmaceutical industry

The Fair Trade Self-Compliance Program (CP) is a program under which companies voluntarily comply with fair trade-related laws. Hanmi Pharm has established and operates systems for following seven items: the introduction of a CP and the establishment of an ethics

charter/code, establishment of an operational policy, support from top management, voluntary compliance manual, education and training program, pre-monitoring system, a sanctions and incentive system, and an evaluation of the effectiveness of its CP training.



Hanmi Pharm introduced the CP throughout the company in 2007, and since 2011, it has been striving to establish CP-related systems by operating its compliance sector as an independent sector, and conducting real-time CP monitoring in tandem with on-site inspections. Employees take an annual CP Test and those who achieve excellent results (teams) are rewarded. They share CP-related information through the intranet (Cyber CP Zone) and have established a whistleblowing system by operating a clean management alarm. In addition, we have designated April 1st every year as a "Self-Compliance Day" and regularly hold events at training days where all the employees gather and pledge to practice Self-compliance.

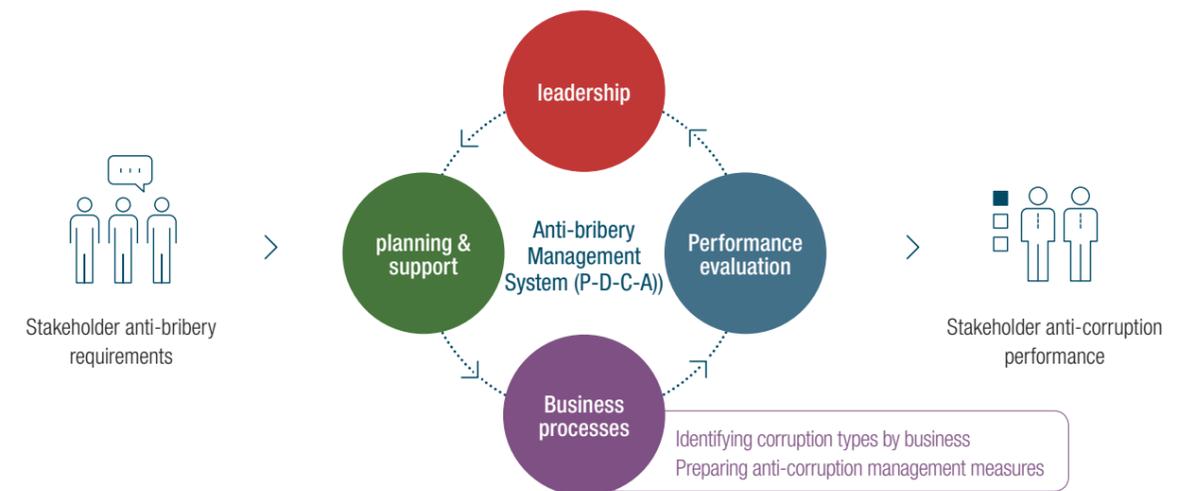


Pledge to Practice Self-Compliance

Operating and Improving ISO 37001 (Anti-bribery Management System)

ISO 37001 (Anti-bribery Management System) is an international standard that sets out the requirements for the reasonable control of the risk of bribery associated with performing tasks in an organization's entire management system. Hanmi Pharm was the first in the pharmaceutical industry to achieve ISO 37001 certification in 2017 and continues to verify its validity through a post-certification

review every year. Through the certification review and follow-up reviews, we have raised awareness of corruption prevention and Ethics Management among our employees. In addition, the scope of corruption management is gradually expanding to reduce the risk of violations of the laws.

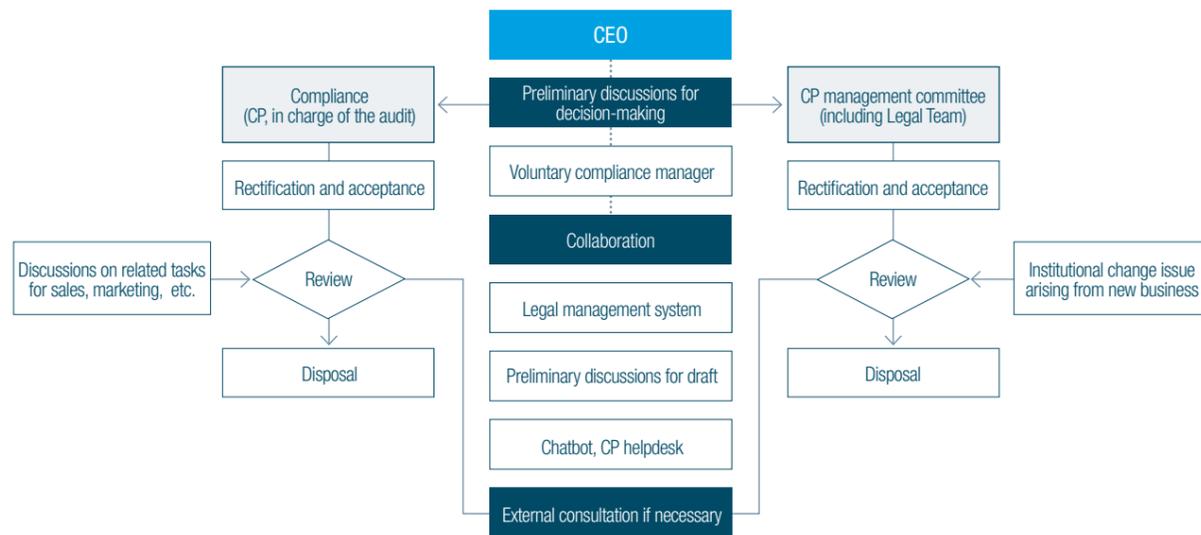


Compliance Management System and Activities

Hanmi Pharm has appointed a voluntary compliance manager to establish a compliance culture and operates a Compliance Team, which is a dedicated department. We have also set up a separate CP

Management Committee to proactively identify and respond to the risks of each major department.

Compliance Management System



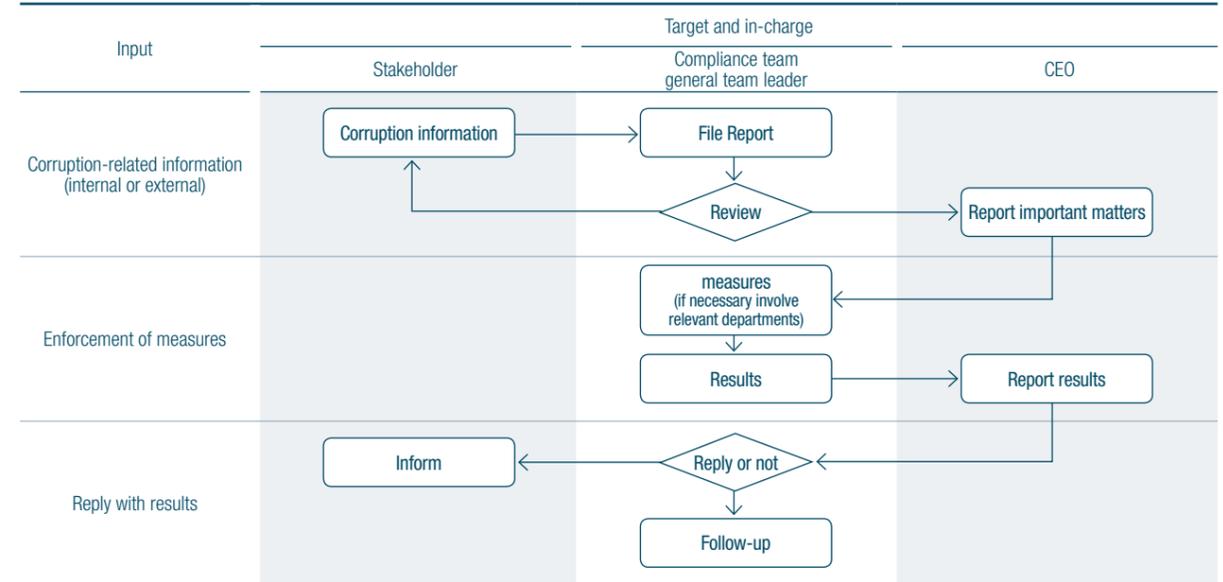
Hanmi Pharm is making the utmost effort to prevent illegal activities through the active operation of a Compliance Program and Anti-bribery Management System (ISO 37001). Every year, in the company's New Year's address and on Self-Compliance Day (April 1), the CEO emphasizes the importance of Ethics Management and CP operations, and especially on Self-Compliance Day, all the employees are required to take a pledge to practice fair trade Self-compliance and are provided with special training on Ethics Management practices.

The CP Management Committee is organized around the company's major departments to operate various CP management programs, including preliminary inspections of the risks of illegal activities, preliminary discussions on the tasks of all departments, CP monitoring, advance registration and management of targets under the Anti-Graft Act, and the operation of a CP Help Desk. In addition, CP training

is conducted regularly for new employees and for all employees in departments that are at a high risk of violating the law due to the nature of their work.

In addition, we are continuing to strengthen compliance management of third parties in order to prevent illegal acts performed by third parties. For CRO (clinical research organizations), CMO (contract manufacture organizations), marketing companies, human resources companies, and our other partners, we deliver the Hanmi Pharm programs on ethics management and the prevention of illegal acts, share details on related laws (fair trade-related legal issues, anti-graft laws, anti-corruption laws, etc.), provide training on the process of reporting corrupt activities, anti-corruption agreements as well as evaluating their compliance.

Communication Process for Preventing Corruption



Third Party Compliance Training, Hanmi Pharm's Anti-corruption Policy

In addition, we thoroughly manage CP through the operation of an internal reporting system (the in-house intranet "Clean Management Shinmungo" and the website "Infraction Reporting"), as well as CP on-site inspections, regular audits, and special audits. CP violators are

subject to sanctions from the Human Resources Innovation Committee, and awards are given regularly to outstanding CP compliance teams and employees in order to promote CP compliance awareness.

CP Awards

Year	Grand		Excellence	
	Number of persons	Award amount	Number of persons + teams	Award amount
2017	4	Award amount determined by the company + Beijing Tour	16 persons + 9 teams	Award amount (for person / team) determined by the company
2018	4		16 persons + 12 teams	
2019	4		16 persons + 12 teams	

Measures Taken with regard to Corruption Incidents

Category		2017	2018	2019
Measures taken	Number of cases of dismissal, salary reduction, reprimand, etc.	18	15	15
Corruption risk analysis	Total number/proportion of workplaces with a corruption diagnosis carried out	5 / 100%	5 / 100%	5 / 100%

As such, Hanmi Pharm has established and operates a strong system to prevent illegal activities by managing the illegal risks in advance, monitoring risks in real-time, and investigating them after the fact.

Hanmi Pharm will continue to do its best to ensure that its compliance management and Ethics Management practices are the basis for becoming a company that is trusted by people.

Compliance Training

Hanmi Pharm continues to provide training for individual employees in order to raise their awareness of compliance issues. Having established a CP management system, the employees can apply this directly to everyday tasks such as sales, marketing, research, development, and production, and we will continue to operate related training programs tailored to the characteristics of the workplace.



2019 Compliance Training Activities

Category	Subject	Target	Times	No. of Persons	
Compliance Training	<Internal>	Domestic Business Division	14	3,505	
		Headquarters	6	268	
		Site (Paltan/ Pyeongtaek/ Research Center)	3	66	
		Partner CEO	2	81	
		Total	25	3,920	
	<External>	Persons in charge of the compliance team	17	41	
		1. ISO37001			
		2. Fair Trade Act			
		3. Internal Audit			

Hanmi Pharm's compliance training is provided as a tailored form of education by considering various groups and business characteristics and by developing various education programs on compliance management. By providing compliance and anti-corruption training not only to our own employees but also to our major partners, we can minimize incidences of legal violations by the company and we are gradually expanding the targets of this training. Moreover, in order to strengthen our internal competencies for CP, audits, ethical management, and internal controls, we

Ethics Management Awards

Hanmi Pharm has received authoritative awards from the government ministries in recognition of its excellent operation of CPs and its contribution to the spread of the CP culture.

Awards

Year	Awards
2014	Fair Trade Commission Chairperson's Citation
2015	Fair Trade Commission Chairperson's Citation
2016	Presidential Citation
2017	Fair Trade Commission Chairperson's Citation
2018	Minister of Health and Welfare Citation
2019	Ministry of Food and Drug Safety Citation
2020	Fair Trade Commission Chairperson's Citation



actively participate in various CP operation programs, seminars, forums, and academies organized by government agencies, pharmaceutical associations, law firms, media, and the National Assembly, as well as giving lectures from the point of view of an outstanding CP company, to spread our culture of excellence. In order to strengthen the expertise of our CP Management Committee, we have acquired a number of Compliance Management Expert (CCP) certificates in recognition of our expertise, and we undertake refresher training every year to maintain our qualifications.



Review of Ethics Management and Future Plans

Since 2019, we have been upgrading the company's internal accounting management system by diagnosing the risks of each business program and strengthening our internal controls, in order to respond to social demands to combat accounting irregularities and errors that may affect business

operations. The compliance team will establish a global level compliance management system through enhancing the CP management level by actively reflecting on recommendations for improvement needed by the company and by adding functions dedicated to internal control systems.

Topic 4. Respect for People through Talent Management

Linked UN SDGs
 5 Gender Equality
 8 Quality Jobs and Economic Growth
 10 Alleviation of Inequality

Materiality and Approach

In order for a company to achieve sustainable development, it needs to recruit and foster high-flying human resources and manage them to optimize their skills. In addition, labor-management relations based on mutual trust and respect are very important for improving the competitiveness of a company. Hanmi Pharm is doing its best

to increase the value of its employees by furthering their expertise through human resource development programs and promoting a good work-life balance, and by sharing and developing its vision between employees and management using various communication channels.

Strengthening Human Rights Management

Hanmi Pharm is committed to human rights management for its employees by complying with relevant laws such as the Labor Standards Act and the Gender Equality Employment Act. In order to promote diversity among and safeguard the human rights of its employees, the company strives to prevent discrimination and disadvantages faced by women, the disabled and other minority groups by specifying rules of employment such as company regulations. We also conduct human rights management by operating workplace bullying resolution systems, such as the grievance settlement system for employees, and by establishing a

sexual harassment prevention committee and an employee association. In particular, sexual harassment prevention training is provided to all employees every year to make them aware of counselling services and the proper procedures for resolving any incidents of sexual harassment. In addition, all of Hanmi Pharm's work sites strictly comply with labor-related laws and regulations to guarantee our workers' human rights and job security. We protect our workers' rights in line with the related rules, regulations, and laws, and strictly prohibit child labor and forced labor in accordance with the Labor Standards Act.

