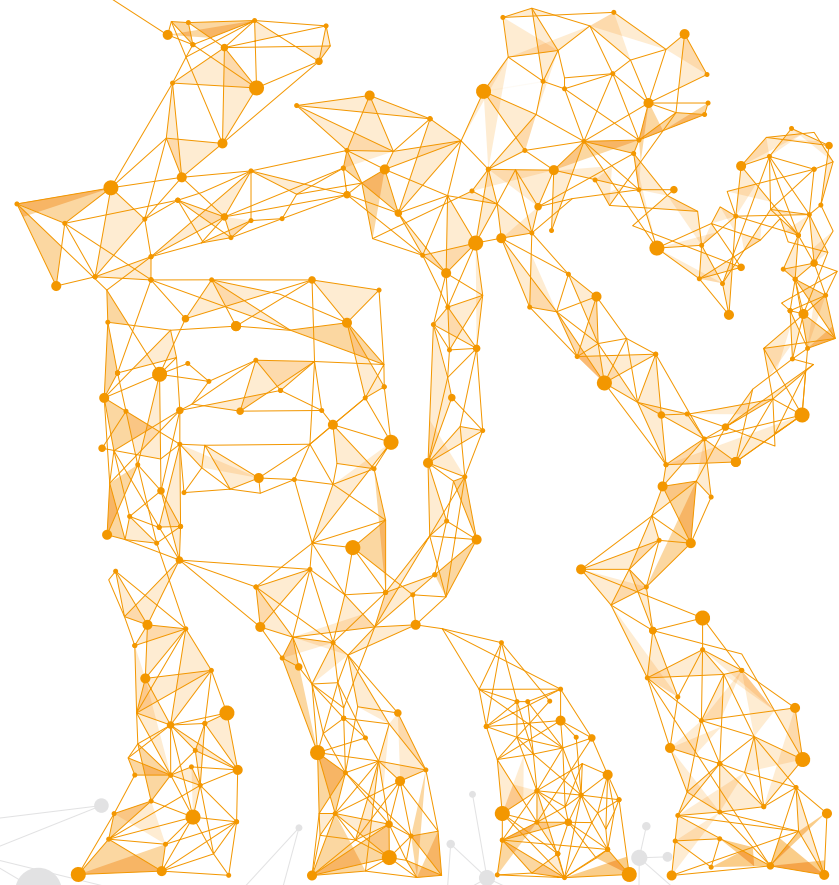


# CARE for people and planet .

Daewoong Pharmaceutical  
2023 Sustainability Report

## DAEWOONG PHARMACEUTICAL 2023 SUSTAINABILITY REPORT



Daewoong Pharmaceutical takes the lead in protecting people's health and creating a healthy society.

To become a global healthcare group that improves quality of life, Daewoong Pharmaceutical has devoted itself to the development of new drugs based on our belief of practicing patriotism through medicine. We strive to end intractable and rare diseases so that we can fulfill our social responsibilities, and we want to realize ESG management that creates value for all stakeholders, including the environment and local communities. Daewoong Pharmaceutical's Sustainability Report, which is being published for the first time this year, contains our achievements and promises regarding the environment, society, and governance.



#### Report Design Concept

The cover of the report expresses scalability by connecting Daewoong Pharmaceutical's CI with a network of circular, fluid line graphics. Citing the newly created ESG vision as the title of the report, the company establishes its ESG identity and announces its goal to promote ESG management internally and externally.

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<b>Phone</b>	+82-2-550-8800	+82-2-550-8800
<b>For Inquiries</b>	goodesg@daewoong.co.kr	goodesg@daewoong.co.kr

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# BUSINESS OVERVIEW

Since its foundation in 1945, Daewoong Pharmaceutical has grown into Korea's leading pharmaceutical firm by having Daewoong Co., Ltd. as the holding company and operating thirty-seven subsidiaries and affiliates such as Daewoong Bio and HanAll Biopharma through endless challenges and innovations in line with our corporate philosophy of "developing quality medicine to safeguard the health of the people and contribute to a healthier society."

We continue to take the initiative by making bold challenges and investments in R&D to leap forward as a global healthcare group. Following the 2022 launch of Fexuclue, a drug treating gastroesophageal reflux disease, the company released Envlo, a Type 2 diabetes treatment. By bolstering its R&D pipeline, Daewoong Pharmaceutical is developing first-in-class and best-in-class drugs.

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## CEO Message

**“Taking a leap forward as a global healthcare group that leads the improvement of quality of life, we will continue to grow through research and innovation.”**



Dear Stakeholders,

Daewoong Pharmaceutical has pursued its mission as a pharmaceutical company that protects people's health and creates a healthy society by making good medicines based on its commitment to serving the country as a “patriotic pharmaceutical business.” Since its foundation in 1945, the company has grown into South Korea's leading pharmaceutical company through ceaseless challenges and innovations based on its management philosophy of “making good medicine to protect people's health and create a healthy society.”

Daewoong Pharmaceutical is taking a leap forward as a global healthcare group that researches, develops, and globally produces viable drugs by building the largest of local infrastructures ever created by a South Korean pharmaceutical company as well as maintaining extensive partnerships with global healthcare companies.

Following the 2022 launch of Fexuclue, a drug treating gastroesophageal reflux disease, the company also received approval from the Ministry of Food and Drug Safety for Envlo, a Type 2 diabetes treatment. Through such efforts, the company is solidifying its R&D pipeline while positioning itself as a powerhouse for new drugs. Thanks to the growth of prescription drugs and NABOTA as botulinum toxin, our sales in 2022 exceeded an all-time high of 1.2 trillion KRW.

Through its continuous R&D investment and open collaboration, Daewoong Pharmaceutical is committed to developing various new drug pipelines and platform technologies to become the world's first-in-class and best-in-class company in its field. In this way, Daewoong Pharmaceutical continues its efforts to improve health for humankind and quality of life.

Now, Daewoong Pharmaceutical aims to go beyond financial performance and contribute to society as a company that fulfills its corporate social responsibility for the environment, employees, partners, and local communities by realizing sustainable management.

Coming into 2023, Daewoong Pharmaceutical has established its ESG strategy of “CARE for people and planet” for a sustainable future and pledged to fulfill it. The publication of this sustainability report will be a significant first step in Daewoong Pharmaceutical's ESG management and in achieving its goal to become a global healthcare group. Daewoong Pharmaceutical intends to actively respond by demonstrating its commitment to sustainable management and transparency in sharing various ESG management activities and plans with stakeholders.

We look forward to your unwavering encouragement and advice as Daewoong Pharmaceutical enacts its initiative for sustainable management.

Thank you.

Seng-ho Jeon  
Co-CEO

Chang-jae Lee  
Co-CEO



## Company Profile

**“Daewoong Pharmaceutical Co., Ltd. provides the most beneficial total solutions with pharmaceutical products and services that contribute to improving the quality of life for valued customers.”**

Daewoong Pharmaceutical was established on October 2<sup>nd</sup>, 2002 at the base date of October 1<sup>st</sup>, 2002 as a spin-off of the business division of Daewoong Pharmaceutical Co., Ltd. Its primary business is in the production and sale of pharmaceuticals.

On November 1<sup>st</sup>, 2002, the company was listed on the stock market opened by the Korean Exchange, and as of the end of this reporting period, As of the end of this reporting period, the Hyangnam Industrial Complex in Hwaseong, Gyeonggi-do, and the Osong Plant in Chungcheongbuk-do have manufacturing facilities that meet KGMP standards for the production of refined pharmaceuticals. Furthermore, the Nabota Plant in the Hyangnam Industrial Complex has manufacturing facilities that meet the cGMP standards as required by the USFDA.

Company Name	Daewoong Co.,Ltd	Daewoong Pharmaceutical Co., Ltd
CEO	Jae-chun Yoon	Seng-ho Jeon, Chang-jae Lee
Establishment Date	Aug. 15, 1945	Oct. 2, 2002
Headquarters	244, Galmachi-ro, Jungwon-gu, Seongnam, Gyeonggi-do, Republic of Korea	(Headquarters) 12, Bongeunsa-ro 114-gil, Gangnam-gu, Seoul, Republic of Korea (Factory) 35-14, Yagongdan 4-gil, Hyangnam-eup, Hwaseong-si, Gyeonggi-do, Republic of Korea 1, Osongsangmyeong 2-ro, Osong-eup, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do, Republic of Korea (Research Center) 72, Dugye-ro, Pogok-eup, Cheoin-gu, Yongin-si, Gyeonggi-do, Republic of Korea
Business Portfolio	Provide Investment business/management services as a holding company	Production and sale of pharmaceutical products

**1,600+**

Employees of Daewoong Pharmaceutical

**1<sup>st</sup>**

South Korea's first botulinum toxin approved by the USFDA

**1<sup>st</sup>**

Biopharmaceutical plant in Indonesia

**100+**

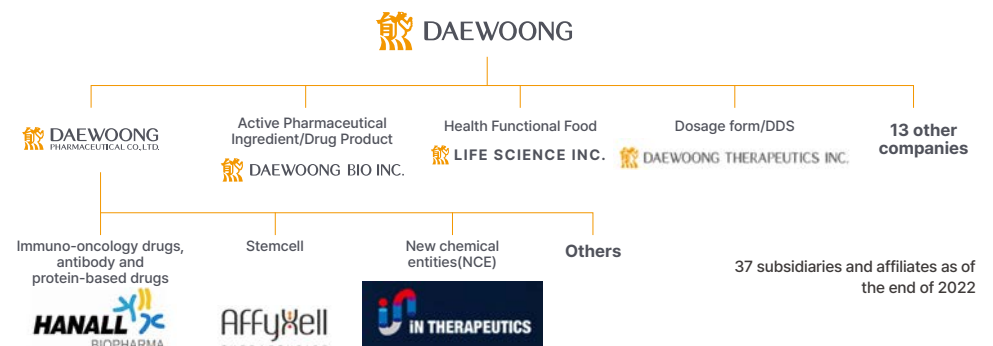
Members in global partnership

**8 locations**

Global bases secured in Asia/U.S.

**7 locations**

Global production/ R&D networks



## Company Profile

### Vision

A global healthcare group that improves quality of life

### Mission

To provide the most beneficial total solutions with pharmaceuticals and services that contribute to improving the quality of life of valued consumers

### Core Values

Autonomy, growth, ownership (performance) / a great place to work and a company that is professional with its tasks



Never take an  
unrighteous path, even  
if it can bring profit



Think in others' shoes  
and never lean too  
much to taking one  
side



Only do work that is in  
the interest of us, our  
counterparts and the  
society  
(Win-Win-Win)



Always speak the truth  
and listen to other  
opinions with an open  
mind



Unite work and fate,  
and work hard to  
achieve success

### Meaning of the Company Name

The company name, Daewoong Pharmaceutical, describes the company's continuous growth and development and the management philosophy of patriotism through medicine.

### CI

Daewoong's symbol, which is configured to the Sino-Korean character 熊 for the bear, the embodiment of wisdom and perseverance, signifies distinct originality, the corporate philosophy of patriotism through medicine, and ceaseless development.

### Brand Story

Daewoong Pharmaceutical has fulfilled its mission as a pharmaceutical company that protects people's health and creates a healthy society by making good medicines with the belief of "patriotism through medicine." The founder, the late Honorary Chairman Yoon Young-hwan, whose pen name was Seokcheon, fulfilled the mission of a pharmaceutical company to protect the health of the people by making good medicines and building a welfare state by creating a healthy society. Through business, he upheld the belief that medicine should both develop the company and serve society.

Pursuing the belief that "the workplace is not merely for livelihood, but a venue where ideals are realized, and that life is established through work to find joy and meaning in life," Daewoong Pharmaceutical's employees are doing their best in their respective positions for self-realization.



### The Meaning of "Dae"

"Dae" in Daewoong is an acronym for the Republic of Korea and Daehan Vitamin, the company's precursor, and it represents future-oriented, unlimited potential and growth. Which represents future-oriented unlimited potential and growth.

### The Meaning of "Woong"

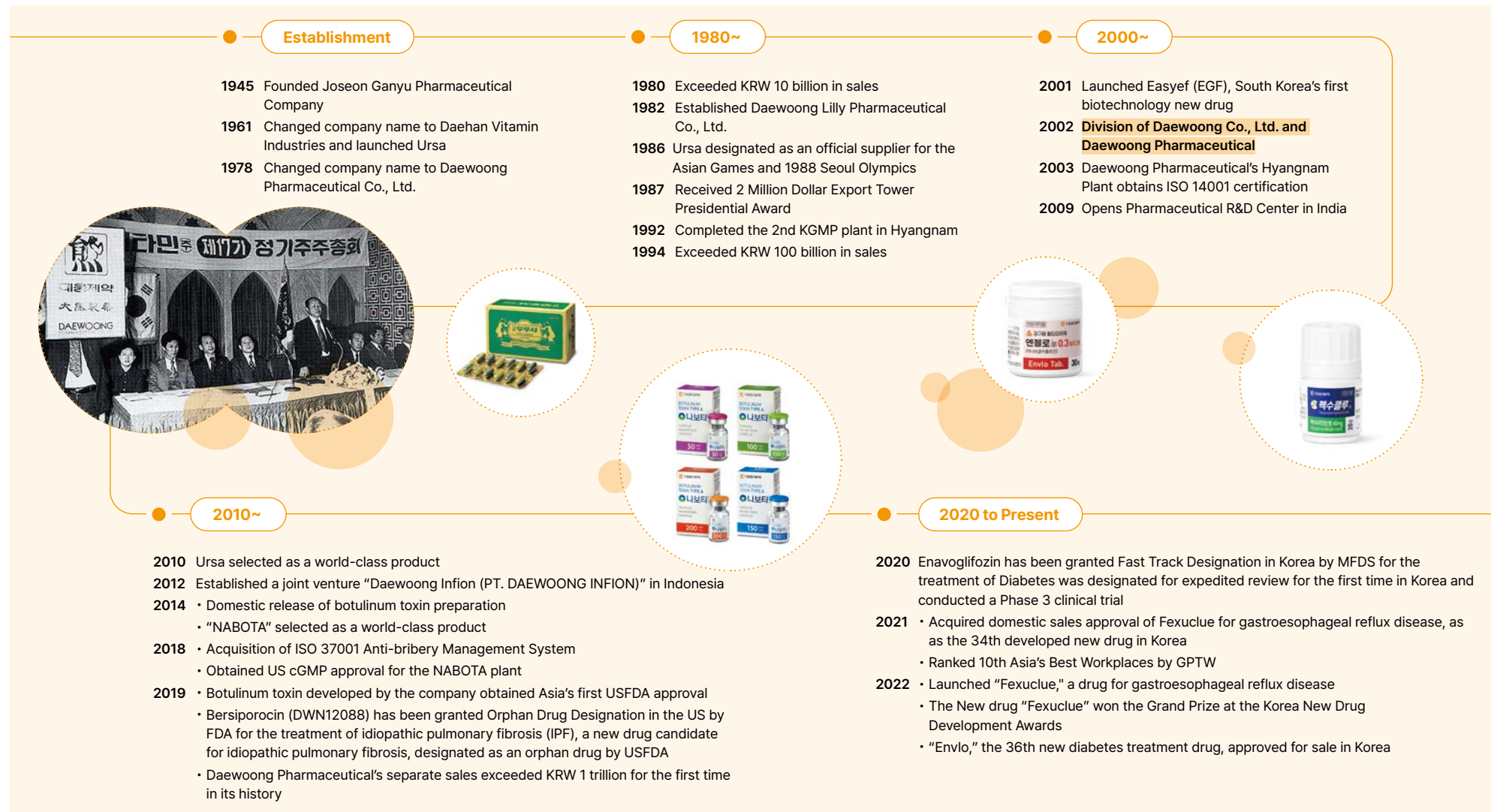
"Woong" in Daewoong refers to a bear in the founding myth of the nation and is a symbol of overcoming crisis and wisdom.

### "Daewoong"

means Ursa Major, which is Latin for "big bear," referring to the Big Dipper. The Big Dipper is the brightest constellation in the night sky and has been revered as a symbol of longevity, healing, and health protection.

## Company History

### The Footprint of Daewoong Pharmaceutical



## Business Portfolio

### Economic Value Creation

#### 2022 Financial Results

Daewoong Pharmaceutical recorded consolidated sales of KRW 1.2801 trillion, consolidated operating profit of KRW 95.8 billion, and a net profit of KRW 39.2 billion in 2022.

The ethical drug division recorded sales of KRW 825.5 billion in 2022, following KRW 778 billion in 2021, and sales increased steadily based on continued profits from highly profitable self-developed products such as Luphere, an anti-cancer treatment, and Crezet, a hyperlipidemia treatment. The over-the-counter drug division recorded sales of KRW 127.7 billion in 2022, following KRW 114.4 billion in 2021. In response to the reorganization of the market centering on health functional foods, we are actively expanding our business by strengthening the liver health brand Enerthistle and launching Sayhealth, a brand for hospital channels.

In 2022, each division continued to grow, with the prescription drug division showing a growth rate of about 6.0% and the OTC Drug Division exhibiting about 11.6% compared to the cumulative sales in the same period last year. NABOTA's 2022 sales grew 78.4% year-

on-year to KRW 142 billion, a rapid growth from KRW 79.6 billion in the same period last year. As the botulinum toxin business went into high gear in the U.S. and elsewhere, its overseas sales were up 122.3% from the same period last year. Since the second quarter of last year, it has been recording the highest performance every quarter in the U.S., and with NABOTA's advance into Europe and its release in China scheduled, sales are expected to increase even further.

The Overseas Business Division is bolstering its viability in production, marketing, and sales through thorough localization-based research, using the eight countries where overseas branches are located as strategic bases and is actively targeting the entire global market. Along with accelerating global blockbuster drug development clinical trials and multinational licensing development, the company is continuously promoting various strategic partnerships such as open collaboration-based strategic alliances, investment attraction, and out-licensing.

#### Consolidated Income Statement

(Unit: KRW million)

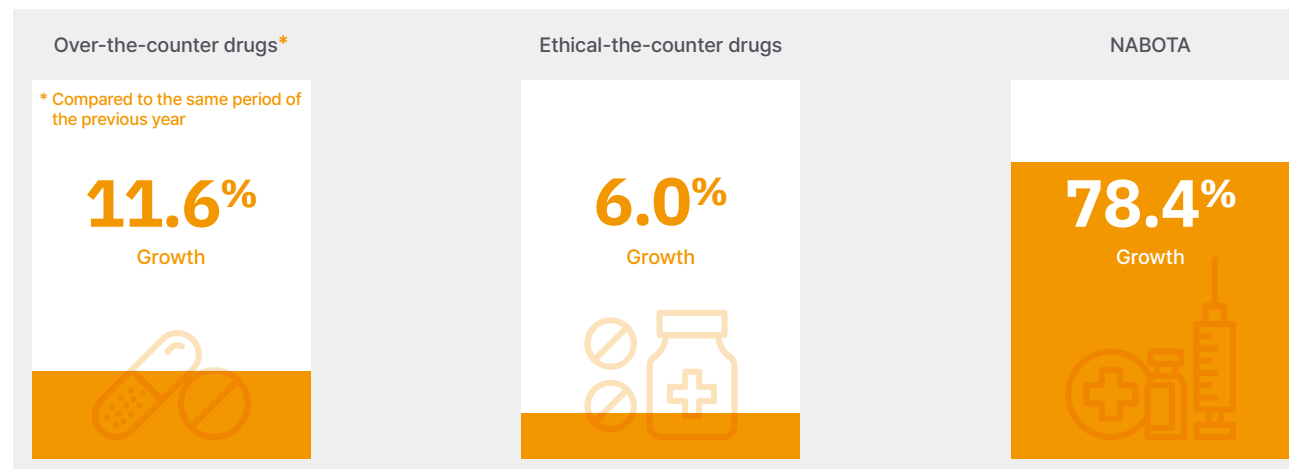
Classification	2020	2021	2022
Sales	1,055,424	1,152,976	1,280,092
Operating profit	16,868	88,729	95,797
Profit before income tax expense	13,448	19,761	38,330
Net income	24,036	30,084	39,163
Total comprehensive income	42,370	(18,720)*	52,408

\* ( ) indicates (-)

#### Income Statement

(Unit: KRW million)

Classification	2020	2021	2022
Sales	944,752	1,055,170	1,161,254
Operating profit	12,626	95,500	105,963
Net income before corporate tax	(7,785)	25,532	44,624
Net income	3,139	35,795	48,562
Total comprehensive income	2,356	11,424	51,982





## Business Portfolio

### Major Products



#### Ursa

Liver function improvement/nutritional tonic

Created in 1961, Ursa is the overwhelming No. 1 product brand in the South Korean liver medicine market that has been striving to improve liver health for the people. Its effectiveness for improving liver enzyme levels and recovering from fatigue has been verified in clinical practice. In 2022, combined sales of ETC (ethical-the-counter drugs) and OTC (over-the-counter drugs) exceeded KRW 80 billion. While it essentially reduces fatigue recovery time through liver function improvement, customers who feel daily fatigue purchase Ursa at pharmacies. In addition, potential Ursa customers in their 20s or 30s who feel temporary fatigue are recruited as new customers with Urshot through convenience stores, online malls, etc., joining a structure that can lead to Ursa purchases from pharmacies.

### Impactamin

Vitamin and mineral supplements

Impactamin is a product that helps modern people recover from fatigue and regain their energy through essential vitamin B8. It is a high-content, highly active, and high-quality premium vitamin supplement recommended by experts and repeatedly bought by consumers. With renewal through constant research and quality improvement, we will further differentiate our brand.



### Fexuclue Tablet

Treatment for erosive\* gastroesophageal reflux disease

Fexuclue, a best-in-class P-CAB (Potassium Competitive Acid Blocker) for the treatment of gastroesophageal reflux disease (GERD), was launched in South Korea in July 2022. Fexuclue has the mechanism of action that reversibly blocks the proton pump that secretes gastric acid from the stomach wall. Daewoong plans to emphasize market penetration of Fexuclue with a goal of KRW 100 billion in the first year of domestic market launch. As Fexuclue is expected to address the unmet medical needs of existing PPIs (proton-pump inhibitors), Daewoong will primarily target GERD and then expand its indications subsequently. In August 2022, Fexuclue was approved for improvement of gastric mucosal lesions in acute gastritis and chronic gastritis as an additional indication for the first time in Korea among P-CAB drugs.