Processes of Settling Grievances and Resolving Incidents of Sexual Harassment



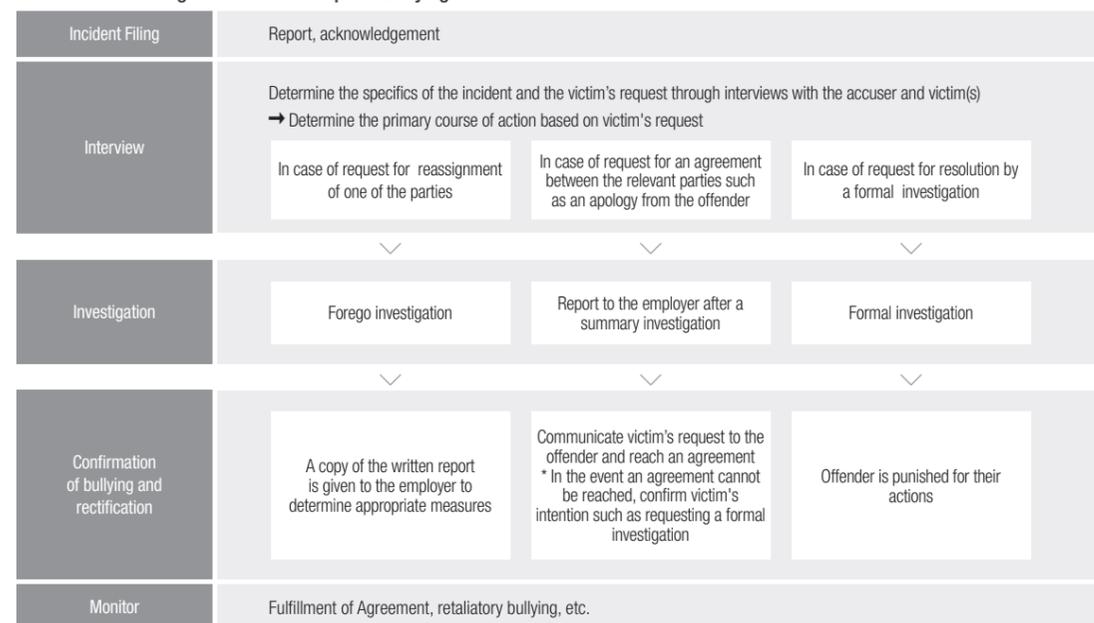
Amend Human Rights Management Policies and Systems

Handling Incidents of Workplace Bullying

In 2019, we conducted relevant training and prepared grievance relief procedures to prevent workplace bullying. The process for resolving incidences of workplace bullying was determined in reference to physical and mental grievances, by focusing on the requests of the victims.

Interviewers and investigators are obliged to keep the identities of victims and related persons confidential, and interviews and investigation should be undertaken by different persons in order to ensure that all incidents are handled fairly.

Process for Handling Incidents of Workplace Bullying



Communication Channels between Labor and Management

Hanmi Pharm is making an effort to reflect the voices of its employees when seeking to improve employee benefits and corporate culture. Specifically, a quarterly employee association meeting is held at each place of business to share suggestions and to consistently improve personnel regulations and the employee benefits system. As of the end

of 2019, 1,754 employees are members of the employee association, which is equivalent to 72.5% of all employees. The employee association discusses issues that require decision-making at management level, and other grievances are handled directly by the on-site department through the grievance handling system.

Overview of Hanmi Pharm's Employee Association

Category	2017	2018	2019
Number of Places of Business	4	4	4
Details	Headquarters: 8 Employer representatives, 10 Employee representatives Paltan Smart Plant: 10 Employer representatives, 10 Employee representatives Pyeongtaek Bio Plant: 8 Employer representatives, 8 Employee representatives Research Center: 8 Employer representatives, 8 Employee representatives		

Overview of Employee Associations at Hanmi's Major Subsidiary Companies

Category	2017	2018	2019
Beijing Hanmi Pharm	1	1	1
Details	Maintain Established Council		
Hanmi Fine Chemical	1	1	1
Details	Labor-Management Council in operation (4 Employer representatives, 4 Employee representatives)		

Cases of Major Improvements initiated by the Employee Association

Implementation of secure printing solution
Installation of sound-proof walls in conference rooms
Increase in travel agencies for booking overseas business trips
Designation of a shoeshine with access to the office building

Hanmi Fine Chemical: Remodeling of the canteen and expansion of the menu
Hanmi Fine Chemical: Change in routes for shuttle bus service

Paltan: Extension of the commuter bus routes, increased frequency outside of rush hour and replacement of old buses
Paltan: Installation of safety fences along the sidewalk in the direction of the main gate
Paltan: Reorganization of the Health Office
Paltan: Minimization of processed foods in the employee canteen

Pyeongtaek: Partnership discount at neighborhood stores for Hanmi Pharm employees
Pyeongtaek: Provision of in-house umbrellas for walking between the Administration building and Production building
Pyeongtaek: Installation of a coffee maker and a toaster at Plant 2
Pyeongtaek: Increase in commuter bus routes

Seeking Gender Equality

Hanmi Pharm actively strives to improve the social participation and status of women by providing equal opportunities regardless of gender in its recruitment and promotion policies, and by creating a women-friendly working environment. Of the 56 executives at Hanmi Pharm, 14 are female, and they play an active part in the company's production, sales, and marketing as well as in R&D encompassing clinical trials, development, and research areas. In fact, according to a survey

conducted on Top 500 domestic companies in terms of 2018 sales, Hanmi Pharm recorded the highest level within the industry regarding investment and contribution to gender equality.



Hanmi Pharm's Female Executives

Category	2017	2018	2019
Total Number of Executives*	53	49	56
Number of Female Executives*	12	12	14
Percentage	22.6%	24.5%	25.0%

*including Associate Directors

Hanmi Pharm's Female Staff

Category	2017	2018	2019
Total Number of staff	2,271	2,399	2,419
Number of Female staff	642	680	676
Percentage	28.3%	28.4%	27.9%

Percentage of Female Executives at Listed Companies

Category	Top 500 companies	Hanmi Pharm
2017	3.0%	23%
2018	3.6%	24%

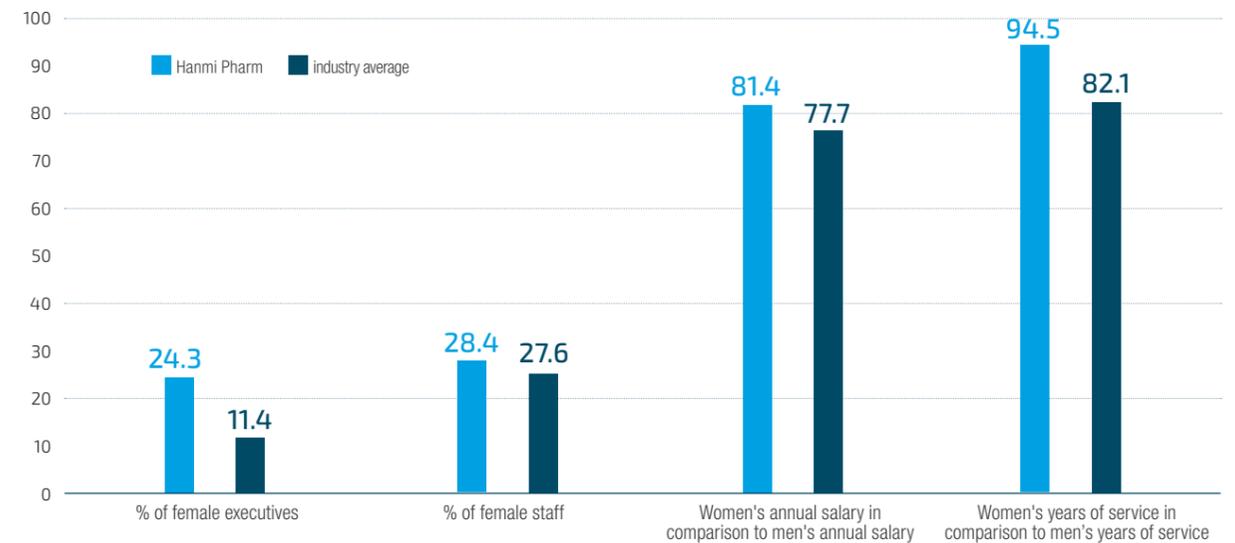
Source: Female executive % of the Top 500 domestic companies: 3.6%... the highest throughout history (JoongAng Ilbo / 07.25.2019)

Percentage of Female Staff at KOSPI listed companies as of 2018

Category	KOSPI listed companies	Top 5 conglomerates	Hanmi Pharm
% of female staff/ total employee	25.2%	21%	28.4%

Source: 21% of Staff, 2.9% of Executives at Top 5 Conglomerates Female: (Women News/07.16.2019)

Status of 'gender equality' indicators including % of Hanmi Pharm female executives, etc.



Source: CEO Score Daily "R&D Powerhouse Hanmi Pharm Top in Terms of Investments / Gender Equality" (05.22.2019)

Variety of Employee Welfare Benefits

Hanmi Pharm is making an enterprise-wide effort to ensure an affluent quality of life for its employees. The company operates various employee welfare programs, including four major legal insurance premiums, various grants for family milestones, holiday bonuses, and a retirement pension system for post-retirement security. In addition, opportunities are provided

to relieve work stress, by granting long-service employee rewards and monthly subsidized resort stays. Through these welfare benefits, the company ultimately seeks to create corporate value by improving employees' job satisfaction and productivity.

Variety of Employee Welfare Benefits

Category	Details
Medical support	-Subsidized annual medical -Discounts on medical checkups for family members -Flu vaccine inoculations
Support for Family Milestones (Congratulations and Condolences)	-Covers weddings, funerals, 60th and 70th birthday celebrations of employees and close family members -Monetary support, bouquets/wreaths and leave -Support with layettes upon the birth of a child and congratulatory money for their first birthday -Support for college tuition for children (regardless of the number of children)
Welfare points (digital money)	-Welfare points (KRW 500,000/800,000/1.2 million) for long-term service of 10/20/30 years -KRW 300,000 welfare points per year (KRW 100,000 each for Lunar New Year and Chuseok holidays, KRW 50,000 on an employee's birthday and KRW 50,000 on Labor Day) - Issuing of welfare cards
Discounts from partner businesses	-Discounts at stores registered in the Employee Welfare Mall (shopping malls, cars, plays and concerts, theme parks, travel etc.) -Employee accommodation discounts at the corporate resort -Discounts at "Eoyang" Chinese restaurant
Work environment	-Employee lounges at all business sites to provide refreshments and resting places -Commuter buses and uniforms (specific for different duties) -Women's lounge and nursing room

Enhanced Work-Life Balance

Family-friendly Corporate Culture

Hanmi Pharm was selected as a certified, family-friendly company by the Ministry of Gender Equality and Family in 2018 in recognition of its efforts to operate various support systems to ensure balance between family life and work. In order to strengthen maternity protection at work, 100% of the ordinary wage is paid for 60 days during maternity leave in accordance with the legal standards. In addition, working hours are reduced during pregnancy to help parents prepare for childbirth and postpartum care. We encourage and support a work culture, in which employees, regardless of gender, freely make use of parental leave and working hour reductions during the applicable period. In 2019, 41 employees took parental leave and two employees applied for reduced working hours.



Family-friendly Company Certification Ceremony

Encouraging Flexible Work Hours

To incorporate the 52-hour workweek, Hanmi has been promoting various work systems tailored to each business site. For example, a flexible commuting system is available for employees who prefer personalized commuting times to prepare for pregnancy or childcare. A flexible work system is available for employees enabling them to determine and manage their working hours themselves. Lastly, a differentiated work system is available for sales personnel, who need recognition for hours worked outside the office. In order to revitalize our diverse working system, to prevent overtime, and to comply with the 52-hour workweek, we have introduced a “work-hour management system” to manage our employees’ working hours electronically. In

addition, we have established a network that allows the use of a Virtual Private Network (VPN) to support working at home when necessary.

Category	Work System
Headquarters	Selective work system
R&D Center	Flexible commuting system
Plants	Selective work system, flexible working hours, flexible start time, flexible commuting system
Domestic Biz Division	Credited work system

Stable Post-Retirement Life Program

Hanmi Pharm has implemented the wage peak system applying it from the age of 55, to reduce cases of enforced early retirement and to assist older employees in maintaining their job security. We plan to introduce a re-training program this year, which will support senior

retirees to transition to other jobs. In addition, we operate a defined benefit (DB) and defined contribution (DC) retirement pension system to help people enjoy a happy post-retirement life.

Elevating the Process of Recruiting and Managing High Flyers

Recruiting

Hanmi Pharm operates various communication channels for jobseekers, in order to recruit talented high flyers with a creative and challenging spirit. The company participates in the biopharmaceutical industry recruitment fair and the recruitment briefing sessions for outstanding companies in Songpa-gu, Seoul to provide information about the company and its recruitment process, conduct interviews with jobseekers and 1:1 mentoring sessions with current employees in various departments including R&D. In addition, we engage with jobseekers directly via various recruitment programs such as Kakao Talk Plus Friends, in which questions about the employment policies of Hanmi Pharm are answered, and the “Hiring Talk by Job” program, which enables our employees and jobseekers to talk with one another. In addition, we conduct campus recruitment fairs at 18 university nationwide, which provide special benefits in regards to document screening if jobseekers pass the first round of on-site interviews with working-level staff.

In 2018, Hanmi Pharm implemented an AI personality and aptitude test in the company’s recruitment process, for the purpose of objective and fair evaluations. In particular, our sales personnel are hired based on field experience, training, and in-depth practical training, which are all part of the Hanmi Pharm evaluation system.

In addition to the existing open recruitment system, Hanmi Fine Chemical has diversified its recruitment channels in the following ways to establish a talent-oriented recruitment system: long-term field training program, combined work and study route, and occasional recruitment system. To help newcomers adapt quickly, we also operate the “MAKE (Manner, Attitude, Knowledge, Energy) Program”. The company has also drastically increased the scope of its three-day job-training program so it now lasts about three months. The extended program includes both in-house and training center training, mentoring after hiring, and E-learning. In addition, interviews with the personnel team are arranged every quarter to help newcomers adapt easily and expand their capabilities during the acclimation period.

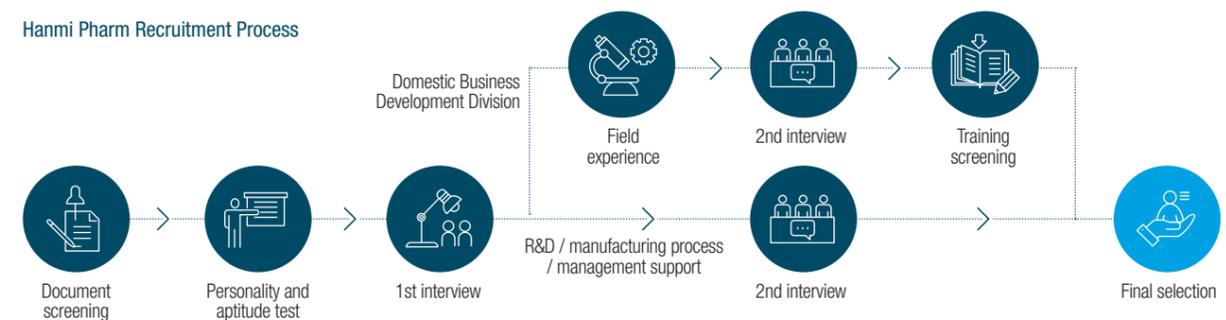


Recruitment Fair of Biopharmaceutical Industry

Hanmi Pharm New Recruitments

Category	Total Employees	New Recruits
2017	2,271	459
2018	2,399	390
2019	2,419	269

Hanmi Pharm Recruitment Process



Upgrading Employees' Skills

Skill Building Program

Hanmi Pharm conducts skill building training appropriate to each employee's position and job, which includes introductory training for new employees, training for newly promoted employees, middle manager training, team leader (manager) leadership and a core talent development program (H-MBA, seminar). New employees are required to attend the introductory training for at least one month, depending on their duties at the time of joining the company. Promoted employees and middle managers attend external education programs. In addition, for our team leaders and managers, we strive to strengthen their job skills and foster leadership through provision of customized leadership programs, which reflect the characteristics of each workplace.

Hanmi Pharm also focuses on operating programs to enhance the capabilities of key talents who are creative and determined to tackle new challenges. The MBA (H-MBA) program, a development program for high flyers at Hanmi Pharm, aims to broaden capability beyond their respective areas, so that they can gain insight into management practices including accounting and marketing. Employees who have completed the H-MBA course with an excellent performance will receive full tuition for the regular MBA course (top-level school). In addition, to strengthen the capabilities and commitment of our employees at work, the OA training on Excel and PowerPoint is available. We also provide a popular series of lectures in humanities subjects to improve basic understanding.