\* It refers to cases with characteristic mucosal defects as diagnosed in endoscopy.



#### Envlo Tablet

Diabetes treatment

Daewoong Pharmaceutical's SGLT2 inhibitor Envlo tablet is a treatment for diabetes and expected to launch in South Korea by the first half of 2023. Envlo is the first SGLT2 inhibitor that has been developed domestically in-house, and has shown excellent efficacy in reduction of blood sugar and safety in Type II Diabetes clinical studies. Notably, 0.3 mg Envlo tablet, which is less than 1/30th of the existing SGLT2 inhibitors, showed equivalent efficacy. Therefore, Envlo is expected to provide a new therapeutic option to the patients with insufficient glycemic control.

## Business Portfolio

### Major Products

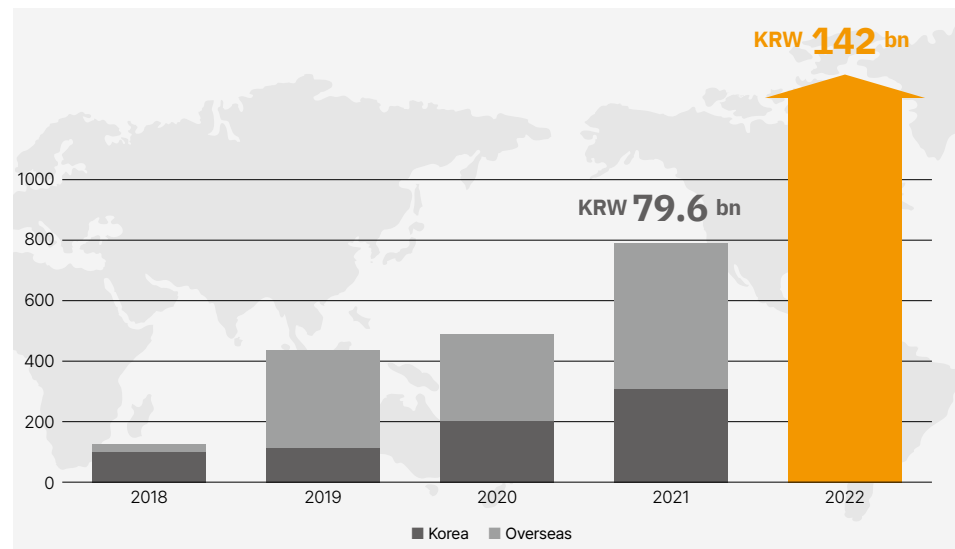
#### NABOTA

Domestic botulinum toxin preparation

NABOTA is a made-in-Korea botulinum toxin drug developed by Daewoong Pharmaceutical with its own technology over the past five years. It is a global product that has been exported to more than 80 countries in the United States, Europe, the Middle East, and South America including Argentina. Thanks to the increase in exports to the United States among other regions, it is growing rapidly enough to exceed KRW 140 billion in sales in 2022.

As a component of natural botulinum toxin type A produced from the clostridium botulinum Hall strain, it is a product made from an undiluted solution from a natural strain, rather than an identified GMO. It is manufactured by incorporating the core technology of a patented process, which uses the patented High Pure Technology manufacturing method (Patent No. 10 1339349). Recently obtaining new licenses in Saudi Arabia and Ukraine, it has secured licenses in 58 countries to date. Its smooth global expansion includes the successful completion of Phase 3 clinical trials and application for product approval in China.

#### NABOTA Global Sales Growth



#### NABOTA Business Strategy



##### Pipelines

Expansion of next-generation pipelines

- Liquid: ready-to-use
- Long-acting
- Micro-needle



##### New Territories (80+)

NABOTA was approved in 56 countries including the EU and Brazil (2021)

Over 20 countries including China and Russia approved NABOTA (2022)



##### Indications

Expansion of indications

- Chronic and intermittent migraine
- Gastric paralysis
- Cervical dystonia
- Masseter hypertrophy

#### Global Development

- Global growth of 122.3%, mainly in the US, Brazil, Taiwan, and Thailand

- Acquisition of approvals from the UK, Germany, and Austria. Approved in a total of over 60 countries (as of Q1 2022)

- Launched in Europe in 2022 and continuous market expansion (by Evolus)

- Successful Phase 3 clinical trial in China and completion of product approval application: approval expected in 2023

##### USA/Canada



##### Europe



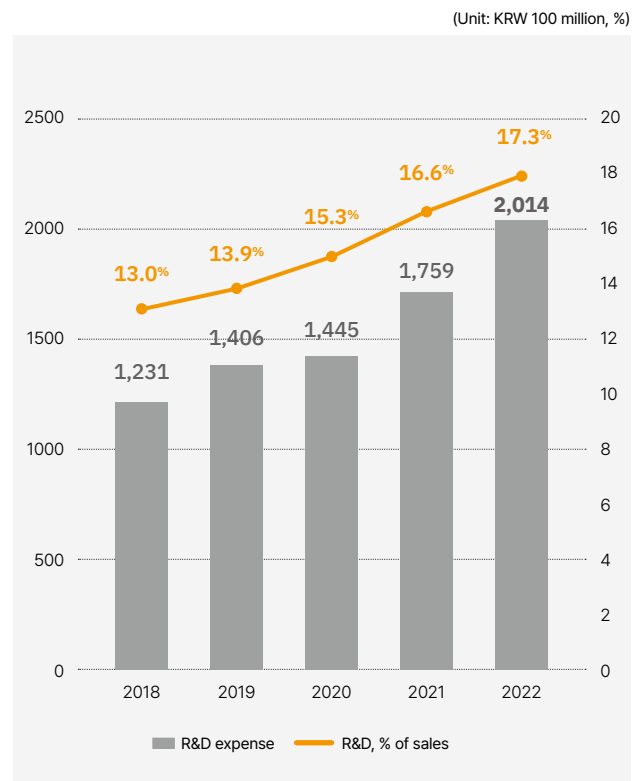
##### Domestic and other regions



## Business Portfolio

### R&D Overview

Daewoong Pharmaceutical focuses on research and development for new drugs in gastroenterology, endocrinology, fibrosis, autoimmune and oncology therapeutic area. Additionally, Daewoong Pharmaceutical is developing various Incrementally Modified Drugs (IMDs) including Olostar, the world's first olmesartan-rosuvastatin combination drug, Donepezil transdermal patches, depots and more.



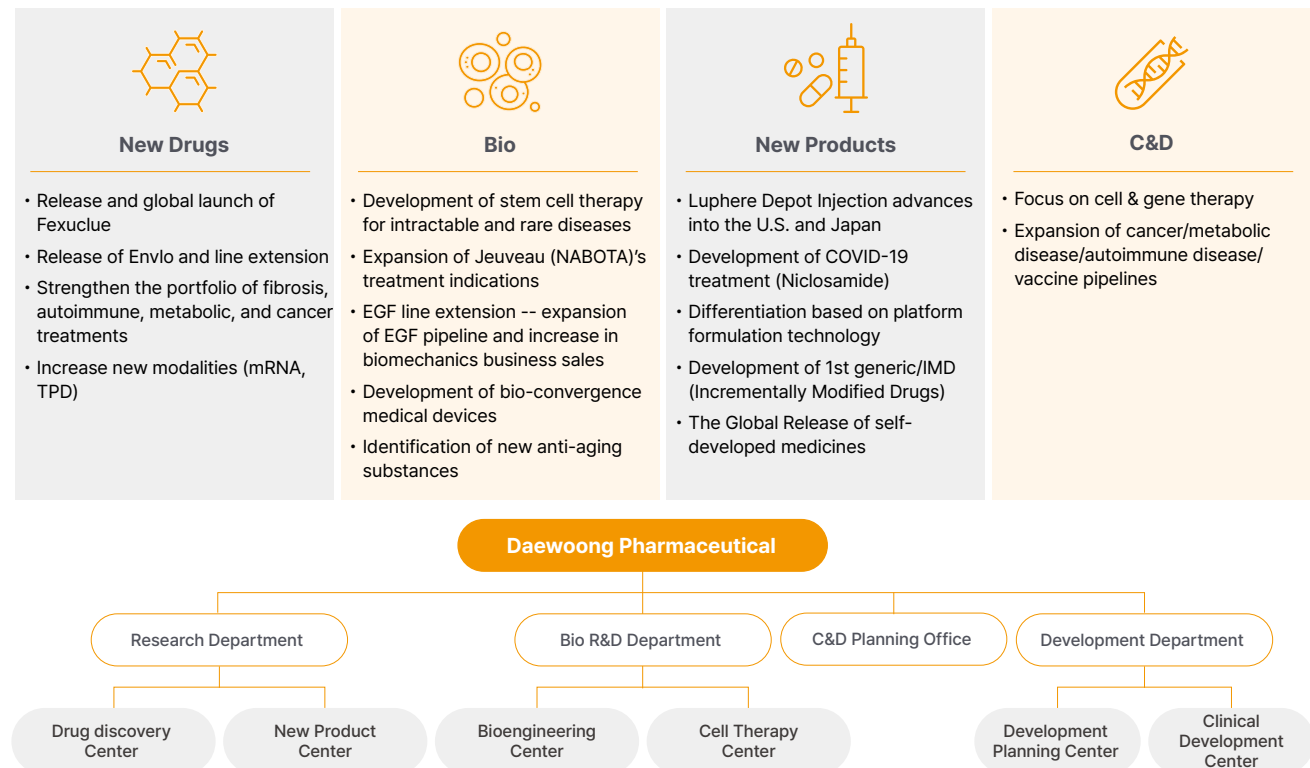
### R&D Investment

Daewoong Pharmaceutical is deriving achievements in innovation and new drug development through continuous R&D investment. We invest more than 10% of our annual sales in R&D to accelerate the development of new drugs. In 2022, KRW 201.4 billion, or 17.3% of sales, was invested in R&D.

### R&D Organization

Our research organization consists of the drug discovery center, New Product Center for Pharmaceutical Research, the bio-research-based Bio Process Center, the stem cell research-based Cell Therapy Center, Nabota Research Team, and C&D Planning Office.

### R&D Portfolio



## Business Portfolio

### R&D Pipeline

#### Introduction of Pipeline

DW Research Department focuses on research and development in therapeutic areas with high market demands such as chronic orphan and incurable diseases, as well as for improving quality of life in patients to provide better therapeutic options including innovative new drugs (NCEs, biologics), stem cell therapy and IMDs.

#### New Chemical Entities

With extensive know-how in developing the 34th... Daewoong has about 30 ongoing pipelines for autoimmune, metabolism, fibrosis, oncology, and CNS. Particularly, Bersiporocin, a first-in-class PRS inhibitor for idiopathic pulmonary fibrosis, DWP213388, a first-in-class ITK/BTK dual inhibitor, and DWP212525, a best-in-class JAK3/TFK dual inhibitor for autoimmune diseases are actively in development.

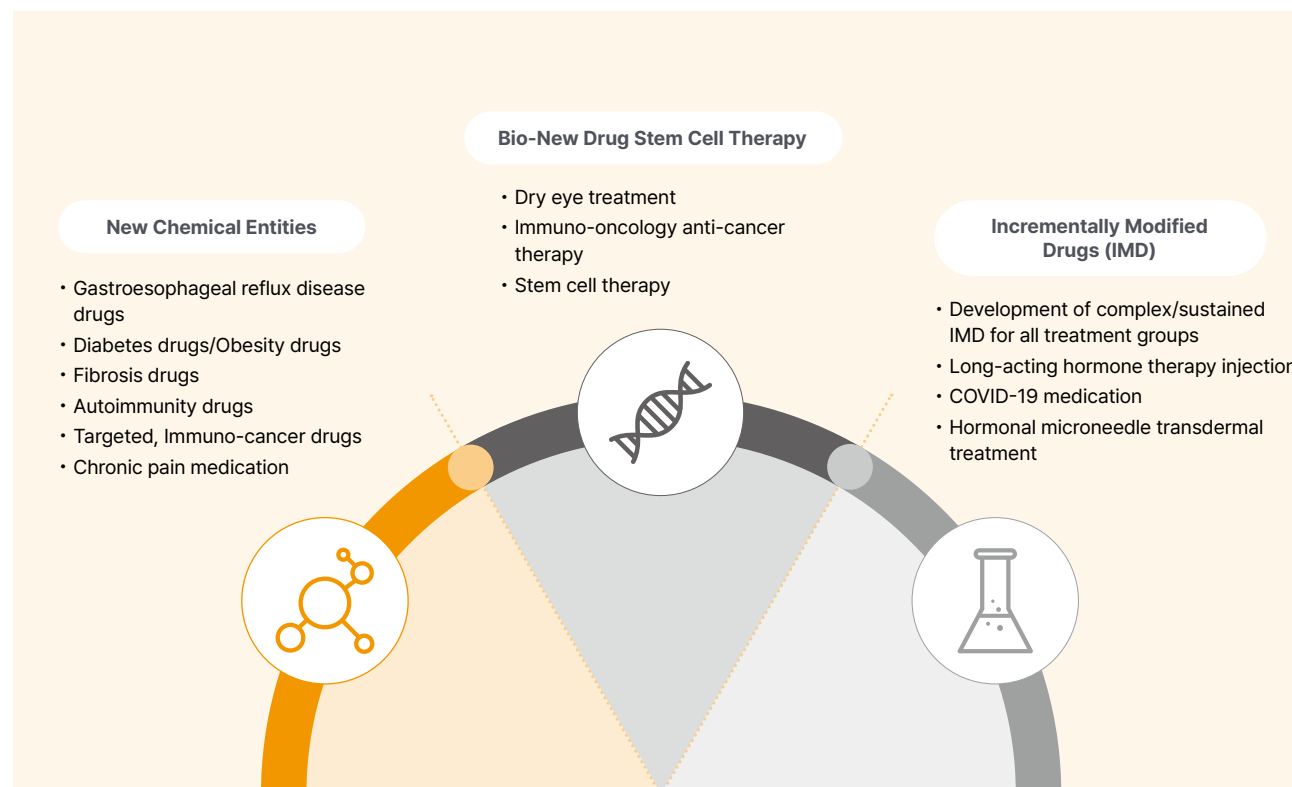
#### Stem Cell Therapy

DW MSC (Mesenchymal Stem Cell) is being developed in two directions: a platform for developing treatments for rare incurable diseases and degenerative diseases, and a genetic delivery platform for enhancing stem cell function. It is a stem cell therapy and is being developed to target indications such as severe acute pancreatitis, stroke, dementia, cerebellar atrophy, and idiopathic pulmonary fibrosis. "DW MSC" is the first in Korea to be mass-produced, so we are securing a competitive edge with a view to the commercialization of stem cell lines. Based on cell & gene technology, we are aiming to develop a world-class level of stem cell therapy through a convergence of smart stem cell technology that can maximize efficacy.

#### Development of Incrementally Modified Drugs Based on Future-oriented Platforms

Daewoong Pharmaceutical is continuously developing new products of 2-in-1, 3-in-1, and 4-in-1 combination drugs, multi-delivery sustained release oral medications, and long-acting depot injections by using a platform technology (oral dosage forms such as core tablets, multi-layer tablets, multi-filling capsules, and long-acting depot injections based on microsphere/nanotechnology). We are also working on the life cycle extension of key products that form the brand image of Daewoong Pharmaceutical.

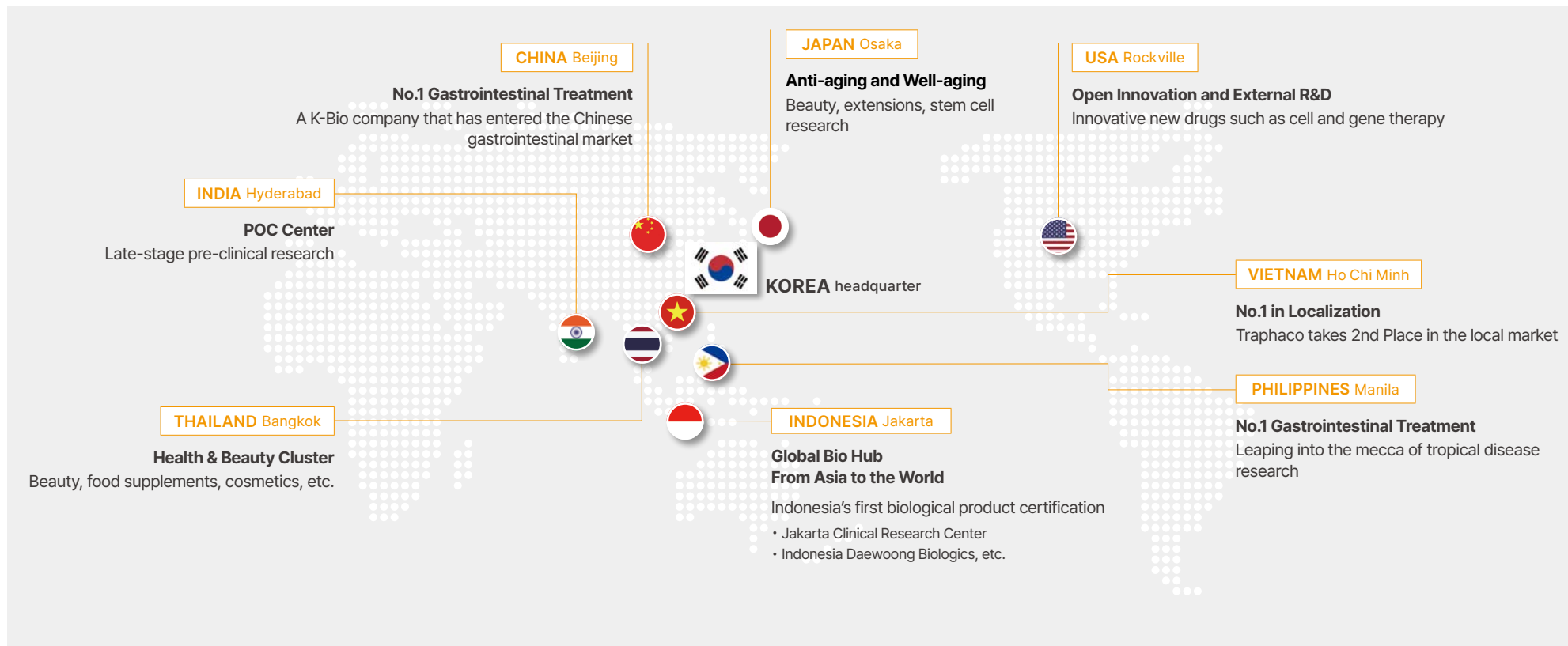
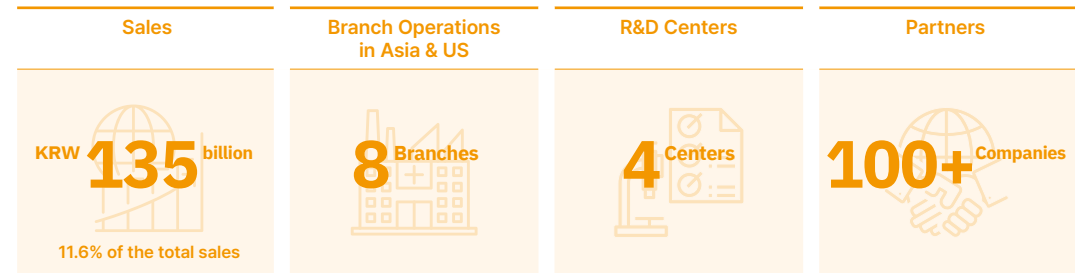
#### Introduction of Pipeline



## Global Network

In order to leap forward as an Asian bio hub strategically based in the 8 countries where its overseas branches are located, Daewoong Pharmaceutical is bolstering local viability by laying the groundwork for operating overseas subsidiaries, R&D centers, and branches, and is developing various collaboration infrastructures such as research, development, manufacturing, and sales. By localizing the value chain through overseas M&A, expanding global marketing, and expanding major markets in the U.S. and EU, the company is striving to achieve strategic growth and the expansion of its global base.

### Global Business





## Global Network

### Global R&D Network

Daewoong Pharmaceutical's R&D organization is composed of a global network covering four countries including China, India, and Indonesia, centered on its Life Science Research Center located in Yongin. The R&D Committee, led by Daewoong Pharmaceutical's Life Science Research Center, which serves as the control tower, and joined by all the company's overseas research centers, is held to analyze and discuss the progress of the entire pipeline. In addition, global open collaboration is promoted through Daewoong Innovation Holdings, which was established in Boston, U.S.A.

#### Life Science Research Center located in Yongin, South Korea

##### New drugs, incrementally modified drugs, biopharmaceuticals, biosimilars, and cell and gene therapy products

The New Drug Center within the Life Science Research Center is conducting about thirty research projects. Through these efforts, approval for the Fexuclue tablet, the sale of the 34th new drug, in 2021, was followed by approval in 2022 for the sale of the Envlo tablet, the 36th new drug, in South Korea. By building an AI and big data-based organization as a future growth engine, the company is promoting innovation throughout new drug development. In addition, the company is also pursuing research on next-generation modalities, such as RNA new drugs and target protein degradation-based drug development.

In June 2022, the New Product Center declared its "2030 Global Formulation No. 1" vision and roadmap. In the short term, the center seeks to secure a sustainable revenue base centered on the combination, sustained-release, solubilization, and route-of-administration technologies it possesses. In the long term, the center intends to advance its global drug-related performance by 2030 by investing intensively in promising future technologies such as LNP technology, nasal spray formulation, and microneedle technology. In addition, the center is conducting research and development in the direction of developing existing products such as biopharmaceuticals, bio betters (incrementally modified biologic drugs), biosimilars, biomedical device convergence products, and cell and gene therapy products and discovering new tasks.

#### India Research Center

##### Global new products, overseas approvals, step-by-step support for research, production, and approval

Daewoong Pharmaceutical's India Research Center supports the development and approval of new products for entry into advanced pharmaceutical markets such as the U.S. and Europe, as well as China and other regions (ROW) by employing its excellent local researchers and experience. In its area of specialty, the Research Center is focusing on open collaboration to discover pipelines for new product development in small and medium-sized, and large Indian pharmaceutical companies with research potential. Based on high satisfaction with high-quality pre-formulation with competitive pricing and analysis services, the center continues to cooperate with several ventures involved in new drugs and domestic pharmaceutical companies.