System of Developing Elite Hanmi Personnel

Executives	On-Boarding (business site tour / introduction)	External Training Program [Seminars / Forums]			
Team leader	Team leader's leadership (manpower, performance, organization management) Middle manager training (collaboration/ problem solving ability)	H-MBA [advancement program to top-level Schools]	Sales Case Study / CES courses	Production GMP / Document management / Safety management	R&D, management Job training system per department [by job experience and position]
Rotation Team member/PL	promoted employee training (role change / awareness improvement)		Mentoring		
New employees	Introductory Training (Corporate vision, history, products)				
	Training by position	Key Talent Training	Job training		Organizational culture

Graduates from H-MBA Courses

Category	2017	2018	2019	Accumulated (2011~2019)
H-MBA Graduates	36	21	20	276

Job Rotation System (CDC)

Hanmi Pharm operates a Career Development Center (CDC) to support the career development of its employees. The CDC was newly established in accordance with the company's principles of 'creation' and 'addressing challenges'; will help employees overcome habits developed from conducting the same work repetitively by making them attempt new tasks. In essence, employees will have the opportunity to further develop their careers through various work experience and by repositioning talents in the right place and position.



Hanmi Fine Chemical has built a diverse independent learning culture to foster elite Hanmi personnel including establishing an in-house library, running the Hanmi Online English Class (OEC), supporting enrollment into elite schools and participating in domestic and foreign academic conferences. Personnel from the Research and Quality Control Departments take compulsory English classes to facilitate collaboration with global pharmaceutical companies. Hanmi Pharm and Hanmi Fine Chemical's outstanding talent recruitment and human resource management systems have been highly praised by the government and the companies were recognized as an "Exemplary Organizations for HRD (Human Resources Development)".



Ceremony to receive the award for Exemplary Organization for HRD

Evaluations and Compensation

Hanmi Pharm promotes an environment where employees maintain morale by operating various incentive systems according to each job category. Employees take part in quarterly evaluations through the "Elite Manifesto Program" and the "Hanmi Leadership Program" (HLP), in accordance with annual management goals. The EMP, Hanmi Pharm's self-evaluation system, allows employees to self-evaluate their performance and, by receiving feedback, can see if their work is aligned

Multi-phased Evaluation
EMP The Elite Manifesto Program is a program in which an individual employee conducts a personal assessment to determine whether they are performing their work in accordance with the 10 Virtues of Elite Hanmi Employees. Afterwards, their team leader and an executive give coaching and feedback to guide the employee toward becoming an elite Hanmi employee.
HLP The Hanmi Leadership Program is a program whereby employees are evaluated on the 10 Hanmi leadership virtues that a leader should possess and trained to become leaders.

The Domestic Business Division operates the Speed Evaluation Monthly (SEM) system that quickly provides compensation for monthly performance and an incentive trip program, which selects excellent salespeople on a quarterly basis to visit Beijing Hanmi Pharm and tour Beijing the following

Review of the Talent Management and Future Plans

In order to achieve Hanmi Pharm's goal of transforming Korea into a pharmaceutical powerhouse, the growth of its employees is important. Each member of the company increases the level of expertise in their respective positions and maximizes the company's work efficiency, creating the foundation to become a pharmaceutical powerhouse. Hanmi Pharm plans to systematize employee training in the future to strengthen job competency, and will revitalize its organizational communication by newly establishing an employee suggestion system including an Employee Suggestion

management goals. The HLP is a system whereby hands-on workers in each department evaluate team leaders and executives, to maximize the correct leadership and team capabilities. The EMP and HLP together is another intangible asset that was developed based on Hanmi Pharm's core principles of 'creation' and 'addressing challenges' and are also talent management platforms where all employees are brought tougher in support of achieving mutual goals.

Performance Compensation
CIQ The Creative Individual Quarter is Hanmi Pharm's unique program to set creative goals every quarter with each employee's performance evaluated for task-handling efficiency, task innovativeness, and contribution to the company and feedback being provided thereon.
SEM The Speed Evaluation Monthly is a program in which a domestic business unit is promptly compensated for its performance every month.

year. All the other departments operate the Creative Individual Quarter (CIQ) to set their creative goals on a quarterly basis, and then evaluate overall results in terms of work efficiency, work innovation, and their contribution to the company, in order to award compensation.

Committee. We have also organized a TFT to encourage disabled people to enter the workplace. We have identified the jobs that are compatible with telecommuting and are currently hiring people with disabilities, and are preparing for new job creation project. By the end of this year, we will make various efforts to increase employment of disabled personnel and stabilize the existing employment, while strengthening human rights education to establish a corporate culture of harmony in which diversity is respected.

Topic 5. Healthy and Safe Workplace through EHS (Environment, Health & Safety) Management

Linked UN SDGs

- 6. Water and Hygiene / 7. Energy / 12. Sustainable Consumption / Production
- 13. Coping with Climate Change / 16. Terrestrial Ecosystem

Materiality and Approach

Recently, home and abroad there has been growing social interest and recognition of the importance of workers' safety and health, in addition to the issues of climate change and environmental pollution. Hanmi Pharm recognizes EHS activities as an important factor for sustainable management and is making efforts to minimize the

company's negative impact on the global environment and to create a safe working environment for its employees. To this end, we are striving to upgrade our enterprise-wide EHS management system and major strategies, with the 'hEHS Committee', which was newly established in 2019, at the center of this work.

Refining the Integrated EHS Management System

Hanmi Pharm is making various efforts to ensure systematic EHS management. By obtaining ISO 14001/45001, OHSAS 18001 certification and also newly establishing the "hEHS Committee" for the first time in our industry, all employees of Hanmi Pharm Group are striving to fulfill their social responsibilities through minimizing the environmental impact of their work, including environmental pollution. Hanmi Pharm has announced its EHS management policy, centering around the "hEHS Committee", and has established six major strategies and mid- to long-term goals to be implemented in the fields of the environment, safety and health. In order

to be prepared for unforeseen accidents that are difficult to predict and control, we have enacted and implemented the organization's situation management program and related risk management regulations. An EHS performance evaluation has been undertaken based on the global EHS management systems, such as ISO 14001 and Hanmi Pharm's internal performance evaluation (CIQ) system. In the case of Beijing Hanmi Pharm, there are no physical or regulatory risks with regard to climate change, and the relevant issues are adequately addressed in accordance with the Chinese government's environmental regulations.

hEHS Committee



Overview of EHS-related Training at Hanmi Pharm

Business Sites	Details
Paltan Smart Plant Pyeongtaek Bio / Cepha Plants Hanmi Fine Chemical	<ul style="list-style-type: none"> -EHS: Share details of accidents and provide training in relation to the regulatory amendments -Regular training of workers about safety and health (6 hours quarterly) -Training on dealing with chemical leaks and using the spill kit -Training on the dangers of hazardous materials and the handling thereof, and conducting drills on what to do in case of fire and how to use fire extinguishers -Training on forklift safety, as well as drills on emergency actions for each process when dealing with a fire or leak -Training contractors on the MSDS

6 Major Strategies for Hanmi Pharm's 2020 EHS Management



Improve hEHS management

- Introduce an integrated EHS management system
- Stabilize the operation of the BCMS (Business Continuity Management System)
- Manage and operate related ISO systems after integrating them



Improve energy efficiency together with low carbon management

- Effectively operate and respond to the greenhouse gas management system (target management system, emission trading system)
- Reduce energy/greenhouse gas emissions by 1.5% compared to the forecast
- Continue to improve the energy efficiency of wastewater treatment plants by applying high efficiency equipment.



Minimize environmental impact

- Continue to reduce the level of environmental pollutants
- Keep air/water pollutants below 50% of the legal permissible level
- Continuously review and expand recycling activities
- Achieve 100% recycling of R/O water
- Achieve 70% recycling of waste
- Maintain zero environmental accidents



Strengthen safety/health capabilities to achieve zero accidents

- Maintain zero industrial accidents
- Evaluate risks, strengthen safety training
- Complete the conversion of certification to ISO45001 (at all business sites)
- Establish an industrial hygiene system (Paltan, Fine Chemical sites)
- Strengthen bio safety in the R&D Center



Manage chemicals safely

- Upgrade the operation of an MSDS integrated management system
- Strengthen the capabilities of the manager in charge of hazardous chemicals
- Improve the management & purchasing system for chemicals



Mutual cooperation, communicate with stakeholders

- Strengthen contractor safety management (operate safety and coexistent cooperation programs)
- Continue to conduct the Green Hanmi campaign (Plastic Free Campaign, Biochemical Diversity Conservation Activities, Decorating of Industrial Complexes)
- Guide the suppliers in evaluating their policies related to human rights, labor and the environment
- Continue community cleanup activities, such as the one company, one-river movement and the environmental doctor system

EHS Management Goals/Plan and Performance

	2019 Goals / Plan	2019 Performance	2020 Goals / Plan
Improve hEHS management	Build a BCMS Acquire ISO22301 certification Build an MSDS integrated DB and strengthen its management	Completed building a BCMS for all business sites. Passed the evaluation & acquired certification (Lloyd's Register Korea) Built a companywide integrated MSDS management system	Introduce an integrated EHS management system Advance the BCMS Continue to strengthen MSDS management
Improve energy efficiency	Replace equipment with high-efficiency equipment and expand the insulation system Intensively manage power usage during peak periods	Achieved a greenhouse gas generation of -8.0% in business sites (sales unit requirement) [Headquarters] Introduced insulation film, with the surface temperature reduced by 4.3°C [Paltan] Reduced power consumption by 0.5% by managing peak power [Pyeongtaek] Saved energy by the disposal of unnecessary facilities Improved the thermal efficiency of refrigeration facilities by improving the water quality [Fine Chemical] Energy efficiency improvement project - Replaced ca. 3,000 LED lights - Replaced the air conditioning, refrigerating, and utility facilities: 7 cases	Reduce greenhouse gas/energy by 1.5% relative to the forecast Respond to and comply with the greenhouse gas related regulations (Paltan: Emissions Trading System, Pyeongtaek, Fine Chemical: Target Management System) [Company-wide] Reduce the total quantity of greenhouse gas emissions (electricity, water, gas) : process improvements, operate air conditioning on lower setting, reduce the water pressure, etc. [Pyeongtaek] Cost-saving TFT activities
Reduce water usage and increase recycling	Reduced the water usage of business sites by 9% (on a sales unit requirement base) Recycled R/O condensed water 100%	Study increased recycling of effluent waste water (Conduct feasibility study and trial operation) Improve treated water supply and limit unnecessary water supply Analyze usage and discharge volume	
Strengthen the management of the pollutant acceptance criteria Reduce suspended materials in the water	[Paltan] Maintained clean air and water with levels of contaminants 30% (water), and 50% (air) below legally permitted levels. MBR membrane management, and reduced SS emissions by 27%	Maintain air and water quality at 2019 levels. [Paltan] Reduce suspended materials by over 3% compared to 2019 [Pyeongtaek] Efficiently use the medication wastewater: reduce usage by 5% year-on-year [Fine Chemical] Reduce air pollutants by 5% year-on-year	
Save steam and recycle waste water by improving the waste water treatment plant process	[Pyeongtaek] Treated the ammonia water for free and recycled the urea wastewater (KRW 2.4 billion /year) (KRW 4.7 million /batch) [Research Center] Installed air pollution prevention filters and replaced the old exhaust facilities		
Improve the treatment processes and the separated disposal of waste	[Paltan] Increased the recycling of waste vinyl and reduced waste by 7% [Pyeongtaek] Increased separated disposal of waste (PET bottle, cans, etc.) [Fine Chemical] Separated disposal of waste solvents (saved KRW 30 million) - Achieved a 60% waste recycling rate (14% increase year-on-year)	Paltan] Reduce wastewater sludge: install a sludge dryer [Pyeongtaek] Improve waste storage sites [Fine Chemical] Turn waste into a resource to incinerate, participate in the resource recycling performance management system --> Increase the recycling rate by 5%	

	2019 Goals / Plan	2019 Performance	2020 Goals / Plan
Strengthen safety & health capabilities	Maintain disasters and environmental accidents at zero Establish a safe working environment for workers Transition to ISO45001 certification Control and improve the air quality Secure legal stability	Achieved zero disasters and environmental accidents Purchased a fit tester to sequentially test the workers at each business site [Pyeongtaek] Completed the ISO 45001 transition Operated an automatic ventilation system in an office utilizing IoT Conducted a full review of the Industrial Safety Act, etc. [Fine Chemical] Introduced a system for detecting abnormal behavior of the major utility facilities using vibration sensors with IoT technology	Maintain zero disasters and environmental accidents Complete the fit test of all business sites and conduct calibrations Strengthen the infectious disease response system Assess risks by work type and enhance safety education awareness Expand contractor safety management [Paltan] ISO 45001 certification transition Establish an industrial hygiene system Strengthen the infectious disease response system (create a manual, stock up on spare supplies) [Fine Chemical] Conduct simulated evacuation drills as planned, advance allergy tests, enhance the improvement rate of corrective actions after related inspections, etc. [Research Center] Standardize bio-safety guidelines [Pyeongtaek] Introduce a new health promotion program for employees
Manage chemicals safely	Comply with major amendments of the chemical management law, Strengthen controls	[Paltan] Strengthened the management of hazardous chemicals and checked for compliance [Fine Chemical] Installed additional facilities (gas detectors, mesh glass was replaced, etc.) [Pyeongtaek] Submitted a review report on changes in the over-the-counter impact assessment	Pass regular inspections of hazardous chemicals Improve the use of chemicals in terms of efficiency and the management system Complete training for hazardous chemical handlers (over 2 persons per business site) Improve chemical handling areas by using national projects (gas detectors, etc.)
Strengthen social responsibility and stakeholder communication Implement an eco-friendliness campaign Reinforce the contractor safety management system	[Paltan] Performed maintenance work around the industrial complex under Gyeonggi-do supervision (once a month) [Paltan, Pyeongtaek] Participated in a factory in the forest construction project - Planted 294 trees for the purpose of reducing fine dust (received Gyeonggi-do Governor's citation) [Fine Chemical] Participated 16 times in community environmental improvements, including an event to spruce up the industrial complex [Headquarters] Conducted the Green Hanmi campaign 1) Refrained from using plastic cups and disposable products 2) Trained employees and families on eco-friendliness and the donation of second-hand goods Contractors conference, Circuit inspection	[Fine Chemical] participate in local environment improvement campaigns 20 times a year Publicize the harmfulness of hazardous chemicals to the community once a year Strengthen safety education and safety guidance for partners' employees, and participate in safety management (Mutual cooperation program) Reduce safety blind spots (mobile service) [Pyeongtaek] 1 Company 1 River purification activity, and participate in the environmental care system	
Total related investment	-	KRW 906 million	KRW 1.4 billion

※2019 The Pyeongtaek Bio Plant was excluded from some of the reduction figures due to Plant 2 being newly built and operating on a trial basis year-round

Efforts to Reduce Energy Usage and Greenhouse Gas Emissions

In 2017, the Paltan Industrial Complex was designated as a management company for the greenhouse gas and energy target management system, and the progress of the company's energy and greenhouse gas reduction was disclosed through the environmental information disclosure system. In 2019, energy usage was reduced by 0.4% year-on-year through peak power management, investments in insulating facilities, and a reduction of steam usage through process improvements. In the future, the company plans to reduce the amount of energy used by more than 1.5% compared to annual forecasts. Starting in 2020, the Paltan Industrial Complex is

going to implement the greenhouse gas emission trading system and the Pyeongtaek Bio Plant and Hanmi Fine Chemical will undertake a greenhouse gas energy target management system to establish and implement an annual execution plan for the purpose of reaching the reduction targets and stable implementation of the system.