#### Bio Research Center in Indonesia

##### Biopharmaceuticals

Daewoong Infion, which started as a joint venture in 2012, is operating as a base for the research, development, and production of biopharmaceuticals through the transfer of excellent technology from the headquarters. Daewoong Infion is growing as a mecca for biopharmaceuticals in Indonesia by researching to explore new biopharmaceuticals through open collaboration with local universities and research institutes. Reflecting the needs of the local market, Daewoong Infion promoted research on upgrading the formulation of "Easyef," a diabetic foot ulcer treatment (in spray) using epidermal growth factor (EGF) and obtained permission in Indonesia in the first half of 2020. In addition, Easyef and Epodion acquired Halal certification from LPPOM MUI, and the research center will expand its business in the Islamic world.

#### Liaoning Daewoong Pharmaceutical Research Center in China

##### Oral Liquids

Liaoning Daewoong Pharmaceutical Research Center in China, established in October 2014 by leveraging the production capacity of Liaoning Daewoong for oral liquid and is contributing to the expansion of gastrointestinal liquid products such as Newlanta and Dehecta in China to establish a global leading factory for liquid medicines. In 2023, we plan to focus on the development of new liquid medicine for new viral infectious diseases in the post-pandemic era.

#### US DIH (Daewoong Innovation Holdings, Inc.)

##### Open Innovation in Technology C&D

Daewoong Innovation Holdings (DIH) is a U.S. subsidiary that Daewoong Pharmaceutical established in Boston, Massachusetts, U.S.A. in May 2021 for global open collaboration. Daewoong Pharmaceutical plans to use DIH to form a network with overseas scholars and researchers, pharmaceutical/bio experts, and investors. Furthermore, DIH plans to strengthen collaborations with global partners using various business models including strategic partnerships and licensing-in or joint development of new technologies to increase cooperation with our partners.

# ESG JOURNEY

Daewoong Pharmaceutical established its ESG strategy for “CARE for people and planet” in 2023 and pledged to fulfill it. ESG Journey is the first step of Daewoong Pharmaceutical’s ESG management plan to form a global healthcare group that fulfills its corporate social responsibility and has a positive impact on the environment, employees, business partners, and local communities beyond financial performance. Daewoong Pharmaceutical will actively communicate with and respond to various stakeholders based on ESG management to create a sustainable future.

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## ESG Strategy

### ESG Vision and Strategy

Established with the mission of patriotism through medicine, Daewoong Pharmaceutical has pursued economic, social, and environmental sustainability based on a sense of responsibility to contribute to society. To achieve the ESG vision of “preserving the health of mankind and the earth,” we will select and implement key tasks along with the direction for each area of ESG to become a sustainable management company that pursues happiness for Daewoong Pharmaceutical and its stakeholders. Daewoong Pharmaceutical established the ESG strategy for ‘CARE for people and planet’ in 2023 for a sustainable future and pledged to fulfill it.

### ESG Governance

Daewoong Pharmaceutical discusses ESG-wide policies and agendas with the Board of Directors and the highest decision-making body regarding ESG-pending issues and strives to achieve strategic goals by cooperating with working-level departments.

In 2022, the Board of Directors has worked hard to actively manage ESG issues at the highest decision-making level, such as the approval of the environmental safety and health plan, reporting on EHS management status, and internal accounting management. Furthermore, in order to manage various ESG issues, and prevent and respond to risks, it has introduced and actively operates an international certification system related to ESG. The company acquired anti-bribery management system certification (ISO 37001) and has established and operates a management system based on international standards. In order to systematically manage various risks involved in workplace management such as environmental safety and health activities, the company has acquired environmental management system (ISO 14001) and occupational health and safety management system (ISO 45001) certifications.

Daewoong Pharmaceutical will define and implement the details of the newly established focus activities of ESG management as improvement tasks, and continuously conduct performance management to establish ESG management. Furthermore, we will introduce and actively implement the ESG management system, including the formation of the ESG Management Committee.



## Double Materiality Assessment

### Double Materiality Assessment Process

Establishing its ESG strategy and publishing the first sustainability report in 2023, Daewoong Pharmaceutical conducted a double materiality assessment to identify issues that business activities have in regard to the environment, society, and finance as well as stakeholders, and to identify material topics. The materiality assessment is a concept that considers both the impact of the company's management activities on society at large (external) and the impact of external environmental and social factors on the company's financial condition. To this end, Daewoong Pharmaceutical assessed the financial impact and the environmental and social impact and reflected them in establishing its ESG strategy, thus deriving material topics for ESG management.

### Results of Double Materiality Assessment

As a result of the double materiality assessment, Daewoong Pharmaceutical derived the top thirteen issues out of a total of twenty-three issues and reported major achievements and plans in the 2023 Sustainability Report. By conducting a feasibility study, the company further selected three material topics of "development of drugs in consideration of social value," "drug safety and quality," and "talent recruitment and improvement of company culture" and focused the report on them. In particular, the company included "development of drugs in consideration of social value" in the "R&D and innovation" section and described the details.

### Deriving ESG issues

Deriving ESG issues through ESG initiatives, media analysis, industry benchmarking, etc.

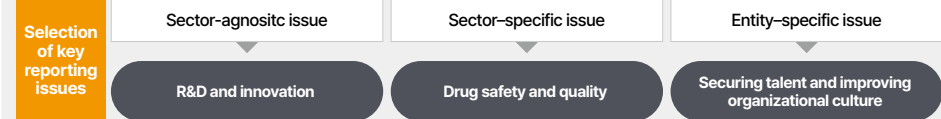
#### Financial materiality assessment and analysis

- Mega trend analysis
- Stakeholder survey
- Analysis of ESG indicators
- For financial stakeholders

#### Environmental and social impact assessment

- Media analysis
- Industry benchmarking
- Analysis of ESG indicators
- Stakeholder survey
- E.g., employees, business partners, and ESG experts

### Deriving material topics



### List of ESG Issues

✓ Report on Material Topics ■ (Tier 1) Top 5 impact scores ■ (Tier 2): 5 median impact scores ■ (Tier 3) Bottom 3 impact scores

ESG Issues	Financial Impact Ranking	Social Impact Ranking	Report Table of Contents	Key Stakeholders					Disclosed Indicators	
				Investors	Employees	Customers	Business Partners	Government & Communities	GRI Index	SASB
✓ Securing talent and improving organizational culture	5	1	• Securing talent and improving organizational culture	■	■	■	■	■	GRI 401-2, GRI 404-3	HC-BP-330a,1,2
Climate change response	1	8	• Climate change response	■	■	■	■	■	GRI 302-1,3, GRI 305-1,2	-
✓ Enhancing drug safety and quality	3	4	• Drug safety and quality	■	■	■	■	■	GRI 416-1,2	HC-BP-210a,1,2 HC-BP-250a,1~5 HC-BP-260a,1~3
Human rights	6	2	• Human rights management	■	■	■	■	■	GRI 2-23, GRI 405-1,2, GRI 406-1	-
Reinforcing ethical management for the medical industry	8	5	• Responsible marketing • Ethics and compliance management	■	■	■	■	■	GRI 205-3,3, GRI 206-1, GRI 417-2,3	HC-BP-270a,1,2 HC-BP-510a,1,2
Sustainable supply chain management	7	15	• Supply chain management	■	■	■	■	■	GRI 414-1	-
✓ R&D and innovation(development of drugs in consideration of social value)	10	10	• R&D and innovation	■	■	■	■	■	GRI 201-1, 4	-
Workplace safety and health	11	9	• Safety and health	■	■	■	■	■	GRI 403-1,4,9	-
Preservation of the environment around the worksite	16	6	• Biodiversity conservation	■	■	■	■	■	GRI 305-7	-
Environmental resource management	15	7	• Water resource management	■	■	■	■	■	GRI 303-5	-
Reinforcing stakeholder communication and disclosure	2	22	• Stakeholder engagement	■	■	■	■	■	GRI 3-1	-
Eco-friendly pharmaceutical production and packaging	17	3	• Eco-friendly products	■	■	■	■	■	GRI 306-3	-
ESG management decision-making system	4	19	• ESG governance	■	■	■	■	■	GRI 2-12,13,14	-

## Management of Material Topics(1/2)



Environment



Society



Governance

Category	ESG Issues	Opportunities and Risks (Trends)	Daewoong Pharmaceutical's Responses
Society 	Securing talent and improving organizational culture	<ul style="list-style-type: none"> <li>Increased need for recruiting talented people with expertise, supporting employee competency enhancement, implementing talent development strategy, and widespread demand for organizational culture innovation through changing perceptions</li> </ul>	<ul style="list-style-type: none"> <li>Regular recruitment of entry-level and experienced employees and pooling of experienced professionals</li> <li>Operating a job-based pay system that rewards employees based on their capabilities and performance after joining the company</li> <li>Operating the CDP system to provide employees with diverse experiences</li> <li>Various flexible working arrangements; establishment of a system for horizontal culture</li> </ul>
Environment 	Climate change response	<ul style="list-style-type: none"> <li>Demand for actual reduction beyond declaring carbon neutrality and building a roadmap</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of eco-friendly management through ISO14001 certification and maintenance</li> <li>Management of domestic office buildings and worksites by calculating Scope 1 and 2 emissions and setting annual targets</li> <li>Establishment of a plan to develop and purchase eco-friendly materials with business partners (establish an annual development plan)</li> </ul>
Society 	Enhancing drug safety and quality	<ul style="list-style-type: none"> <li>Safety and quality requirements extended for the entire cycle of drug production, from R&amp;D to disposal</li> </ul>	<ul style="list-style-type: none"> <li>Development of clinical research that complies with international ethical regulations</li> <li>Operating a pharmacovigilance system throughout the life cycle of drug development and sales.</li> <li>Realizing product quality management through the quality management system</li> <li>Management of product safety through smart factories</li> </ul>
Society 	Human rights	<ul style="list-style-type: none"> <li>Stakeholder expectations increased for the protection of the human rights of members and stakeholders</li> <li>Growing demand for diversity, equality, inclusion (DE&amp;I) as well as existing human rights issues</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of human rights management principles and human rights codes, and implement human rights education</li> <li>Operating a grievance-handling process that guarantees anonymity.</li> <li>Performing equal and fair performance evaluation regardless of age, race, or gender</li> <li>Operating in-house daycare center and Bear Mart for employment of the disabled</li> <li>Awarded the Best Workplaces certifications and Best Family Friendly Management certification</li> </ul>
Governance 	Reinforcing ethical management for the medical industry	<ul style="list-style-type: none"> <li>Demand for the formation of a corporate culture of anti-bribery and transparency beyond legal compliance is intensifying. In particular, it is necessary to strictly manage issues with high potential for disputes due to the nature of the business, such as R&amp;D-related intellectual property rights and trade secrets.</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of anti-bribery management through ISO37001 certification and maintenance</li> <li>System improvement and education to establish a CP compliance culture centered on the CEO</li> <li>Establishment of an information protection roadmap and implementation of detailed tasks</li> <li>Promotion of information security and personal information protection through simultaneous certification of ISO27001 and ISO27701</li> </ul>
Society 	Sustainable supply chain management	<ul style="list-style-type: none"> <li>The scope of business partner management for building a sustainable supply chain is expanding to include non-financial factors. Demand for reflection of related factors in actual transactions and contracts is increasing.</li> <li>Demand for ESG management support from business partners is increasing</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of an operating system to promote CP compliance for sales agencies (mandatory submission of manuals and anti-briber pledge)</li> <li>Reflecting the results of the assessment of business partner risks and management process when renewing contracts in the future.</li> <li>Establishment of a green supply chain and eco-friendly material development and purchase plan</li> </ul>



## Management of Material Topics(1/2)



Environment



Society



Governance

Category	ESG Issues	Opportunities and Risks (Trends)	Daewoong Pharmaceutical's Responses
Society 	R&D and innovation (development of drugs in consideration of social value)	<ul style="list-style-type: none"> <li>Post-COVID-19, people have higher expectations for the role of business in promoting public health.</li> </ul>	<ul style="list-style-type: none"> <li>Bolstering R&amp;D capabilities through open innovation and cooperation.</li> <li>Development of new drugs for the treatment of incurable diseases such as autoimmune diseases and idiopathic pulmonary fibrosis.</li> <li>Development of drugs through purely domestic R&amp;D work for the treatment of gastroesophageal reflux disease, which is becoming more common as a chronic disease.</li> <li>Various flexible working arrangements; establishment of a system for horizontal culture</li> </ul>
Society 	Workplace safety and health	<ul style="list-style-type: none"> <li>Demand for building a safe workplace has increased due to tighter related laws and regulations such as the Serious Accidents Punishment Act and boosted social awareness.</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of occupational health and safety management through ISO 45001 certification and maintenance</li> <li>Conducting a risk assessment to create a safe workplace.</li> <li>Establishment of employee safety education and emergency response system and implement training</li> <li>Health checkups for employee health management, job stress management, and expert, operation of Heallience Core Exercise Center with specialists, and non-face-to-face medical care for overseas employees</li> </ul>
Environment 	Preservation of the environment around the worksite	<ul style="list-style-type: none"> <li>The need to identify and manage the impact on the workplace ecosystem has increased</li> </ul>	<ul style="list-style-type: none"> <li>Activities to purify nearby rivers through the voluntary participation of employees in the worksite, government, and nearby pharmaceutical companies</li> <li>Management of the environment around the worksite by identifying air pollutants that affect the atmosphere</li> </ul>
Environment 	Environmental resource management	<ul style="list-style-type: none"> <li>It is necessary to manage data on input and output resources such as water and wastewater, waste, and raw and subsidiary materials.</li> </ul>	<ul style="list-style-type: none"> <li>Calculating and managing input and output resources such as water and wastewater, waste, and raw and subsidiary materials in a time-series manner.</li> </ul>
Governance 	Reinforcing stakeholder communication and disclosure	<ul style="list-style-type: none"> <li>Demand for transparency related to non-financial data management and disclosure has increased in line with the raising of global ESG reporting standards such as International Financial Reporting Standards (IFRS) and the EU's Corporate Sustainability Reporting Directive (CSRD).</li> </ul>	<ul style="list-style-type: none"> <li>Classification of stakeholder groups and operating communication channels by group</li> <li>Disclosure through sustainability reports, sustainability reports related to ESG management, and the company website</li> </ul>
Environment 	Eco-friendly pharmaceutical production and packaging	<ul style="list-style-type: none"> <li>Demand for pharmaceuticals that consider not only the eco-friendliness of the drug itself, such as existing green chemicals but also the eco-friendliness of the packaging materials and the eco-friendliness after its recovery is growing.</li> </ul>	<ul style="list-style-type: none"> <li>With eco-friendliness as the key keyword, promoting the elimination of buffers, simplification of plastic containers, and elimination of paper instructions to minimize waste</li> <li>Establishment of an eco-friendly material purchasing plan with business partners</li> </ul>
Governance 	ESG management decision-making system	<ul style="list-style-type: none"> <li>Stakeholders' expectations for advanced operation, such as actual performance and monitoring of implementation, that goes beyond the establishment of an ESG management decision-making system leading to the board of directors and top management, have increased.</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of ESG management strategy and identification of detailed implementation tasks</li> </ul>

## Stakeholder Engagement

Daewoong Pharmaceutical defines and categorizes major stakeholders into executives and employees, stockholders and investors, customers, business partners, local communities, government and local governments, and NGOs, and operates communication channels accordingly. Daewoong Pharmaceutical aims to fulfill its responsibilities to various stakeholders by collecting stakeholders' opinions and applying key issues to overall management.



## 2022 ESG Highlights

Daewoong Pharmaceutical has been generating tangible results through management activities based on its ESG values. The company has delivered environmental performance by establishing emission targets to respond to climate change and fulfilling eco-friendly management through ISO 14001 certification. The company also achieved zero accidents in 2022 based on occupational health and safety management through ISO 45001. By acquiring ISO 37001 certification, the company is further reinforcing compliance and ethical management, which is the basis of enterprise competitiveness. Looking ahead, Daewoong Pharmaceutical will continue to create activities and achievements for sustainable growth, as well as practice ESG management.

### 숫자로 보는 ESG 성과



5%

In order to respond to climate change, we are implementing the goal of reducing energy consumption, water reuse (recycling) rate, and air and water pollutants by 5% per year.

KRW 6.6<sup>bn</sup>

By continuously implementing energy reduction TF activities, we saved about **KRW 6.6 billion** in energy consumption costs from 2012 to 2022.

100%

To build an eco-friendly manufacturing process, freezers and utilities in the factory were replaced with high efficiency, and all lights were replaced with LED to improve equipment.

ISO 14001

**ISO14001** Environmental Management System certification in an international standard for environmental management systems



0 accidents

Daewoong Group achieved company-wide zero accidents by 2022 through health and safety and hazard elimination activities

ISO 45001

**(ISO 45001)** Occupational Health and Safety Management System certification (Hyangnam Plant and Osong Plant)

100.5 million steps

20 million won was donated to children with rare diseases by achieving **100.5 million steps** in total related to the Hopeful Steps Campaign Seasons 1 & 2.

ISO 27001

ISO 27701

Received the information security management system **(ISO 27001)** and personal information security management system **(ISO 27701)** international standards certifications simultaneously



ISO 37001

**(ISO 37001)** Anti-bribery Management System certification

# IMPACT ISSUES

Daewoong Pharmaceutical aims to become a global healthcare group that leads the improvement of the quality of life for its stakeholders. Based on the quality management system and open evaluation, the company continues to take initiatives and realize innovation to develop safe and competitive new drugs. To secure talented people who can realize exemplary performance in all these activities, we will operate various systems and create a good organizational culture for work.

Impact Issue 1.

**23** R&D and Innovation

Impact Issue 2.

**29** Drug Safety and Quality

Impact Issue 3.

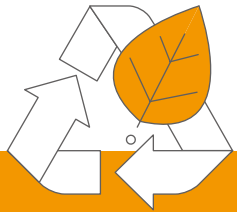
**33** Securing Talent and Improving Organizational Culture



Material Topic

1

## R&D and Innovation



### Key Performance

Bersiporocin (DWN12088) has been granted Fast Track Designation by USFDA for idiopathic pulmonary fibrosis

Fexuclue the 34th new drug, honored with Grand Prize in the new drug development sector of the Korea New Drug Award

Envlo tablet approved for Marketing Authorization in Korea

### Why Does It Matter

#### The Importance of Issue

Based on its belief in patriotism through medicine, Daewoong Pharmaceutical has fulfilled its mission as a pharmaceutical company to protect people's health and create a healthy society by producing good medicine. In order to promote the development of new drugs for patients suffering from diseases, to do something valuable for society, and to create market competitiveness, the company intends to pursue constant challenges and innovations such as introducing and operating an innovative evaluation system with internal and external experts to create products that consider the value of investors, the value of customers who will use our products, and market viability.

### How to Approach

#### Daewoong Pharmaceutical's Approach Method

Daewoong Pharmaceutical is promoting R&D activities through various forms of cooperation to create synergies through new drug development and open collaboration based on the new drug pipeline in consideration of social value. By introducing an open evaluation process, the company is objectively evaluating its portfolio based on an external evaluation system as well as an internal R&D committee, and implementing only research tasks through thorough verification into the new drug pipeline. In addition, the company is accelerating the project because clinical experts, key executives, and researchers hold monthly "development committees" to make quick decisions.

Daewoong Pharmaceutical's open evaluation enhances the possibility of success in the market by considering the perspectives of experts as well as investors as it checks the competitiveness of research projects and improves strategies through external verification.

### What's Next

#### Daewoong Pharmaceutical's Plan

Daewoong Pharmaceutical will continue to develop products that consider social values so that our growth can lead to an improvement in the quality of life for patients and their guardians.

By continuously endeavoring to develop new first-in-class and best-in-class drugs, promoting innovative R&D that can improve market needs and the quality of life of patients, reinforcing the external evaluation system, and creating more competitive drugs, we will leap forward as a global healthcare group.



## R&D Strategy and Performance

### R&D Challenges Distill the Essence of Pharmaceutical Company

Daewoong Pharmaceutical is constantly striving to become a pharmaceutical company that “contributes to improving the quality of life for patients by making good medicines.” Since the establishment of the Central Research Institute in 1983, the company concentrated its enterprise-wide capabilities to realize the essence of a pharmaceutical company through R&D. As a result, we recently succeeded in developing the 34th and 36th new drugs. Looking forward, Daewoong Pharmaceutical will strive to minimize the number of marginalized and suffering patients through the development of more promising new drugs, and serve as a pharmaceutical company that communicates with various stakeholders and dutifully fulfills its social responsibilities.

### Building R&D Capabilities through Best-in-class New Drugs

Through thirteen years of research and development, Daewoong Pharmaceutical received approval from the Ministry of Food and Drug Safety (MFDS) for Fexuclue tablet, a gastroesophageal reflux disease treatment, as the 34th new drug in South Korea in December 2021, and released it in the country in July 2022. Afterward, the technology was exported to Neurogastrx in the U.S. and Haini in China, and the two companies are currently preparing for and conducting Phase 3 clinical trials, respectively.

In November 2022, Envlo tablet, a treatment for type 2 diabetes, was approved by MFDS as the 36th new drug in South Korea, highlighting the company’s successful new drug approval for two consecutive years. Envlo tablet shows promise as the best new drug in its class, demonstrating excellent effects and safety at a dosage that is 30 times lower than existing drugs.

Based on the action mechanism of SGLT2 inhibitor, Envlo tablet is being developed to cover various indications such as obesity, cardiovascular disease, and kidney disease in addition to diabetes. For DWP306001, based on Envlo’s excellent effectiveness for weight loss, Phase 2 clinical trials are being implemented as promising appetite suppressants. DWRX2008, which is being developed through technology transfer to Daewoong Therapeutics, was selected as a national new drug development project in 2022, and Phase 1 clinical trials targeting eye diseases in the form of eye drops are in progress.