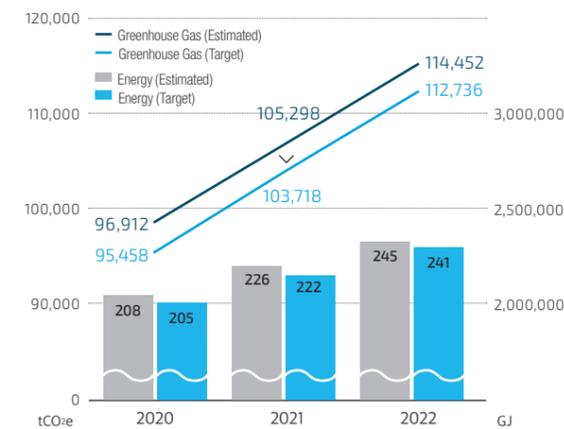


Hanmi Pharm Energy Usage and Greenhouse Gas Emission Unit Requirement

Category	2018	2019	Change
Energy usage (GJ/100 mil KRW)	83.6	76.9	-8.0%
Greenhouse gas emission (tCO2e/100 mil KRW)	4.1	3.8	-8.0%

1) Reporting scope: Headquarters, Research Center, Paltan Industrial Complex
2) 2019 Pyeongtaek Industrial Complex, which is not a production plant, was excluded from estimates due to the newly built Plant 2 that underwent a year-long trial operation.

Table Greenhouse Gas - Energy Emissions Target



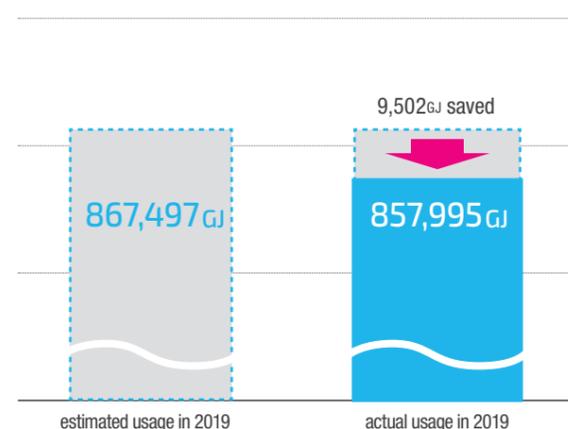
Energy savings through improvement of the wastewater treatment process

Hanmi Pharm's bio plant achieved a reduction in its environmental pollutant emissions and energy savings by recycling its high-concentration wastewater and improving wastewater treatment processes. By recycling the high-concentration urea-containing wastewater generated during a process into the manufacturing of urea water (for reducing nitrogen compounds), the total nitrogen load at the wastewater treatment plant has been greatly reduced, and energy use has been

reduced by 9,502GJ/year through stopping the anaerobic digestion system and crystallizing process, which are energy-intensive, in the high-concentration treatment facility in line with the improved wastewater quality.



Saving energy consumption through process improvement (Pyeongtaek Bio Plant)



Water Usage and Recycling

Hanmi Pharm reduced its water usage by 1.2% year-on-year in 2019. In particular, in the case of the Paltan Smart Plant, which is a major production facility, 100% of the R/O condensed water was recycled. In order to reduce water usage and to continuously expand recycling, we are planning to continue various activities such as reviewing the feasibility of recycling effluent wastewater, improving the treated water supply, and restricting unnecessary water usage.

*R/O Condensed Water: This refers to the water produced during the operation of a water purification facility that makes the water (tap water) into purified water suitable for drug manufacturing. Although this condensed water may be cleaner than general tap water, it is often discarded because it is not needed in the process of making water for drug manufacturing, but Hanmi Pharm's Paltan Smart Plant recycles it for this purpose.

Hanmi Pharm Water Usage

Category	Unit	2018	2019
Water usage sales unit requirement	ton/KRW 100 mil	26.9	24.4

1) Reporting scope: Headquarters, Research Center, Paltan Industrial Complex
2) 2019 Pyeongtaek Industrial Complex, which is not a production plant, was excluded from estimated figures due to the newly built Plant 2 that underwent a year-long trial operation.



Energy savings through improvement of the wastewater treatment process

Hanmi Pharm is continuing its habitat protection and environmental protection activities at each business site. The Paltan Industrial Complex and Pyeongtaek Bio Plant are striving to reduce emissions of fine dust, which has emerged as a social problem, as well as making efforts to preserve the surrounding area of the industrial complex through conducting a reforestation project with Gyeonggi-do. In recognition of its environmental preservation activities, Gyeonggi-do presented Hanmi with a citation for outstanding merit in its construction of a factory in the forest (by planting fine dust purifying trees) in November 2019. In order to prevent and respond to hazardous chemical accidents, Hanmi Fine Chemical has formed and operated an autonomous response team for hazardous chemical incidents, with environmental engineers from business sites of 641 companies from 38 different groups participating in the project since 2015 under the supervision of the Han River Basin Environment Agency. Fine Chemical, the team leader company, manages

about 30 environmental business sites, and has been establishing a system to respond to accidents involving hazardous chemicals, and to conduct self-inspection events 12 times a year. In addition, the company continues to carry out environmental improvement activities in the local community, including industrial complex decoration events and the "Purumi" Action Group. Moreover, Hanmi Pharm has implemented the "Green Hanmi" campaign, an in-house campaign for environmental protection, since 2019. Through the Green Hanmi campaign, the company encourages its employees to share the importance of environmental protection and the prevention of environmental pollution in their daily lives, and to promote awareness by taking part in volunteer activities related to environmental issues. We will continue to promote environmental awareness among our employees and practice environmental protection measures through continuous environmental campaign activities.

"Factory in a Forest" Construction Project for Reducing Fine Dust

Paltan Smart Plant and Pyeongtaek Bio Plant, together with Gyeonggi-do, have carried out a "factory in a forest" project to reduce air pollutants such as fine dust. A total of 222 trees (350 million KRW) were planted at the Pyeongtaek Bio Plant from 2017 to 2019 and 122 trees (250 million KRW) were planted at the Paltan Smart Plant.



Green Hanmi Campaign

In order to implement EHS management after recognizing the increasing seriousness of environmental pollution, Hanmi Pharm conducted the "Green Hanmi Campaign", an in-house environmental campaign, on June 5 as part of 'World Environment Day'. The Green Hanmi Campaign consists of various programs for employees to participate in environmental protection activities and to raise awareness by connecting volunteer work with the campaign.

2019 Green Hanmi Campaign activities

- Pledge by executives and employees to protect environment
- Eco-friendly production of PR brochure (Restricting coating processing, using soybean oil, etc.)
- Waste Resource Collection/Donation Campaign
- Executives & Employees' Training-type Volunteer (Environmental protection, recycling education/service)
- Launch ZERO Plastic Campaign (Separated disposal, usage restriction guidance, etc.)



Seoul Upcycling Plaza: Environmental training and material rescue team activities performed by employees' children

Strengthen the Management of Waste and Hazardous Materials

Continue to expand the recycling of waste

Hanmi Pharm achieved a 61% waste recycling rate in 2019 through various activities such as resource recovery and the recycling of waste. In the case of the Paltan Smart Plant, the total amount of waste generated was reduced by 7% by steadily expanding the recycling of wastewater treatment sludge and waste vinyl. The installation of sludge dryers for continuous recycling will be carried out step-by-step. Besides this, the company is working hard to find various new implementation tasks such as strengthening its waste separation and discharge processes.

Hanmi Pharm Waste Recycling Rate

Category	2017	2018	2019
Recycling Rate (%)	22%	46%	61%



Strengthening Control of Chemicals

Chemical-related laws such as the Chemicals Control Act and the Chemicals Registration and Evaluation Act are being strengthened day-by-day, which increases the importance of the safe control of chemicals. Hanmi Pharm is strengthening its ability to secure Material Safety Data Sheets by establishing a company-wide integrated management system for MSDS, in order to thoroughly comply with the relevant laws and regulations. In addition, the company conducts an annual survey of environmental emissions and the waste movement quantity (PRTR) of chemicals, to inspect the facilities and manage prevention measures to

reduce environmental emissions.

In the case of the Paltan Plant, installation inspections and facility inspections of eight hazardous chemical handling facilities were conducted to strengthen chemical management methods, and Hanmi Fine Chemical has upgraded its gas detectors and started the replacement of mesh glass to implement management standards for its handling facilities. The Pyeongtaek Plant also strives to prevent chemical accidents in various ways, by implementing the CHARM risk assessment to establish measures for risk reduction and strengthen the storage of hazardous chemicals.



Strengthening Hazardous Chemical Management and Compliance

Hanmi Fine Chemical received an excellent evaluation during a regulatory inspection of its management of hazardous chemical handling facilities and its ability to respond quickly to disasters during an inspection for guidance by the competent authorities. Therefore, on May 2, 2019, the Han River Basin Environmental Office Head conducted an on-site inspection tour of the company in recognition of its excellence in the region. As a team leader company in the autonomous response team for hazardous chemicals, the company maintains a response system that is capable of quickly going into action in an emergency to strengthen the prevention of chemical accidents in the local community, and has undertaken inspections of the installation of hazardous chemical handling facilities on 5 occasions, as well as regular inspections in 2018 and 2019, for the approval of their compliance. In addition, the company is working with the competent authorities and their peers to implement and comply with the strengthened Chemicals Control Act.



Hanmi Fine Chemical Han River Basin Environmental Head Office On-site Inspection Tour

Prevention of Air and Water Pollution

In accordance with the mid- to long-term goal of "controlling emission pollutants below 50% of the legally permissible value", Hanmi Pharm strives to minimize the environmental impact that results from the manufacturing and production of its products. The Pyeongtaek Bio Plant installed a new wastewater treatment plant in 2017 for the purpose of improving and controlling its wastewater quality and

self-treats its high-concentration wastewater, while the Paltan Industrial Complex continues to control the concentration of suspended solids in its wastewater after expanding the facilities at its wastewater treatment plant. In addition, the plant operates a water quality TMS to monitor the pollutant level of emissions in real-time and shares this data with the Ministry of Environment.

Major Measures Taken in 2019 to Prevent Air and Water Pollution

Category	Details
Headquarters	Lowered the permissible NO _x concentration and strengthened its control through applying a low NO _x burner
Paltan	Reduced suspended solids through managing its water quality with an MBR membrane
Pyeongtaek	Treated ammonia water for free and recycled urea waste water after improving its process
Research Center	Installed a Phase 2 air pollution prevention facility, replacing an aged exhaustion facility

Topic 6. Mutual Growth through Win-Win Management

Linked UN SDGs
 1. Eliminating Poverty; 3. Health and Welfare; 4. High Quality Education; 10. Alleviating Inequality

Materiality and Approach

The growth of Hanmi Pharm, which has been leading the domestic pharmaceutical industry for more than 40 years, is a result of a growth engine that operates on R&D investments, as well as interest and support from the company's many stakeholders, including its customers, suppliers, and communities. As a member of society, Hanmi Pharm believes that contributing to its positive development is a driving force that accompanies

its growth. Accordingly, Hanmi Pharm will work together with its suppliers and communities to achieve the value generated by cooperation. As a pharmaceutical company, we will also establish advanced environmental management measures for the health and prosperity of future generations and to realize accompanied growth as a "win-win value".

Support to Suppliers and Mutual Growth

To achieve mutual growth, Hanmi Pharm is running various programs with its major partners.

We provide various training programs to our partners, to help enhance understanding of GMP, the pharmaceutical industry and purchases based on ethical management. Additionally, we hold meetings with our partners at least once a year for effective and practical mutual growth. In order to

expand the foundation of sustainable management and advance shared growth, Hanmi Pharm will be incorporating a process this year, in which incentives are provided to excellent partners, following the inclusion of social responsibilities such as labor controls, human rights, and protection of the environment in the partner evaluation guidelines.



Meetings and Supplier Training

Date	Participants	Organizer	Contents
05.10.2019	20 (18 material suppliers)	Raw Material Team	Hanmi Pharm's production and delivery of materials
		QA Team	Material quality requirements and global trends
		CP Team	Self-compliance with fair trade
09.04.2019	42 (44 construction suppliers)	CP Team	Compliance program training provided to partners
		Purchase Support Team	Plan to operate tender systems for each construction sector

Building and Evaluating Policies for the Enhancement of Supply Chain Sustainability

As Korea's leading pharmaceutical company, Hanmi Pharm is building various policies to ensure sustainable supply chain management. Specifically, for transparent and open supply chain management, we have established and enacted four major fair trade guides and the "Hanmi Code of Ethics for Purchases" in compliance with the fair trade laws, to prevent

unfair practices. By doing so, we provide equal opportunities to all of our suppliers, preventing the exclusion of blue-chip companies due to unfair purchasing practices. From now on, Hanmi Pharm will further solidify its social value through win-win and sustainable management for the purpose of shared growth.

Hanmi Pharm's Code of Ethics on Purchasing

- 1 There shall be no consideration other than the profit of the company when trading with a supplier.
- 2 Employees shall not engage in any act of collusion that may affect decision making when carrying out purchasing activities with a supplier.
- 3 The selection and registration of a customer shall proceed in a rational manner and be based on objective and impartial evaluation standards.
- 4 Trading shall be based on the principle of fair competition, while personal connections such as school ties and regionalism shall be excluded.
- 5 Employees shall neither accept unauthorized client entertainment nor personal presents of any kind from any supplier.
- 6 Employees shall not engage in unfair behavior of any form that would take advantage of our superior position and authority when trading with a supplier.
- 7 Employees shall never disclose important information about our company.
- 8 Employees shall not make any false report and shall always respect the principle of transparency in all purchasing activities.
- 9 Employees shall remind counterparts that if a company is found to have given a personal present or hosted a member of our company, the transaction will be suspended immediately.
- 10 If any of the above principles is violated, I will readily accept any punishment imposed by the company

4 Major Fair Trade Rules



Enforcing Quality Management by Managing Suppliers

Hanmi Pharm, as a health-related drug manufacturer, is putting deliberate efforts into identifying and selecting suppliers that meet its strict standards. In order to provide quality-guaranteed medicines to its consumers, Hanmi Pharm has established and operates internal guidelines (supply chain management and evaluation) aimed at managing and evaluating all the suppliers who provide raw materials, semi-finished products and finished products or services to the company. Through this effort, we strive to provide better quality medicines by conducting regular evaluations of our existing and new suppliers.

In particular, in the case of a new supplier, Hanmi selects a company whose quality is guaranteed after completion of strict status investigations and surveys based on classifications of the risks to Hanmi Pharm and categorization of the suppliers into import drug manufacturers and their agents, main ingredient manufacturers and their subcontractors, and manufacturers of excipients and materials, and subcontractors. For existing manufacturers, we are also doing our best to ensure high-quality medicines by conducting "periodic supplier audits" and an "excellent partner selection" every 2 to 5 years.

Supplier Evaluation and Management Process



Overview of Hanmi Pharm's Partners

Category		Unit	2017	2018	2019
Total	Number of total partners		175	190	240
	Number of new partners		27	15	-
	Total purchase amount	KRW 100 millions	3,922	4,794	4,350

Partners of Subsidiary Company

Category		Unit	2017	2018	2019
Beijing Hanmi	Number of partners		97	121	128
	Number of new partners		13	33	10
	Total purchase amount	KRW 100 millions	174,267	256,502	262,235

Review of SCM including Mutual Cooperation and Future Plans

Hanmi Pharm is making efforts to actualize the value of win-win cooperation through transparent and systematic supply chain management. In addition to supplying high-quality products, we continue to find and select excellent partners to lead our advanced supply chain ecosystem. By the end of this year, Hanmi Pharm will introduce a process enabling mutual growth with Hanmi Pharm, which includes ensuring social responsibility

such as labor rights, human rights, and environmental protection in its evaluation guidelines for selecting excellent partners and providing rewards through incentives. From now on, Hanmi Pharm will develop and operate various systems to ensure transparent and fair supply chain management and expansion, actualizing the values of mutual growth and win-win cooperation, as well as producing the best quality medicines.

Expanding community support through strategic social contribution activities

Based on the management ideology of respect for people and value creation, Hanmi Pharm operates a systematic social contribution program through our CSR Committee, the group responsible for CSR. Hanmi Pharm's CSR Committee was established in September 2017 to check and evaluate the progress and performance of Hanmi Pharm's social contribution activities, and to establish mid- to long-term plans for major future activities. In addition, we review the suitability and efficiency of the amount of our activities to establish a transparent contribution culture.

Awards received in 2019

Administered by	Category
Ministry of Culture, Sports and Tourism	Certificate of excellence in supporting culture and arts
Korea Mecenat Association	Mecenat Grand Prix – Creativity Award
Korea Institute of Service Industry	Korea social contribution Grand Prix – Minister of Food and Drug Safety Award
Ministry of Health and Welfare	Recognition certificate of a local community contribution
Ministry of Trade, Industry and Energy	Government citation to Korea's Best Company – Prime Minister's Award

Hanmi Pharm's systematic social contribution activities

- Realizing social value through sharing**
Volunteer works by employees, blood donations for those in need, Hanmi Women's Association, employee welfare points donation
- Contributions to the development of the pharmaceutical industry by supporting the health and medical community**
Medication support to the vulnerable, Hanmi True Medical Award, Hanmi Small- and Medium-sized Hospital Award, Hanmi Essay Literature Award, Hanmi Young Medical Scholarship Award, HMP Photo Contest
- Contributions to improving the quality of life by supporting culture and the arts**
The Sound of Light Sharing Concert, Supporting The Museum of Photography, Seoul
- Realizing Win-Win cooperation through contributions to the community**
Support for multicultural families including the Ansan Global Youth Center and support for social enterprises utilizing resource recycling
- Supporting humanity through global social contributions**
Operation of employee volunteer groups, blood donation activities, providing help to solar villages and a rural migrants' school, sending out first-aid kits, support for academic activities



Hanmi Pharm's Social Contribution Performance (non-consolidated)

Category		Unit	2017	2018	2019
Total	Social contributions		2.1	1.8	2.1
	Donation total	KRW millions	59.1	46.2	29.8
	Cash donation		50.3	37.7	26.3
	Donations in kind (drugs)		8.8	8.5	3.5
	Blood donations	persons	623	562	588
	Volunteer work	persons/hr.	234/774	306/1198	315/1248

Subsidiary Company Social Contribution Performance (not consolidated)

Category		Unit	2017	2018	2019
Beijing Hanmi	Donation total	CNY Thousands	7,093	6,596	5,535
	in cash		2,581	6,414	5,367
	in kind		4,512	182	168
	Volunteer hours by employee	hours	1,015	1,107	920
	Employees in Volunteer group	persons	171	163	212



Organization supported	Details	Amount (KRW)
Korea Medical Association	Medicines	25,876,320
Daegu City Disaster and Safety Countermeasures Headquarters	Vitamin drinks	20,000,000
Korean Red Cross Daegu Branch	Cash	30,000,000
Daegu Community Treatment Center	Vitamin drinks, soy milk, medicines	53,347,000
Total		129,223,320

Drugs and Supplies Support to Overcome Covid-19

Hanmi Pharm has joined the efforts being made to overcome the Covid-19 crisis by providing necessary medications and supplies to medical staff, patients and field staff who are struggling with the increasing number of domestic patients after supporting Korean residents in Wuhan, China with the necessary medicines.

Blood Donation of Love

Hanmi Pharm has been conducting the Blood Donation of Love campaign with its employees since 1981, after its founder Chairman Lim Sung-ki stepped up efforts to open the nation's first "blood donation house" at City Hall Station in Seoul in November 1980. In recognition of his contribution to the industry's longest-running public campaign, he received a plaque of appreciation (2012), a reward certificate (2014), and a Chairman's commendation (2019). The blood donated by the employees is delivered to patients who are suffering from blood shortages through the Korea Blood Disease & Cancer Association.



Volunteer Activities by Employees

Having voluntary participation as its basis, Hanmi Pharm's volunteer work conveys its love for the community with persistence and sincerity. The volunteer work, which was started in 1980 by 'Cheongrokhoe' an in-house women's association, was expanded to all the company's workplaces in 2017. Last year, Hanmi Pharm's volunteer work included making dishes for the elderly living alone, caring for children in need, supplying children's nutritional Ten Chew tablets to children from vulnerable groups, and the 'Material rescue team' activities of the Seoul Upcycling Plaza to raise awareness of environmental protection issues under the key phrase 'Rebirth of Waste'. In addition, Hanmi Pharm operates the 'Hanmi Angels', a program to encourage volunteer participation. The Hanmi Angels reflect on

the positive meaning of volunteer work to our society by selecting excellent volunteers and praising them for their hard work, in recognition of all the employees who participated in volunteer work during the year.

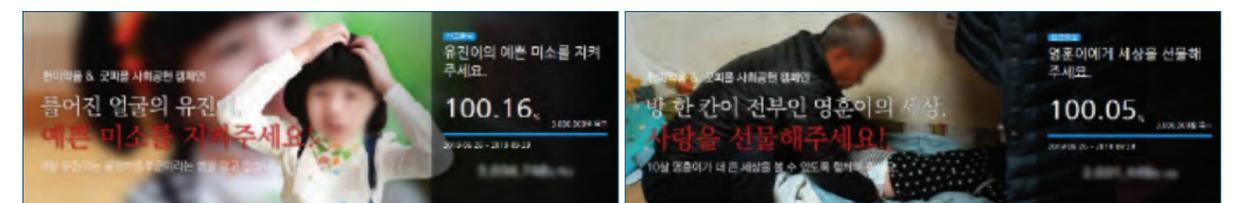


Volunteer Activities by Employees

Donation of Employee Welfare Points

Hanmi Pharm is also focusing its efforts on social contribution activities for the vulnerable in the welfare blind spots of our society. Hanmi Pharm's points donation program, which is one of the representative social contribution activities of the company, is a fund-raising event that supports medical expenses and living expenses for families in welfare blind spots such as single-parent families, disabled children, and children with rare incurable diseases. The points donation program is operated via a matching grant method. Employees can donate points from their employee welfare benefits

and the funds collected are then matched by the company and donated to two families. The points donation program, which is operated twice a year for four households, is supported by selecting crisis families in cooperation with the International Relief and Development NGO 'Good People'.



Status of Points Donations by Employees



Hanmi Wives' Association Charity Bazaar

Hanmi Wives' Association

The Hanmi Wives' Association event, which has been held 11 years running since 2009, is a regularly held charity event run by the families of employees that practices sharing with neighbors who need care and attention at the end of the year. The funds raised through these bazaars have been donated to various organizations and institutions supporting the underprivileged, including childcare centers for multicultural families and homeless shelters. Since 2017, the funds have been used to pay for multicultural families to visit their hometowns through the Global Citizenship Forum.

Upcycling through Win-Win Cooperation with Social Enterprises

Hanmi Pharm recycles its obsolete computer hardware as an act of upcycling resources. We support an information service project for the underprivileged by recycling computers in cooperation with "Comwin", a social enterprise.



Announcement regarding Donation of Obsolete Computer Assets

Cumulative Financial Support for Ansan Global Youth Center / Total no. of persons supported
530 million KRW / 60,560 persons



Ansan Global Youth Support Center –Korean History Fieldtrip Program

Support programs for children from multicultural families

Hanmi Pharm has continued to contribute to the "multicultural families and migrant children support project" through the Ansan Global Youth Center and the Global Citizenship Forum. With our support, the Ansan Global Youth Center provides various programs to help multicultural families adapt to our society. These programs include basic subsistence grants and support for educational costs, as well as language awareness, Korean history field trips and alternative schooling. We also operate various projects with the Global Citizenship Forum to help children and teenagers from multicultural families establish their identities and develop their talents. The Global Citizenship Forum is a non-profit established to help multicultural youths find their roots and grow in a healthy manner. It provides cultural diversity education, as well as art and music programs for next-generation talent development, and also operates a program to sponsor visits to the country of their ancestors. So far, a total of 14,235 children have been supported including 4,693 children in 2019.



Sound of the Light Sharing Concert



2020 Sound of Light Hope Fund Project Memorandum of Understanding Signing Ceremony

The Sound of Light Sharing Concert / The Sound of Light Hope Fund

Since 2013, Hanmi Pharm has held an annual "Sound of Light Sharing Concert" in conjunction with the Medical Philharmonic Orchestra (MPO) to raise funds for arts education for disabled children. The funds raised are used to support the arts education of "Eoullimdan", the children's concert ensemble at Seongdong Disabled Welfare Center, and the "Blue Angels Choir" of Cheongrokwon, a comprehensive welfare facility for severely disabled people. As the Sound of Light Sharing project is used to fund art programs for children with disabilities, it is important that programs can be ongoing and expanded. As a result, Hanmi Pharm and the MPO are planning to increase support for the Sound of Light Hope Fund so that more children can receive music education by adding support for the "Sokkum-nori Choir" from the Samsung Sorisaem Welfare Center, a social welfare corporation, and the "Hanwoolim Performance Group" from The Sarang Welfare Center in addition to that already given to the Seongdong Disabled Welfare Center.



The Museum of Photography, Seoul

Hanmi Pharm has been sponsoring the Gahyeon Cultural Foundation since 2002, to promote the popularization of art and culture, and also the development of photographic culture. The Gahyeon Cultural Foundation is a non-profit cultural foundation that operates 'The Museum of Photography, Seoul', Korea's first photography art museum, and also carries out various cultural and artistic projects. The gallery holds exhibitions of the works of artistically and historically important domestic and foreign photographers with the aim of supporting the artistic works and research of the photographic community as well as promoting the popularization and development of photography as an art form. It also holds photography courses through the Hanmi Photography Academy. The programs supported by The Museum of Photography, Seoul help to develop the Korean photographic arts and take a role in the cultural education of the general public, demonstrating that the company's CSR programs go beyond contributing to humanity by developing drugs to improve physical health but also promote the country's mental wellbeing.

Overview of Hanmi Photography Academy

Category	2017	2018	2019
Number of Graduates	178	164	156



An Educational Program run by The Museum of Photography, Seoul.>

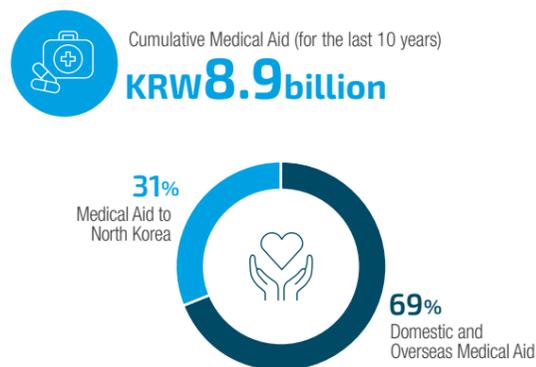
Major photography exhibitions held by The Photography Museum, Seoul in 2019

Date	Title of the Photo Exhibition
11.03.2018~02.02.2019	Jung-man Kim Photo Exhibition <Wounded Street>
02.23.2019~05.18.2019	Byung Hun Min Photo Exhibition <Moss>
06.01.2019~08.31.2019	Qingsong Wang Photo Exhibition <The Glorious Life>
10.12.2019~01.11.2020	Bohnchang Koo Photo Exhibition <Incognito>
11.08.2019~01.15.2020	Gap Chul Lee Photo Exhibition <Silent Nature - Urban Symptoms>

Increased Support to the Health & Medicare Industry

Medical Aid

Hanmi Pharm fulfills the core mission of the pharmaceutical industry by providing free medical treatment in areas stricken by disaster and supplying medicine to groups that provide volunteer medical services in underdeveloped areas. Hanmi Pharm has provided about KRW 8.9 billion worth of medicines over the past 10 years and KRW 12.3 billion worth of medicines to areas in need both in Korea and around the globe since 2004 when statistics were first collated. In addition, Hanmi Pharm has also been providing medicines to treat North Korean children since 1997. We have been endeavoring to provide support through the Children's Drug Support Headquarters to the maximum extent permitted by domestic and international circumstances, and we will continue to provide intensive support in the event of a natural disaster in North Korea.



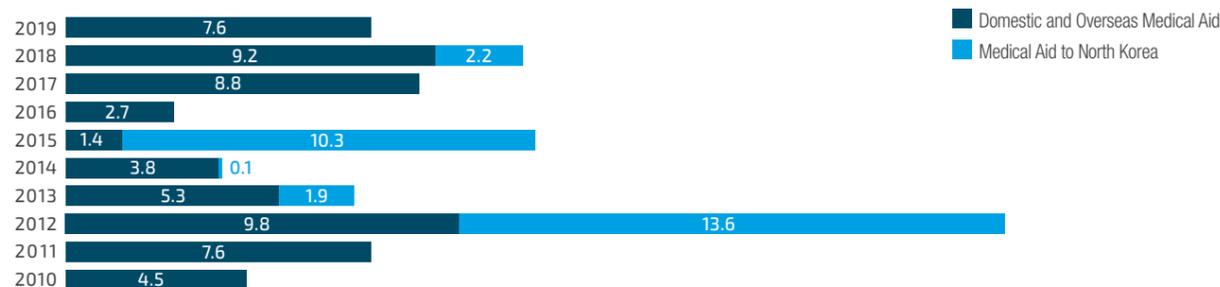
Domestic and Overseas Medical Aid

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Amount	4.5	7.6	9.8	5.3	3.8	1.4	2.7	8.8	9.2	7.6

Medical Aid to North Korea

Year	2004	2005	2007	2008	2009	2012	2013	2014	2015	2018
Amount	2.3	1.6	0.2	3.2	3.1	13.6	1.9	0.1	10.3	2.2

*Unit: KRW hundred millions



Significant Donations of Medical Aid for North Korean Children

Year	Details	Amount
2012	Support for flood-stricken areas (Intravenous drips, Antipyretic analgesic, etc.) by land	KRW 1.36 billion
2013	Pyongyang Mangyeongdae Children's General Hospital (Pediatric medicines, Nutritional supplements)	KRW 200 million
2015	Pyongyang Mangyeongdae Children's General Hospital (Nutritional supplements, Cold medicines)	KRW 1 billion
2018	5 places including Pyongyang Mangyeongdae Children's General Hospital, Taedong-gang District People's Hospital, and the State Railway Hospital	KRW 200 million

Honors and Encouragement for the Work of Medical Personnel

Hanmi Pharm recognizes, praises and encourages medical professionals who contribute to the improvement of health care. The "Hanmi True Medical Personnel Award", which has established itself as the premier volunteer award in the medical community, honors doctors or medical volunteer organizations who humbly volunteer their time to provide medical services. Additionally, the "Hanmi Small- and Medium-sized Hospital Award" honors the contributions of the heads of small- and medium-sized hospitals to improving community health, supporting health care

development, and improving the business environment for small and medium-sized hospitals. Finally, in 2019 we established the "Hanmi Young Medical Scientists' Academic Award" with the aim of motivating young, female physicians to conduct research and elevating the global competitiveness of academic research. This award is contributing to strengthening the research capabilities of young female doctors by recognizing members of the Korea Medical Women's Association under the age of 45 who have made excellent research achievements as winners.