Tanfanercept (HL036) is a protein drug that treats inflammatory eye diseases by inhibiting “TNF- $\alpha$ ” that causes inflammation. HanAll Biopharma and Daewoong Pharmaceutical are developing the second Phase 3 clinical trial for dry eye syndrome in the United States. It will be developed to not only treat dry eye syndrome but also several other inflammatory eye diseases such as Sjogren’s syndrome and uveitis in the future. For China, the technology has been exported to Harbor BioMed and development is underway.

### Bolstering Global R&D Capabilities through First-in-class New Drugs

Bersiporocin is a first-in-class PRS (prolyl-tRNA synthetase) inhibitor that directly down-regulates collagen synthesis, a pathological hallmark of fibrosis. Bersiporocin is a novel target in fibrosis, and currently in global Ph2 clinical trial for IPF including US and Korea. Bersiporocin has been granted Orphan Drug Designation and Fast Track Designation in the US by FDA, as well as National New Drug Project by Korea Drug Development Fund (KDDF) in 2022 which provides funding support for the clinical development. In 2023, Daewoong has entered an exclusive licensing agreement for Bersiporocin in the greater China region with CS Pharmaceuticals based in the UK.

DWP213388, an ITK/BTK kinase dual inhibitor, has an action mechanism that inhibits key proteins of T cells and B cells related to autoimmune diseases. Its effectiveness has been confirmed in animal models for various diseases such as systemic lupus erythematosus (SLE), rheumatoid arthritis (RA), atopic dermatitis, and psoriasis, which are severe autoimmune diseases, and Phase 1 clinical trials are currently underway in the United States.



Korea New Drug Development, Fexuclue Receives Grand Prize



Daewoong Pharmaceuticals and CSP Signing Contract

## R&D Strategy and Performance

### Securing Future Growth Engines through New Modality Drugs

To date, mankind has developed drugs for less than 10% of all proteins present in the human body. This means that new drug development opportunities remain for the remaining 90% of proteins. Recently, protein degradation technology and gene editing technology that enable the development of therapeutic agents for protein targets, which were difficult to access with existing technologies, are being developed one after another. Daewoong Pharmaceutical also intends to use its existing new drug development capabilities to develop these new modality drugs as a future growth engine.

### New Generic Drug

Compared to existing protein therapeutics, mRNA therapeutics, whose technology has been proven with the COVID-19 vaccines, can produce target proteins in the body. This means that they do not require separation and purification, and they boast longer durability. Daewoong Pharmaceutical aims to develop LNP, which is needed to transport these mRNA therapeutics into the body, as the optimal new drug in cooperation with the outside world.

### TPD New Drug (Target Protein Degradation)

Existing treatments, which show the desired effects by inhibiting the activity of the target protein, have problems such as resistance development, reduced efficacy, short duration, and lack of selectivity when used for a long time. However, since it degrades and removes the target protein, proteolysis technology can characteristically overcome most of the problems of these inhibitors and target more diverse proteins that could not be targeted in the past. Daewoong Pharmaceutical intends to start developing new proteolytic drugs through joint research on anticancer drugs with Pin Therapeutics, which has expertise in the field of TPD.

### New Drug Development Process

Daewoong Pharmaceutical not only has an internal Research Department but also introduces an external evaluation system to objectively evaluate portfolios and manage research tasks by means of thorough verification. In order to check its viability and refine strategies while disclosing ideas and development progress to the outside world, the company refers to the perspectives of experts as well as investors to increase the chances of success. This external evaluation system is touted as innovative, particularly because it guarantees objectivity.

The evaluation firstly involves reviewing viability from the perspective of research and investment in the New Drug Center and C&D Strategy Team inside the Research Headquarters. Secondly, the technological value being evaluated from the perspective of prominent domestic and foreign new drug researchers; Thirdly, it carries out verification of whether it will be competitive in the global market from the perspective of investors. While inspecting the progress of the entire pipeline, we discuss with various experts about whether to proceed with the R&D project or stop or about what needs to be improved.

Only research projects that have passed this “open evaluation” process can be implemented in the pipeline. To ensure that all of these processes do not end in a short period of time, periodic assessments of subjects are entrusted to the Science Advisory Board, which is composed of top domestic and foreign experts, during the research phase. In regard to the clinical development stage, clinical experts, key executives, and researchers hold a monthly “development committee” and carry out rapid decision-making, thus accelerating progress.



### CASE REPORT

#### Development of Drugs in Consideration of Social Value (1)

#### New Drug Candidates for Autoimmune Diseases

Autoimmune diseases involve malfunction in the body's immune system. These are diseases caused by the body's immune system attacking normal cells inside the body, instead of external invaders such as bacteria and viruses. The causes of autoimmune diseases are unclear. However, as it appears in over 100 forms of disease, it is recognized as an incurable disease. Numerous intractable diseases such as lupus, autoimmune thyroid disease, rheumatoid arthritis, ankylosing spondylitis, chronic active infection, Behcet's disease, chronic thyroiditis, insulin-dependent diabetes, and glomerulonephritis belong to this category.

Daewoong Pharmaceutical is accelerating the development of new drugs to enter the autoimmune disease treatment market. Daewoong Pharmaceutical's autoimmune disease drug candidate, DWP213388, received approval from the US FDA in 2022 for a Phase 1 clinical trial plan (IND), thus raising expectations.

DWP213388 is the world's first innovative new drug (first-in-class), an oral treatment for autoimmune diseases currently being developed by Daewoong Pharmaceutical. Its main feature is that it acts simultaneously on immune cells, B cells, and T cells. Unlike existing treatments that inhibit either B cells or T cells, DWP213388 works simultaneously on both B cells and T cells, providing an excellent effect. With its safety confirmed in the pre-clinical stage, it is raising expectations of the benefits for treatment. Daewoong Pharmaceutical aims to contribute to improving the quality of life through the treatment of intractable autoimmune diseases through the development of new autoimmune drugs.

- Approved as an Investigational New Drug (IND) by USFDA
- An oral treatment for autoimmune diseases currently under development; the company is aiming to develop the world's first innovative new drug (first-in-class).
- Excellent effect as it acts simultaneously on B cells and T cells, with safety confirmed in the preclinical stage



CASE REPORT

## Development of Drugs in Consideration of Social Value (2)

### Gastroesophageal Reflux Disease 'Fexuclue Tab'

It refers to a disease that involves heartburn, or sour and bitter content surging through the esophagus. In the West, it is known as a common disease, with about 20% of adults experiencing these symptoms at least once a week. Recently, the incidence of gastroesophageal reflux disease is on the rise in Korea.

Daewoong Pharmaceutical has launched the Fexuclue tablet, the 34th domestically produced new drug for gastroesophageal reflux disease treatment, and has been covered by insurance benefits since July 2022 according to a notice of the Ministry of Health and Welfare. Fexuclue tablet is the one and only new P-CAB drug in Korea researched and developed with Daewoong Pharmaceutical's proprietary technology. Since it has addressed the disadvantages of existing PPI (Proton Pump Inhibitor) preparations, it characteristically inhibits gastric acid secretion quickly and stably by binding to the proton pump without activation by gastric acid. The Fexuclue tablet is attracting attention as a new treatment in the gastroesophageal reflux disease market due to its strengths, such as fast drug efficacy proven through clinical trials, rapid and excellent symptom improvement, excellent night symptom improvement, ease of administration, low drug interaction, and consistency of drug efficacy. Daewoong Pharmaceutical signed a technical collaboration agreement worth KRW 1.2 trillion for Fexuclue tablets with fifteen countries around the world, including China, the United States, and Brazil, obtained marketing authorization in the Philippines, Ecuador, and Chile by 2023, and is now aiming for approval in more than twenty countries.



## Development of Drugs in Consideration of Social Value (3)

### Bersiporocin as Treatment for Idiopathic Pulmonary Fibrosis

Idiopathic pulmonary fibrosis (IPF) is a progressive lung disease that is characterized by excessive formation of fibrous tissues, which causes hardening of lung and leads to loss of lung function.

It is a fatal disease with the 5-year survival rate less than 40% at diagnosis. As the name "idiopathic" suggests, the cause is unknown. There is no cure for IPF yet, hence the needs for better therapeutic options would continue to rise.

Bersiporocin (DWN12088) is a first-in-class PRS (prolyl-tRNA synthetase) inhibitor that is being developed for a treatment of IPF. It inhibits the activity of PRS enzyme, thereby inhibiting excessive collagen synthesis and release of pro-fibrotic markers, a pathological hallmark of fibrosis.

Bersiporocin has been presenting in various international conferences since 2017, granted FDA Orphan Drug Designations for IPF and Systemic Sclerosis in 2019 and 2022, and granted FDA Fast Track Designation in 2022. Additionally, Bersiporocin was selected as the innovative global new drug development projects in 2019 and 2022 by KDDF and has received funding supports. Currently, IPF Ph2 multi-regional clinical study for Bersiporocin is being conducted including US and Korea. Daewoong will concentrate development and commercialization of Bersiporocin to contribute as a treatment for IPF.

\* Fast Track: "Expedited review system" conducted by USFDA

- A PRS (Prolyl-tRNA Synthetase) protein-inhibiting anti-fibrotic new drug being developed by Daewoong Pharmaceutical
- By reducing the action of PRS protein, which affects the induction of collagen and fibrosis, it inhibits the excessive production of collagen, which is the cause of fibrosis.
- Designated for fast track by USFDA as the first case of a new drug for idiopathic pulmonary fibrosis from South Korea
- Selected as an R&D Pipeline project by Korea Drug Development Fund



## Open Innovation

### Expansion and Reinforcement of R&D through Open Innovation and Cooperation

Daewoong Pharmaceutical's open innovation attracts the best partners by developing competitiveness and becoming a global top company by promoting inclusive growth with partners. In line with this philosophy, the company has been promoting different kinds of open collaboration since 2013. The types of "open collaboration" that Daewoong Pharmaceutical has promoted so far are roughly spin-out, internal corporate venture (outbound), joint R&D model, and mutual growth (inbound) models through strategic investment.

### Internal Corporate Ventures, Spin-offs, JVs

As an internal corporate venture fostering program, "Inno-Bear" has been promoted since 2020. The company established three internal corporate ventures by commercializing the ideas of its employees and connecting them to actual start-ups. Tionlab

Therapeutics is a corporation established in 2021 and specializes in specialized formulations utilizing next-generation drug delivery systems. V1bio, also established in 2021, is a company that develops next-generation microbiome innovative drugs using AI. Founded in 2022, Celta Square is a company that provides professional Pharmacovigilance (PV) services. Its technological excellence was recognized to the extent that it was introduced as a game changer in the pharmaceutical industry on the IBM headquarters website in the United States.

In addition, Daewoong Pharmaceutical established AffyXell Therapeutics, a joint venture with Avacta, a British biotech company, and developed a new cell therapy that overcomes the limitations of existing antibody-based treatments by converging the technologies of Daewoong Pharmaceutical and Avacta in 2020. The company is enhancing its expertise by spinning off IN Therapeutics, a new drug development biotech specializing in ion channels, from the New Drug Center.

### Joint R&D

In the global open collaboration that incorporates artificial intelligence (AI), the company entered into partnership agreements with A2A Pharmaceuticals Inc. and XtalPi, U.S. bio companies, and is carrying out joint research and development of new anti-cancer drugs using artificial intelligence technology. Through strategic investments in promising new drug developers such as Nurron Pharmaceuticals, Alloplex Biotherapeutics, and NEX-I, the company is forging long-term cooperative relationships with partners for new drug development.