Award Name	Overview
Hanmi True Medical Personnel Award	-Awarded to medical professionals and medical organizations that are inspirations to the local community -Founded in 2002, the award is given jointly with the Seoul Doctors' Association -The winner is selected from candidates nominated by the Chairmen of district (gu) doctor associations in Seoul, hospital directors and medical center directors.
Hanmi Proud Doctors Award	-Awarded to a medical professional who has made a significant contribution to the development of medicine, medical techniques or health care policy -Established in 2008, the award is given jointly with the Korean Medical Association (KMA) -The winner is selected from candidates nominated by the KMA chairperson, the chairs of the KMA's regional chapters, and the deans of medical schools
Hanmi Small- and Medium-sized Hospital Award	-Awarded to a small or medium-size hospital that has contributed to improving public health or improved healthcare management -Established in 2007, the award is given jointly with the Korea Small and Medium Hospital Association (KSMHA) -The winner is selected from candidate hospitals nominated by the chair of the KSMHA and the chairs of the KSMHA's regional chapters
Hanmi Young Medical Scientists' Academic Award	-Awarded to female doctors under 45 years of age with excellent research achievements -Established in 2019, the award is given jointly with the Korean Medical Women's Association -Selected from candidates who are members of the Korea Medical Women's Association

Contributing to the development of a medical professional culture

We run the Hanmi Literary Essay Award, which we established in order to help build trust and empathy between medical professionals and patients. Hanmi Pharm will take the lead in creating a healthy and compassionate medical culture through its literary essay award.

Award Name	Overview
Hanmi Literary Essay Award	-Established to deepen the relationship with patients by sharing doctors' true stories about treating patients -Founded in 2001, the award is given jointly with the Youth Medical Newspaper -Essays may be submitted by any doctor licensed in South Korea.

Review of Social Contribution Activities and Future Plans

Hanmi Pharm has established and regularly holds meetings of its CSR Committee, which consists of the Chairperson (CEO) and committee members (five Executive Directors and one Advisor), as the organization that systematically drives social contribution activities and allocates Hanmi Pharm resources to places in need. To establish a transparent donation culture, this CSR Committee not only decides on the company's social contribution activities in excess of KRW 50 million, but also examines and evaluates the performance, sustainable management, and ESG grades of

the social contribution activities to establish a plan for the next quarter that reflects the appropriateness and costs of the projects. In the case of social contribution activities that are small enough not to require a committee decision, conditions are set to enable proper management by internal working-level officials. In addition, we will continue to promote social contribution activities for the future development of our local communities and country, while being transparent regarding the details, performance, and expense related to the positive effects of these operations.



Beijing Hanmi Pharm's CSR Strategies

Beijing Hanmi Pharm's management ideology is "respect for people" and "value creation" just like its parent company, Hanmi Pharm. This means making better medicines for good lives and contributing to the health of

humankind, and Beijing Hanmi Pharm is taking the lead in spreading a culture of corporate sharing based on this ideology. In particular, Beijing Hanmi Pharm has adopted the seven CSR strategies below.

7 CSR Strategies of Beijing Hanmi Pharm

- 1) Beijing Hanmi Pharm is a professional company involved in producing children's medicines and it specializes in the field of helping vulnerable children in China.
- 2) Volunteer groups support sustainable CSR activities and are operated with the voluntary participation of employees.
- 3) To inculcate a corporate culture that supports humanity, one day of volunteer work must be undertaken as part of training for new employees.
- 4) The CEO is the top CSR officer and the Vice-CEO is the working secretary, with one dedicated employee appointed to build the CSR plans twice a year. The budget shall be allocated after an evaluation.
- 5) Details of the company's CSR details are actively shared on the company's website (www.bjhanmi.com.cn) and the Mami Ai website (www.bjmamiai.com), and we encourage increased participation and enhanced communication with clients by collecting photos of those participating in the activities every year and producing a promotional desk calendar.
- 6) Employees who actively participate in volunteer work are given awards twice a year to encourage voluntary participation to the utmost extent.
- 7) Overcoming disease through global drug development is the primary CSR activity of the pharmaceutical company.

Beijing Hanmi Pharm's CSR Committee and Volunteer Group

Beijing Hanmi Pharm established its CSR Committee in 2011 for the sustainable management of its transparent and strategic social contribution activities. It consists of nine members lead by the Chairman (CEO). CSR Committee meetings are held on a semi-annual basis, in accordance with operating regulations, and occasional CSR Committee meetings can be convened by the CSR Chairman if necessary. Meetings discuss important matters concerning the company's sustainable management as well as issues related to the operation of CSR tasks, such as a semi-annual

performance analysis, activity plan, and budget review. The CSR Committee consists of the Chairman (CEO), the Head of the Volunteer Group, the Head of the Labor Union, the Executive Secretary, the planning team, the activity organization team, the administrative support team, and the public relations team, and is organized strategically according to their roles and duties. The pool of volunteers group comprises 212 people (as of December 2019).

1) "Blood Donation of Love"

Beijing Hanmi Pharm introduced a Blood Donation of Love program to China that is similar to the one that is the flagship CSR campaign at its parent company in Korea. Since 2011, the company has ushered in the New Year by donating blood. China is a country where the culture of selling blood is deeply rooted. Beijing Hanmi Pharm has been playing a significant role in demonstrating love for fellow human beings by transforming this culture of selling blood to a culture of donating blood.



2) Medical Supplies for Children – "Mami Ai Emergency Medical Kit"

Since 2000, Beijing Hanmi Pharm has donated medical drugs to the children of China. The company had been providing periodic donations to areas suffering in the wake of natural disasters such as earthquakes but then decided to start a more ambitious and larger-scale, systematic donation project and began producing Mami Ai Emergency Medical Kits. Since 2012, the company has distributed medical kits to 30 orphanages in Beijing and Hebei Province. Additionally, since 2015, the company has distributed roughly 1,000 medical kits to 1,000 schools in rural Yunnan, Sichuan Guizhou and Guangxi Provinces among others through the China Youth Cultural Art Fund.

3) Contribution to Local Communities – Aid for Sun Village

The Solar Village is an institution where children whose parents have been sent to prison are taken care of. Unlike orphanages that are run with the support of government funding, Sun Village receives no governmental support because these children are still legally under the guardianship of their parents. Therefore, Sun Village operates a farm with the children to generate income to pay for the children's lodging and tuition expenses. Beijing Hanmi Pharm not only provides material support to the Solar Village but also participates in volunteer work with approximately 200 volunteers each year helping on the farm. A total of 1,470 people contributed 6,440 hours of time over the 9 years from 2011. In addition to donating labor, we have supplied medicines, supported flu vaccinations, and upgraded bathroom facilities to continually help the local community.



4) Aid for the 'Children's House of Hope' Facility and the Cerebral Palsy Rehabilitation Orphanage

Orphans suffering from incurable or acquired diseases need the protection of special facilities. The Children's House of Hope is a facility that cares for these special orphans, usually up to the age of three. The Cerebral Palsy Rehabilitation Orphanage is, as its name suggests, a special orphanage established for the purpose of rehabilitating orphans afflicted with cerebral palsy. Beijing Hanmi Pharm has always harbored deep sympathy for orphans living in such difficult circumstances and wants them to feel loved by society and help them grow up as healthily as possible, while seeking to alleviate their pain by donating medications, baby formula, and daily necessities, as well as cleaning their rooms, playing with them, and watching movies together.

5) Volunteer Activities for Rural Migrants' Schools

After completing the project to modernize classrooms at the Gwangai Elementary School on the outskirts of Beijing, which previously was of a standard reminiscent of Korea in the 1960s, in 2019, attentions were turned to a school for rural migrants. Rural migrants who quit farming and move to cities for work have problems because unlike the full-time employees who are official residents of the city they are not capable of paying taxes, which in turn leads to their exclusion from social welfare benefits, making them unable to send their children to public schools. The rural migrants' school is a private school established in the public interest to provide educational benefits to these children. Beijing Hanmi Pharm regularly visits the school to support children with medical kits, household goods, and school supplies, and performs other activities such as classroom modernizations and volunteer work.

6) Star of Child Project / LiBingChangAn Project

'Children's star' and 'LiBingChangAn' are public-benefit medical conference programs launched by Beijing Hanmi Pharm in cooperation with the Beijing Medical Fund. The goal of the conferences is to increase medical knowledge in the fields of pediatrics and gastroenterology and to serve as a venue where young doctors can absorb and share their experiences and improve their treatment and drug prescription skills. Some 288 conferences have been held to date, attracting the participation of 12,000 medical specialists in pediatrics and gastroenterology and receiving a great deal of support from doctors in China.



Beijing Hanmi's Awards

구분	총계
2014	"Korea President's Citation" in the global social contribution (CSR) sector
2017	China Social Public Interest Festival "Excellence Award in the Practice of Social Public Interest" China Moyoung Festival "Welcome Enterprise in the Social Responsibility Awards 2017"
2019	Korean CSR Model Company in China "Grand Prize"



Financial & Non-financial Statements

Financial Performance

Creating and distributing economic value

In order to grow in tandem with its stakeholders, Hanmi Pharm distributes the economic value generated in its business activities through R&D, employee training, social contributions, coexistence with partners, dividends to investors, and government taxes.

Hanmi Pharm: Economic Value Created and Distributed (Non-consolidated)

Category	Unit	2017	2018	2019
Sales		7,027	7,950	8,636
Economic Value Created				
Domestic demand	KRW 100 millions	5,518	5,976	6,754
Exports (excluding royalties)		932	1,528	1,678
Royalties		577	446	204
R&D expenses in total		1,487	1,599	1,782
Employee training expenses		35	23	22
Social contribution expenses + donations	KRW 100 millions	61.2	48	31.8
Purchases from partners		3,922	4,794	4,350
Economic Value Distributed				
Dividends		56	57	58
Earnings per share (EPS)	KRW	3,507	1,106	2,101
ROE	%	6.7	2.3	4.4
Corporate tax (income)	KRW 100 millions	-142	106	115

Beijing Hanmi: Economic Value Created and Distributed based on the Audit Report

Category	Unit	2017	2018	2019
Sales		1,278,630	1,371,481	1,509,139
Economic Value Created				
Domestic demand	CNY 1,000s	1,271,386	1,366,512	1,498,926
Exports (excluding royalties)		1,297	4,969	10,213
Royalties		5,947	-	-
R&D expenses in total		96,762	163,052	158,105
Employee training expenses		3,616	3,382	4,258
Donations	CNY 1,000s	7,244	6,596	5,535
Purchases from partners		174,267	256,502	262,235
Economic Value Distributed				
Dividends		-	-	-
Earnings per share (EPS)	1,000 Yuan	-	-	-
ROE	%	15.7	17.5	15.3
Corporate tax (income)	1,000 Yuan	30,673	36,039	37,619

Hanmi Fine Chemical: Economic Value Created and Distributed (Non-consolidated)

Category	Unit	2017	2018	2019
Sales		872	853	1,103
Economic Value Created				
Domestic demand	KRW 100 millions	305	300	352
Exports (excluding royalties)		567	553	719
Royalties		-	-	32
R&D expenses in total	KRW millions	5,774	5,835	6,617
Employee training expenses	KRW millions	0.43	0.57	0.91
Social contribution expenses + donations	KRW 100 millions	2	2	3
Purchases from partners	KRW 100 millions	682	690	911
Economic Value Distributed				
Dividends		-	-	-
Earnings per share (EPS)	KRW	6,735	-1,480	4,740
ROE	%	9.4	-2.1	6.4
Corporate tax (income)	KRW 100 millions	2	-3	16

Summary of Performance for the Past 3 Fiscal Years

Hanmi Pharm continues to maintain a platform for growth by launching new products and expanding its pipeline of new drugs. In particular, as a result of focusing on developing its own products through continuous R&D investment, sales of own products accounted for 93.6% of the company's domestic sales in 2019.

Summary of Performance for the Past 3 Years

Category	Unit	2017	2018	2019
Sales		7,026	7,950	8,636
(1) Finished goods		4,978	6,085	6,822
(2) Merchandise		1,330	1,285	1,533
(3) Toll processing		139	134	75
(4) Technology exports	KRW 100 millions	577	446	204
(5) Other		3	-	2
Cost of sales (COS)		3,455	4,290	4,384
(1) Finished Goods		2,088	3,017	2,959
(2) Merchandise		1,270	1,188	1,390
(3) Toll processing		98	85	35
COS Ratio	%	49.2	54.0	50.8
Sales & admin. expenses	KRW 100 millions	1,778	1,785	2,084
Ratio of S&A expenses	%	25.3	22.5	24.1
Operating Profit	KRW 100 millions	470	433	529
Operating Profit Ratio	%	6.7	5.4	6.1
Income before tax (IBT)	KRW 100 millions	244	234	358
I.B.T ratio	%	3.5	2.9	4.1
Net Profit	KRW 100 millions	387	128	243
Net Profit ratio	%	5.5	1.6	2.8

EHS Management Performance

Hanmi Pharm continuously identifies and improves environmental, health, and safety issues that may arise during the process of manufacturing products. In 2012, the company introduced ISO 14001, an environmental management system, and OHSAS 18001, a safety and health management system, to establish a firm direction for its EHS management, and prepared a global level EHS management system to minimize the company's negative impact on environmental pollution and the environment, and to create a healthy and safe production environment.

Energy Usage

Hanmi Pharm: Quantity of Energy Usage

Category	Unit	2017	2018	2019	
Total	Direct energy use	LNG & others	209,734	232,012	245,470
	Indirect energy use	Electric power	761,431	1,186,249	1,286,401
	Total quantity of energy use		971,165	1,418,261	1,531,870
Headquarters (Seoul)	Direct energy use	LNG	5,511	6,883	6,875
	Indirect energy use	Electric power	35,251	35,323	36,141
	Total quantity of energy usage		40,762	42,205	43,016
Paltan Industrial Complex (I.C.)	Direct energy use*	LNG & others	135,066	144,184	143,780
	Indirect energy use	Electric power	407,854	435,606	433,380
	Total quantity of energy usage	GJ	542,920	579,790	577,160
Pyeongtaek I.C.	Direct energy use	LNG & others	57,361	68,409	82,513
	Indirect energy use	Electric power	239,851	515,296	585,676
		Steam	47,803	169,746	199,309
Total quantity of energy usage		345,015	753,450	867,497	
Research Center	Direct energy use	LNG	11,796	12,536	12,302
	Indirect energy use	Electric power	30,671	30,279	31,896
	Total quantity of energy usage		42,468	42,815	44,197

* Application of the energy greenhouse gas system conversion factor (9.6MJ/kwh) resulted in a change in the electric power figures from those included in last year's report (excluding the Paltan Industrial Complex).

Greenhouse Gas Emissions

Hanmi Pharm: Greenhouse Gas Emissions

Category	Unit	2017	2018	2019	
Total	Direct emissions (Scope 1)		11,120	12,364	13,119
	Indirect emissions (Scope 2)		35,982	54,069	58,307
	Total emissions (Scopes 1+2)		47,101	66,423	71,426
Headquarters (Seoul)	Direct emissions (Scope 1)		309	421	421
	Indirect emissions (Scope 2)		1,710	1,716	1,746
	Total emissions (Scopes 1+2)		2,019	2,137	2,167
Paltan Smart Plant	Direct emissions (Scope 1)		6,931	7,402	7,379
	Indirect emissions (Scope 2)	tCO ₂ e	19,809	21,156	21,048
	Total emissions (Scopes 1+2)		26,740	28,558	28,427
Pyeongtaek Plant	Direct emissions (Scope 1)		3,218	3,838	4,629
	Indirect emissions (Scope 2)		12,973	29,727	33,964
	Total emissions (Scopes 1+2)		16,191	33,565	38,593
Research Center	Direct emissions (Scope 1)		662	703	690
	Indirect emissions (Scope 2)		1,490	1,471	1,549
	Total emissions (Scopes 1+2)		2,151	2,174	2,239

*Pyeongtaek I.C. steam greenhouse gases are excluded from the calculation because they are derived from a biomass fuel.

Subsidiary Companies: Greenhouse Gas Emissions

Category	Unit	2017	2018	2019	
Beijing Hanmi Pharm	Indirect emissions (Scope 2)		4,550	5,391	5,374
	Total emissions (Scopes 1+2)		4,550	5,391	5,374
Hanmi Fine Chemical	Direct emissions (Scope 1)	tCO ₂ e	22	23	21
	Indirect emissions (Scope 2)		16,044	15,256	16,144
Total emissions (Scopes 1+2)		16,066	15,280	16,165	

* Hanmi Pharm, Hanmi Fine Chemical – the CO₂ emission factor determined by electricity usage under the greenhouse gas target management system was applied
 * Beijing Hanmi Pharm – the CO₂ emission factor of the Beijing Climate Change Research Center was applied

Subsidiary Companies: Quantity of Energy Usage

Category	Unit	2017	2018	2019	
Beijing Hanmi Pharm	Indirect energy use	Electric power	27,118	32,130	32,030
	Total quantity of energy usage		27,118	32,130	32,030
Hanmi Fine Chemical	Direct energy use	Kerosene (gasoline)	324	344	312
	Indirect energy use	Electric power	294,902	280,157	296,966
		Steam		60,298	62,913
Total quantity of energy usage		358,122	340,799	360,192	

Water Usage

Hanmi Pharm: Quantity of Water Usage

Category	Unit	2017	2018	2019
Total		448,023	779,312	818,572
Headquarters (Seoul)		20,168	23,513	21,915
Paltan Smart Plant	tons	157,987	176,826	176,355
Pyeongtaek Plant		258,544	565,721	607,499
Research Center		11,324	13,252	12,803

Air Pollutants

Hanmi Pharm: Air Pollutant Emissions

Category	Unit	2017	2018	2019
Paltan Smart Plant	Dust	2.199	1.017	0.770
	SOx	-	0.002	0.018
	NOx	6.735	6.137	1.442
	Dichloromethane	-	0.014	0.003
	THC	tons	0.097	10.773
Pyeongtaek Plant	Dust	0.517	0.371	1.295
	Ammonia	0.087	0.034	0.003
	NOx	3.069	4.533	6.531
	Zinc compound	0.0002	0.007	0.0002

Water Pollutant Emissions

Hanmi Pharm: Water Pollutant Emissions

Category	Unit	2017	2018	2019	
Paltan Smart Plant	COD	0.214	0.515	0.232	
	SS	0.518	0.868	0.726	
	T-N	0.099	0.296	0.232	
	T-P	0.660	1.161	1.072	
Pyeongtaek Plant	COD	0.023	0.005	0.001	
	SS	tons	0.708	2.480	0.647
	BOD	1.762	6.713	6.285	
	T-N	2.403	2.992	3.357	
	T-P	0.708	2.480	0.647	
	T-N	0.570	9.837	4.453	
T-P	0.032	0.157	0.610		

Subsidiary Companies: Quantity of Water Usage

Category	Unit	2017	2018	2019
Beijing Hanmi Pharm	tons	52,492	57,749	68,035
Hanmi Fine Chemical		108,402	108,250	108,163

Quantity of Water Recycled and Reused

Category	Unit	2017	2018	2019
Paltan Smart Plant	tons	34,483	39,348	34,351

Subsidiary Company: Air Pollutant Emissions

Category	Unit	2017	2018	2019	
Hanmi Fine Chemical	Dust	1.631	0.765	0.631	
	sox	0.380	0.288	0.266	
	Ammonia	0.047	0.115	0.246	
	HCl	tons	0.238	0.132	0.185
	HCHO	0.002	0.001	-	
	Chloroform	0.068	0.010	0.507	
	Dichloromethane	1.325	5.171	20.547	

* The Headquarters and Research Center, which are Type 5 and Type 4 business sites with annual air pollutant emissions of less than 2 tons, are excluded from the air pollutant report.

* Beijing Hanmi Pharm is excluded from the reporting because it complies with Chinese air pollution emission standards.

Subsidiary Company: Water Pollutant Emissions

Category	Unit	2017	2018	2019	
Hanmi Fine Chemical	COD	2.089	0.829	0.668	
	SS	0.807	0.324	0.311	
	BOD	tons	2.643	0.522	0.242
	T-N	0.444	0.257	0.424	
	T-P	0.001	0.004	0.000	

Waste Discharge

Waste Discharge Quantity

Category	Unit	2017	2018	2019	
Total	Business Site (general)	1,055	1,277	1,857	
	Business Site (designated)	889	311	523	
	Total	1,943	1,588	2,380	
Quantity of Waste Recycled		432	736	1,448	
Waste Recycling Ratio		%	22%	46%	61%
Headquarters	Business Site (general)	43.0	43.0	43.0	
	Business Site (designated)	3.0	3.0	3.0	
	Total	46.0	46.0	46.0	
Quantity of Waste Recycled		-	-	-	
Waste Recycling Ratio		%	-	-	
Paltan Smart Plant	Business Site (general)	729	1,017	939	
	Business Site (designated)	61	81	85	
	Total	790	1,098	1,024	
Quantity of Waste Recycled		351	618	725	
Waste Recycling Ratio		%	44%	56%	71%
Pyeongtaek Plant	Business Site (general)	250	183	841	
	Business Site (designated)	797	170	386	
	Total	1,047	353	1,227	
Quantity of Waste Recycled		81	118	707	
Waste Recycling Ratio		%	8%	33%	58%
Research Center	Business Site (general)	33	34	34	
	Business Site (designated)	28	57	50	
	Total	61	91	83	
Quantity of Waste Recycled		-	-	15	
Waste Recycling Ratio		%	-	-	

Subsidiary Companies: Waste Discharge Quantity

Category	Unit	2017	2018	2019
Beijing Hanmi Pharm	Business Site (general)	85	127	154
	Business Site (designated)	-	-	-
	Total	85	127	154
Quantity of Waste Recycled		-	-	-
Waste Recycling Ratio		%	-	-
Hanmi Fine Chemical	Business Site (general)	169	160	202
	Business Site (designated)	8,261	8,668	9,061
	Total	8,430	8,828	9,263
Quantity of Waste Recycled		6,123	4,776	5,370
Waste Recycling Ratio		%	73%	55%

Safety & Health in the Workplace

Hanmi Pharm: Safety & Health in the Workplace

Business Site	Category	2017	2018	2019
Paltan Smart Plant	Number of workers	566	624	658
	Number of accident victims	0	0	0
	Industrial accident rate	0%	0%	0%
	Frequency of injuries	-	-	-
	Total work hours	1,040,000	1,132,800	1,273,888
	Days of work lost	0	0	0
	Rate of lost days	0	0	-
Pyeongtaek Bioplant	Number of workers	547	577	627
	Number of accident victims	1	0	0
	Industrial accident rate	0.18%	0%	0%
	Frequency of injuries	1.12	-	-
	Total work hours	890,832	1,031,816	1,304,160
	Days of work lost	0	0	0
	Rate of lost days	0	0	0
Research Center	Number of workers	144	156	150
	Number of accident victims	0	0	0
	Industrial accident rate	0%	0%	0%
	Frequency of injuries	-	-	-
	Total work hours	271,200	297,920	288,000
	Days of work lost	0	0	0
	Rate of lost days	0	0	0

Subsidiary Companies: Safety & Health in the Workplace

Business Site	Category	2017	2018	2019
Beijing Hanmi	Number of workers	1,319	1,315	1,327
	Number of accident victims	4	0	0
	Industrial accident rate	0.30%	0%	0%
	Frequency of injuries	0	0	0
	Total work hours	2,754,072	2,630,000	2,654,000
	Days of work lost	194	0	0
Hanmi Fine Chemical	Rate of lost days	0.057%	0	0
	Number of workers	254	284	291
	Number of accident victims	0	0	0
	Industrial accident rate	0%	0%	0%
	Frequency of injuries	-	-	-
	Total work hours	603,504	516,584	598,296
Days of work lost	0	0	0	
Rate of lost days	0	0	0	

Respect for People Management Performance

Hanmi Pharm makes every effort to improve the health care and welfare of its employees. In addition, various programs are in place to support employees' achievements and self-improvement.

Major Employment Indicators

Hanmi Employee Status

Category	Unit	2017	2018	2019	
Total		2,271	2,399	2,419	
Classification	Headquarters (Seoul)	299	307	319	
	Paltan I.C.	566	624	658	
	Workplace				
	Pyeongtaek I.C.	619	666	627	
	Research Center	144	156	150	
	Smart Office	643	646	665	
	Number of Employees	Production	949	1,040	1,032
		Sales	643	644	662
		Research	417	465	466
		Administration	221	207	217
Employment type	Permanent	2,142	2,275	2,275	
	Temporary	129	124	144	
Gender	Male	1,629	1,719	1,743	
	Female	642	680	676	
Executives		41	43	42	

Subsidiary Companies: Employee Status

Category	Unit	2017	2018	2019
Total		1,299	1,315	1,327
Field of work	Production	269	308	310
	Sales	756	736	734
	Research	170	164	155
	Administration	97	97	119
Employment type	Permanent	1,299	1,315	1,327
	Temporary	-	-	-
Gender	Male	615	624	618
	Female	684	694	709
Executives		7	10	9
Hanmi Fine Chemical	Total	268	279	291
	Production	205	214	221
	Sales	1	1	1
	Research	45	47	50
	Administration	14	14	14
	Permanent	258	274	274
	Temporary	10	2	12
	Male	207	214	217
	Female	61	62	69
	Executives	3	3	5

Hanmi Pharm: Employee Composition and Diversity

Category	Unit	2017	2018	2019
Total number of employees		2,271	2,399	2,419
Work group	Production	949	1,040	1,032
	Sales	643	644	662
	Research	417	465	466
	Administration	221	207	217
	Executives	41	43	42
Gender	Male	1,629	1,719	1,743
	Female	642	680	676
Disabled persons employed		4	4	4
Age group	Under 30	744	773	896
	30 ~ 49	1,468	1,550	1,459
	50 or older	59	76	64

Subsidiary Companies: Employee Composition and Diversity

Category	Unit	2017	2018	2019
Total number of employees		1,299	1,315	1,327
Work group	Production	270	309	311
	Sales	756	738	736
	R&D	172	167	157
	Head Office	101	101	123
Gender	Male	612	624	618
	Female	684	691	709
Disabled persons employed		15	18	18
Age group	Under 30	540	504	466
	30 ~ 49	743	797	843
	50 or older	16	14	18
Hanmi Fine Chemical	Total number of employees	254	279	291
	Production	154	214	221
	Research	42	48	50
	Administration	58	17	20
	Male	202	217	222
	Female	52	62	69
	Disabled persons employed	0	1	1
	Under 30	60	96	103
	30 ~ 49	171	163	159
	50 or older	23	20	29

Hanmi Pharm: Continuous Service and Leave of Absence of Employees

Category	Unit	2017	2018	2019	
Average Years of Service	years	5.5	5.9	6.3	
Resignations	persons	326	318	301	
Employee Turnover	%	14.4	13.3	12.4	
New Hires	persons	459	390	269	
Hiring Rate	%	20.2	16.3	11.1	
Parental leave	Persons taking leave	persons	43	42	41
	Average leave taken	days	179	232	250
	Persons who returned to work	persons	32	29	37
	Persons who worked over 12 months after their return	persons	27	26	23

Subsidiary Companies: Continuous Service and Leave of Absence of Employees

Category	Unit	2017	2018	2019	
Average Years of Service	years	4.6	4.8	5.1	
Resignations	persons	349	309	310	
Employee Turnover	%	26.9	23.5	23.4	
New Hires	persons	260	266	322	
Hiring Rate	%	19.6	20.2	24.3	
Maternity Leave		43	37	41	
		9	10	9	
Hanmi Fine Chemical	Average Years of Service	years	8.3	8.4	8.3
	Resignations	persons	10	36	32
	Employee Turnover	%	3.9	12.9	10.9
	New Hires	persons	25	47	44
	Hiring Rate	%	9.8	16.8	15.1
Parental leave	Persons taking leave	persons	4	4	4
	Average leave taken	days	112	206	120
	Persons who returned to work	persons	1	2	1
Persons who worked over 12 months after their return	persons	1	1	1	

Hanmi Pharm: Average Annual Compensation* to Employees

Category	Unit	2017	2018	2019
Average Annual Compensation	KRW	57,035,582	66,274,637	69,869,791
Rate of Annual Increase	%	2%	16%	5%

Subsidiary Companies: Average Annual Compensation* to Employees

Category	Unit	2017	2018	2019
Average Annual Compensation	CNY	137,278	173,132	189,810
Rate of Annual Increase	%	11%	26%	10%
Average Annual Compensation	KRW	54,581,806	52,009,416	57,167,780
Rate of Annual Increase	%	-1.6%	-4.7%	9.9%

*Compensation = Total amount of salary, bonuses, allowances, severance pay, and four major insurance premiums

Hanmi Pharm: Average Annual Employee Salary*

Category	Unit	2017	2018	2019
Total employees		43,504,102	48,906,295	49,968,926
Female	KRW	52,609,428	60,013,539	63,516,353
Male				

Subsidiary Companies: Average Annual Employee Salary*

Category	Unit	2017	2018	2019
All employees		123,119	149,418	171,238
Female	CNY	139,115	169,388	192,140
Male				
All employees		40,634,037	40,124,532	44,798,881
Female	KRW	52,005,171	55,405,094	60,485,091
Male				

*Salary = Total amount of salaries, bonuses, and allowances

Hanmi Pharm: Regular Review of Employees' Performance and Career Development

Category	Unit	2017	2018	2019
Number of Employees		2,271	2,399	2,419
Number of Target Employees		2,271	2,399	2,419
Production	Total	949	1,040	1,032
	Male	659	738	753
Research	Female	290	302	279
	Total	643	644	662
Sales	Male	613	613	624
	Female	30	31	38
Total	Male	417	465	466
	Female	208	225	219
Administration	Male	209	240	247
	Female	221	207	217
Executives	Male	116	110	115
	Female	105	97	102
Total	Male	41	43	42
	Female	33	33	32
Executives	Male	8	10	10
	Female			

Subsidiary Companies: Regular Review of Employees' Performance and Career Development

Category	Unit	2017	2018	2019
Number of Employees		1299	1315	1327
Number of Target Employees		1299	1315	1327
Total		269	308	310
Production				
Male		125	146	147
Female		144	162	163
Total		756	736	734
Sales				
Male		396	381	375
Female		360	355	359
Total	persons	170	164	155
Research				
Male		58	59	50
Female		112	105	49
Total		97	97	106
Administration				
Male		30	29	39
Female		67	68	80
Total		7	10	9
Executives				
Male		6	9	8
Female		1	1	1
Number of Employees		268	279	291
Number of Target Employees		268	279	291
Total		205	214	221
Production				
Male		166	175	180
Female		39	39	41
Total		1	1	1
Sales				
Male		1	1	-
Female		-	-	1
Total	persons	45	47	50
Research				
Male		29	29	28
Female		16	18	22
Total		14	14	14
Administration				
Male		9	9	9
Female		5	5	5
Total		3	3	5
Executives				
Male		3	3	5
Female		-	-	-

Major Indicators of Governance

Remuneration to Executives and Auditors

Category	Unit	2017	2018	2019	
Remuneration to Executives and Auditors	Number of persons	Executives	33	35	35
		Non-executive Directors	3	3	3
		Consultant	1	1	1
		Advisors, Auditors	4	4	3
		Total	41	43	42
		Total	7,206.9	8,514.8	9,598.4
Total	Total payment	Executives	7,206.9	8,514.8	9,598.4
		Non-executive Directors	138.0	156.0	144.0
		Consultant	175.3	201.5	194.5
		Advisors, Auditors	402.3	378.0	96.0
		Total	7,922.6	9,250.3	9,032.8
		Total	218.4	243.3	245.7
Total	Aver. payment per person	Executives	218.4	243.3	245.7
		Non-executive Directors	46.0	52.0	48.0
		Consultant	175.3	201.5	194.5
		Advisors, Auditors	100.6	94.5	32.0
		Total	193.2	215.1	215.1
		Total	5	5	5
Remuneration to BoD Directors & Auditors (September 2018)	Number of persons	Executive Directors	5	5	5
		Other Non-executive Directors	-	-	-
		Non-executive Directors	3	3	3
		Auditors	-	-	-
		Total	8	8	8
		Total	1,668	1,874.6	2,124.8
Total	Total payment	Executive Directors	1,668	1,874.6	2,124.8
		Other Non-executive Directors	-	-	-
		Non-executive Directors	137.8	156.0	144.0
		Auditors	-	-	-
		Total	1,805.8	2,030.6	2,268.8
		Total	333.6	374.9	425.0
Total	Aver. payment per person	Executive Directors	333.6	374.9	425.0
		Other Non-executive Directors	-	-	-
		Non-executive Directors	45.9	52.0	48.0
		Auditors	-	-	-
		Total	225.7	253.8	473.0
		Total	225.7	253.8	473.0

Subsidiary Companies: Remuneration to Executives and Auditor

Category	Unit	2017	2018	2019		
Beijing Hanmi	Remuneration to Executives and Auditors	Total payment	Executive Directors	5	5	5
			Other Non-executive Directors	-	-	-
			Non-executive Directors	-	-	-
			Auditors	-	-	-
			Total	5	5	5
			Total	6,514,046	11,699,698	9,122,488
	Total	Aver. payment per person	Executive Directors	2,171,348	3,899,899	3,040,829
			Other Non-executive Directors	-	-	-
			Non-executive Directors	-	-	-
			Auditors	-	-	-
			Total	2,171,348	3,899,899	3,040,829
			Total	3	3	3
Hanmi Fine Chemical	Remuneration to Executives and Auditors	Total payment	Executive Directors	3	3	3
			Other Non-executive Directors	-	-	-
			Non-executive Directors	-	-	-
			Auditors	1	1	1
			Total	4	4	4
			Total	407	430	465
	Total	Aver. payment per person	Executive Directors	407	430	465
			Other Non-executive Directors	-	-	-
			Non-executive Directors	-	-	-
			Auditors	145	161	175
			Total	552	591	640
			Total	135	143	155
Total	Aver. payment per person	Executive Directors	135	143	155	
		Other Non-executive Directors	-	-	-	
		Non-executive Directors	-	-	-	
		Auditors	145	161	175	
		Total	280	148	160	
		Total	280	148	160	

Hanmi Pharm: Composition of the BoD and Executives

Category	Unit	2017	2018	2019	
Total	Number of BoD Members	Executive Directors	5	5	5
		Non-executive Directors	3	3	3
		Total	20	21	18
		Total	20	21	18
	Executives in the 30-50 age range	Male	15	15	12
		Female	5	6	6
		Total	21	22	24
		Total	21	22	24
Executives over 50 years of age	Male	18	18	20	
	Female	3	4	4	

Subsidiary Companies: Composition of the BoD and Executives

Category	Unit	2017	2018	2019		
Beijing Hanmi	Number of Committee Members	Internal members	5	5	5	
		External members	-	-	-	
		Total	3	5	4	
	Executives in the 30-50 age range	Male	2	5	4	
		Female	1	0	0	
		Total	2	5	5	
	Executives over 50 years of age	Male	2	4	4	
		Female	-	1	1	
		Total	2	5	5	
	Hanmi Fine Chemical	Number of BoD members	Executive Directors	3	3	3
			Non-executive Directors	-	-	-
			Total	-	-	-
Executives in the 30-50 age range		Male	-	-	-	
		Female	-	-	-	
		Total	3	3	3	
Executives over 50 years of age	Male	3	3	3		
	Female	-	-	-		
	Total	3	3	3		

Third-Party Assurance Statement

Attention: Hanmi Pharm Management Staff and Stakeholders

Foreword

The Korea Standards Association (hereinafter referred to as the "verifier") has been asked to independently verify the "2019-2020 CSR Report" (hereinafter referred to as the "report") by Hanmi Pharm. The verifier has reviewed the validity of the data contained in the report prepared by Hanmi Pharm and has presented an independent verification opinion, while the responsibility for all claims and performance contained in this report rests with Hanmi Pharm.

Independence

As an independent verification agency, the verifier has no interest in the entire activities of the Hanmi Pharm business, other than that of providing a third-party verification of the report, and has no relationship with the company for the purpose of profit.

Standards and Level of Verification

Following the verification criteria of the AA1000 Assurance Standard with the 2018 Addendum, the verifier has verified the compliance with the principles of inclusiveness, importance, responsiveness and impact, and the reliability of the information contained in the report as "moderate", and has verified this in accordance with GRI Standards.

Type and Scope of the Verification

The verifier has performed a Type 2 verification in accordance with the AA1000 Verification Standard (AA1000AS), which means that the claims of Hanmi Pharm and the performance information contained in the report were evaluated in terms of their accuracy. The scope of the verification was based on the period of January 1, 2019 to December 31, 2019. The verification was conducted by focusing on Hanmi Pharm's systems and activities including its sustainability management policies and goals, projects, standards, and the company's performance during the reporting period. In addition, the environmental and social data as well as the financial data on the company's broad economic performance were verified, while a verification of the stakeholder involvement was limited to reviews of the materiality assessment process.

Method of Verification

The verifier gathered information, data, and evidence related to the scope of the verification using the following methods:

- Media survey and an analysis report regarding the sustainable management of Hanmi Pharm
- Review of the management systems and processes used to improve the company's sustainable management performance and to prepare its reports
- Review to determine whether the audit reports on the financial performance data and financial statements agree with the official notice data
- Review of the internal documents and baseline data

Verification Results and Opinion [in Principle of the Verification and Process]

The verifier reviewed and commented on the draft report, and the report was revised accordingly. In addition, no significant errors or improper descriptions were found in the contents of this report. The verifier will present the following opinion on Hanmi Pharm's "2019-2020 CSR Report".

Inclusiveness - Has Hanmi Pharm included its stakeholders in the course of strategically responding to the issue of sustainability?

It has been confirmed that Hanmi Pharm recognizes stakeholder participation as an important matter in promoting its sustainable management practices and strives to establish a participation process. Hanmi Pharm has selected government/related agencies, executives and employees, corporate customers, the general public, cooperative institutions, local residents and local governments as its stakeholder groups, has established communication channels for each group, and is collecting diverse opinions through these channels.

Importance - Has Hanmi Pharm included important information in the report for its stakeholders to make an informed judgment?

Hanmi Pharmaceutical is believed not to have omitted or excluded information, which is important to its stakeholders. In addition, we have confirmed that Hanmi Pharm has conducted an evaluation of the importance of its major issues derived from an internal and external environmental analysis, and has reported on this matter according to the results.

Responsiveness - Has Hanmi Pharm responded to the requests and interests of its stakeholders?

We have confirmed that Hanmi Pharm is making efforts to respond to its stakeholders' needs and interests by reflecting on the opinions collected from stakeholders in the report. We have also found no evidence that Hanmi Pharm's response to important stakeholder issues was reported in an improper manner.

Impact - Has Hanmi Pharm properly monitored its impact on the stakeholders?

We have confirmed that Hanmi Pharm is monitoring and understanding the impact of its updated verification standard business activities on its stakeholders. We have also confirmed that this is properly reflected in the report.

Review of the Application Level of GRI Standards

The verifier has confirmed that this report was prepared in accordance with the core options of the GRI Standards and confirmed that the material on the following indicators concerning both universal standards and topic-specific standards was true, based on the data provided by Hanmi Pharm.

Universal Standards

The verifier has confirmed that the report complies with the common standard requirements of the core options and has reviewed the indicators below.

102-1 to 102-13 (Organizational profile), 102-14 (Strategies), 102-16 to 102-17 (Ethics and integrity), 102-18 (Governance structure), 102 to 102-44 (Participation of stakeholders), 102-45 to 102-56 (Reporting practices), 103 (Management approaches)

Topic-specific Standards

The verifier has identified the details to make public about the material aspects derived from the reporting item decision process and has reviewed the following indicators.

· Economy: 201-1, 201-2, 201-3, 203-1, 203-2, 205-1, 205-2, 205-3

· Environment: 302-1, 302-4, 303-3, 303-5, 305-1, 305-2, 305-7, 306-1, 306-2

· Society: 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 404-2, 404-3, 405-1, 405-2, 408-1, 409-1, 412-2, 413-1, 414-2, 415-1, 416-1, 416-2, 417-1, 417-2, 418-1, 419-1

Opinions and Recommendations for Improvement in each Field [on the Performance / Issues]

The verifier recommends that Hanmi Pharm should review the following, so as to establish a sustainable management strategy at the overall organizational level and respond to ongoing issues:

Economy : Hanmi Pharm is one of Korea's leading R&D-centered pharmaceutical companies, focusing on the creation of new drugs on a global scale. In particular, it takes the lead in protecting the health of consumers and improving the quality of life through developing innovative new drugs while applying platform technology, and is growing as a global pharmaceutical company through its partnerships with the leading global pharmaceutical companies. To ensure its steady growth as a global pharmaceutical company, we hope the company will continue to improve its comprehensive capability for coping with the changes in the global business environment, by constantly managing its financial and non-financial risks as well as cooperating with its customers and business partners in various countries, and we recommend that it should strengthen the transparency of its accounting that has been recently valued in terms of responsible management.

Environment : As the leader of eco-friendly management in the domestic pharmaceutical industry, Hanmi Pharm disclosed its "EHS Management Objectives/Plans and Performance" in accordance with the group's environmental policy and operates the Environmental Safety and Health Committee as a control body. We greatly appreciate its deliberation and the implementation of measures to reduce the negative impact of its business activities on the environment. For the purpose of implementing the greenhouse gas emission trading system and the six major EHS strategies, we recommend organizing a strategic system by establishing short- and long-term strategic tasks along with setting quantitative goals.

Society : Hanmi Pharm's efforts in reviewing the link between its sustainable management activities and UN SDGs goals, in order to actively participate in the achievement of UN Sustainable Development Goals, and having committed itself to continuing to improve and report on such activities in the future, are worthy of high appreciation. We expect the company to set the top priorities that can be achieved in its key business activities and can contribute to the sustainable development of the organization and the society after analyzing the value chain. In addition, we recommend that the company expand the scope of stakeholder participation and collect the requirements of each stakeholder through direct participation, such as stakeholder interviews and meetings.



AA1000
Licensed Assurance Provider
000-70

May 2020

Sang-jin Lee / Chairman of the Korean Standards Association

이 상진

GRI Standards Index

Universal Standards

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	102-6	Market segment	10	
	102-7	Size of the organization	10	
	102-8	Information on the employees and workers	10	
	102-9	Supply chain of the organization	14-15	
	102-10	Significant change in the organization and supply chain	-	No significant change
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	102-41	Ratio of employees subject to a collective agreement to the total employees	57	
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Practice of Reporting	102-45	Consolidated financial statements of the organization	-	Business reports disclosed
	102-46	Process of deciding the boundaries of contents and topics of the report	24	
	102-47	Material topics list	25	
	102-48	The impact of the revision on the information provided by the previous report and the reason for the revised report	-	No significant change
	102-49	Significant changes in the list and boundaries of the important topics since the previous reporting period.	-	No significant change
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Topic-Specific Standards

Economic Performance(GRI 200)

Aspect	GRI No.	Name of the Indicator	Page	Remarks
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	203-2	Significant indirect economic effects	28-41	
Anti-corruption	205-1	Evaluation of corruption risks in the business site	54	
	205-2	Status of notices and education on the anti-corruption policy and process	51-55	
	205-3	Examples of corruptions identified and the measures taken against them	54	
Anti-competition Conduct	206-1	Legal measures against competition-damaging conduct and oligopoly	-	No unfair trades and legal measures during the reporting period

Environment Performance(GRI 300)

Aspect	GRI No.	Name of the Indicator	Page	Remarks
Raw Materials	301-2	Input of recycled raw materials among the raw materials used	-	Recycling of medicinal raw materials is prohibited
Energy	302-1	Energy consumption within the organization	-	
	302-4	Reduction of energy consumption	-	
Water	303-3	Water recycling and reuse	-	
	303-5	Water consumption quantity	-	
Bio-diversity	304-3	Habitats conserved or restored	69	
Emissions	305-1	Direct greenhouse gas emissions	-	
	305-2	Indirect greenhouse gas emissions	-	
	305-5	Reduction of greenhouse gas emissions	-	
Wastewater and Waste	305-7	Nitrogen oxide, Sulphur oxide and other effluents in the air	-	
	306-1	Water quality and wastewater discharge according to destination	-	
	306-2	Waste by type and treatment method	-	

Social Performance(GRI 400)

Aspect	GRI No.	Name of the Indicator	Page	Remarks
Employment	401-1	New employment and changing jobs	-	
	401-2	Benefits provided to full-time workers, but not to non-regular or part-time workers	58-59	
	401-3	Parental leave	-	
Industrial Safety & Health	403-1	Workers represented by the joint Industrial Safety and Health Committee for labor and management	72	
	403-2	Type of injury, rate of injuries, rate of occupational diseases, rate of leaves of absence, rate of absences, number of work-related deaths	-	
	403-3	Workers with a high incidence or high risk of occupational diseases	72-73	
Training & Education	403-4	Safety- and health-related matters subject to a formal agreement with the labor union	72	
	404-2	Job training and transition support program for employees	62	
Diversity & Equal Opportunities	404-3	Percentage of workers who have been regularly reviewed for their work performance and career development	-	
	405-1	Governance organization and composition of the employees	-	
Child Labor	405-2	Ratios of basic wages and remuneration for women to men	-	
	408-1	Business operators and suppliers with a high risk of child labor	56	No child labor
Forced Labor	409-1	Operators and suppliers with a high risk of forced labor	56	No forced labor
Human Rights Management Evaluation	412-2	Education of employees on the human rights policy and processes related to the business	56	
Local Community	413-1	Business that participates in local communities, evaluates their impact and carries out development programs	80-81	
Supplier Evaluation	414-2	Negative impact of the supply chain to society and measures taken against it	76	
Public Policy	415-1	Political donation size by nation	-	No political donations
Customer Safety & Health	416-1	Products and services with their impact on safety and health evaluated	-	
	416-2	Incident of violating the regulations on the impact of products and services on safety and health	-	No incident of a violation
Products, Services & Labeling	417-1	Information on products/services and labeling	45	100% (the safety assessment is mandatory for medicines)
	417-2	Incidents of violating the legal and autonomous regulations concerning product and service information and labeling	-	No incident of a violation
Customer Information Protection	418-1	Number of violations of customer personal information protection and complaints with a proven loss of customer personal information	-	No violations & no complaints
Compliance	419-1	Violations of laws or regulations from a socioeconomic aspect	-	No violations

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