### Daewoong Pharmaceutical's Open Collaboration Strategy

#### A value-creator that grows into a global healthcare group through a win-win business model

##### Globalization and Technological Convergence (JV)

- Localization of Daewoong's technology by branching out into countries around the world
- Synergy effect through the convergence of Daewoong's and external technologies and platforms
- Exploring a strategic win-win business structure by focusing on Daewoong's strengths

##### Spin-out & VRDO\*

- Spinning out Daewoong's excellent technology
- Initial L/I of excellent assets followed by NRDO(VRDO)
- Introduce and develop new pipelines
- Creating value with an exit strategy

\* Virtual Research Development Only

##### Daewoong-Industry/University/Research/Hospital Cooperation Model

- Joint research with non-profit organizations such as universities and research labs
- Development of excellent technology through global top industry-university-research-hospital cooperation
- Establishment of a win-win model through the TECH introduction and investment

##### Mergers and Acquisitions of Promising Companies (M&A)

- Acquisition of biotech companies possessing intriguing technology and discover opportunities
- Implementation of advanced technology and human network through M&A
- Through consortium with VC to create investment and new value

##### Company-Builder Accelerator

- Planning, creating, and fostering start-ups
- Creating internal corporate ventures and leading business creation through R&D convergence
- Operating Daewoong Pharmaceutical's company-builder process

## Clinical Stage Pipeline

At the end of December 2022

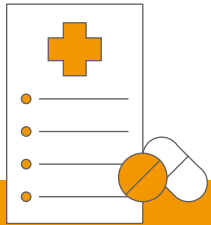
Disease Group	Ingredient/Product	Indications	Stage of Development			
			Phase 1 clinical trial	Phase 2 clinical trial	Phase 3 clinical trial	Authorization-Approval
<b>Digestive organs</b> 	Fexuprazan (Fexuclue tablet)	Erosive esophagitis			U.S.A., China	Korea(2021.12)
		Maintenance therapy for erosive esophagitis			Korea	
		Acute and chronic gastritis				Korea(2022.8)
		Prevention of ulcers caused by NSAIDs			Korea	
<b>Metabolic fibrosis</b> 	Enavogliflozin (Envlo tablet)	Type 2 diabetes (alone)				Korea(2022.11)
		Type 2 diabetes (combined with Metformin)			China	Korea(2022.11)
		Type 2 diabetes (combined with Metformin + DPP4)				Korea(2022.11)
		Type 2 diabetes (combined with insulin)			Korea/Thailand	
	DWP306001	Obesity		Korea IND-ready		
	Bersiporocin	Idiopathic pulmonary fibrosis	FDA FTD	U.S.A./Korea		
		Keloid (SC)	IND-ready			
<b>Autoimmune inflammation</b> 	DWP305401	Ulcerative colitis	China	U.S.A./Korea		
	DWP213388	Lupus, chronic hives, etc.	U.S.A.			
	DWP212525	Pemphigus, atopic dermatitis, etc.	IND-ready			
<b>Ophthalmology</b> 	DWPX2008	Eye disease	Korea IND			
	Tanfanercept	Dry eye disease			U.S.A.	
<b>Dermatology</b> 	DWP708	EGFR inhibitor anticancer drug side effects for skin		Korea		
	DWP709	Bullous epidermolysis	Korea			
<b>Neurology</b>	DWP17061	Chronic pain	Australia			



Material Topic

2

## Drug Safety and Quality



### Key Performance

Zero problems were identified in the Ministry of Food and Drug Safety GCP fact-finding survey for item approval and item approval change in 2022

2022 Achieved 100% compliance related to the submission of reports within the deadline

Silver Award at the National Convention on Quality Control Circles 2022 by Korean National Quality Award (KNQA)

Realization of Smart Factory

### Why Does It Matter

#### The Importance of Issue

Pharmaceutical companies have a social responsibility to ensure the health and safety of the people through preemptive drug safety management and establish an international-level safety management system. Daewoong Pharmaceutical prioritizes customer safety and product quality and strives to ensure the continuous supply of excellent medicines.

### How to Approach

#### Daewoong Pharmaceutical's Approach Method

Daewoong Pharmaceutical has established and operates a quality system throughout the overall product life cycle, from drug development to technology transfer, commercial manufacturing, and product discontinuation. Through an effective monitoring and management system of process performance and product quality, the company ensures the ongoing suitability and capability of its processes. Through realizing improvements, the company enhances its ability to meet quality-related requirements consistently. Our top priority is patient safety, and we comply with the MFDS of South Korea and the regulations of the health authorities and regulatory affairs of the countries where we operate.

### What's Next

#### Daewoong Pharmaceutical's Plan

Daewoong Pharmaceutical plans to reorganize itself so that safety-related decision-making can be carried out more independently and take steps to transform into a systematic and professional organization that meets global standards. In 2023, the company also plans to revise the entire business standard and enact new processes.

Securing product safety and quality is the most important value that Daewoong Pharmaceutical and other pharmaceutical companies must prioritize. Daewoong Pharmaceutical will do its best to enhance its internal system and capabilities to ensure safety and quality.

## Pharmacovigilance

### Pharmacovigilance System

Daewoong Pharmaceutical's pharmacovigilance organization monitors information related to product safety through a pharmacovigilance system throughout the life cycle of drug development and pre-sales. Information on the safety and efficacy of all marketed products is collected through various channels, including spontaneous reports, literature searches, and clinical studies through post-marketing surveillance, and detected adverse events are reported to Regulatory Authorities in accordance with regulations. These pharmacovigilance activities comply with the pharmacovigilance reporting obligations of global regulatory authorities and are conducted in accordance with the internal pharmacovigilance-related standard operating procedures and domestic and international regulations.

### Pharmacovigilance Training

Daewoong Pharmaceutical is conducting pharmacovigilance training on the importance of pharmacovigilance and the collection of adverse events. Also, we provide this training to all employees once a year and stipulate that it is mandatory for new employees. In addition, we are conducting additional training for related departments (QA, call center, medical information team, etc.) that are closely related to the collection of adverse events.

### Pharmacovigilance Activity

Daewoong Pharmaceutical has a standard operating procedure for pharmacovigilance and conducts pharmacovigilance tasks according to the standard operating procedure. An adverse event reporting system is operated on the website to collect adverse events and other safety information that is the basis of pharmacovigilance tasks, through which employees and consumers can easily report. The collected data is accumulated after data processing in the safety database and used for drug-related risk analysis.

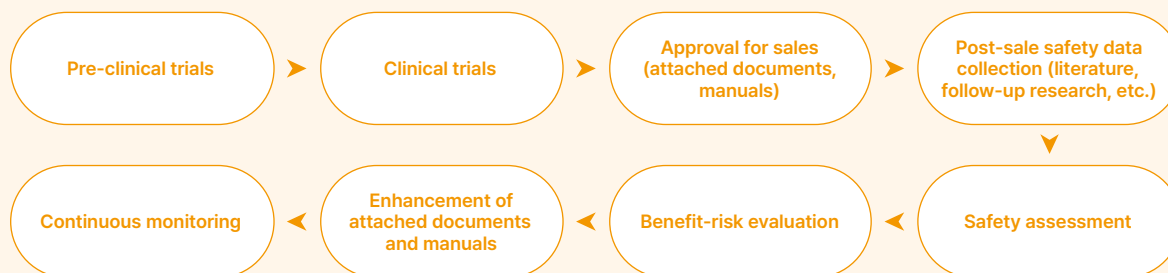
According to the RMP (Risk Management Plan) document conditionally submitted at the time of approval, we continuously monitors changes in the risk of products set at the time of approval and regularly monitors whether new or potential risks are discovered. Also, we promote risk minimization measures by distributing instruction manuals for pharmaceutical professionals and patients when necessary. In addition, we enters into a Safety Data Exchange Agreement with customers and stakeholders handling its products to exchange safety information and take necessary risk minimization measures.

### Key Achievements and Plans

Daewoong Pharmaceutical received two inspections related to the Ministry of Food and Drug Safety's Good Clinical Practice (GCP) for product approval and product approval change in 2022, and it found no problems related to pharmacovigilance. This shows that Daewoong's clinical PV task is being carried out systematically and effectively according to the standard operating procedure and plans. In 2022, Daewoong's pharmacovigilance organization achieved 100% reporting compliance by submitting safety-related reports required to maintain domestic and international products approval to the relevant regulatory authorities within the deadline. Daewoong Pharmaceutical conducts a benefit-risk evaluation of drugs through regular safety reports such as PSUR (Periodic Safety Update Report), DSUR (Development Safety Update Report), and PADER (Periodic Adverse Drug Experience Report), and continuously monitors whether there is a new safety profile.

Daewoong reorganized itself in January 2023 to make a pharmacovigilance organization with increased independence. We changed the pharmacovigilance reporting line to direct reporting to the headquarters, allowing more independent decision-making on safety. As such, Daewoong's pharmacovigilance organization is taking steps to transform itself into a more systematic and professional organization that meets global standards, and we plans to revise its overall the standard operating procedure in 2023. In particular, we plan to establish procedures related to safety signal detection required by global regulatory authorities such as the European Medicines Agency (EMA) in the EU. We plan to systematize the process of deriving meaningful results from the collected safety information, and establish the standard operating procedure so that necessary measures such as reporting to regulatory authorities and descriptions of precautions for use can be carried out promptly.

#### Pharmacovigilance activities covering the life cycle of drugs



## Product Stability Management

### Quality Management Strategy

Daewoong Pharmaceutical has established and operates a pharmaceutical quality system throughout the entire product life cycle, from drug development to technology transfer, commercial manufacturing, sales, and product discontinuation. The company has established a system to provide products with appropriate quality attributes to meet the needs of patients, regulatory agencies, and other internal and external customers. Furthermore, the company has developed and utilized an effective monitoring and management system for process performance and product quality. In doing so, we ensure the ongoing suitability and capability of our processes and, through continuous improvement, improve our ability to consistently meet quality-related requirements. By combining various IT systems, we also establish an effective and successful management strategy through knowledge management and quality risk management.

### Quality Management System

Daewoong Pharmaceutical prioritizes customer safety and product quality and strives to ensure the continuous supply of excellent medicines. The Osong plant has established a closed system and an automated system that fundamentally prevents artificial errors in each manufacturing process to produce high-quality medicines. Moreover, the factory has acquired a quality management system (QMS), an electronic document management system (EDMS), a laboratory information management system (LIMS), a manufacturing execution system (MES), a total maintenance management system (TMMS), warehouse management system (WMS), and production management system (PMS) for quality control and manufacturing/environment management to realize and operate a smart factory (Level 4). Through these efforts, the company is perfectly responding to the data integrity guidelines, which has recently become a hot topic in the pharmaceutical industry. As a result of advancing smart factory quality management such as big data and machine learning, we were externally recognized for producing the best pharmaceuticals by creating tangible results, such as when we won the Silver Prize for the Smart Factory category at the National Convention on Quality Control Circles 2022.

### Quality Assurance Process

Daewoong Pharmaceutical has established a pharmaceutical quality system based on the entire life cycle of its products and ensures quality through the activities of the quality assurance (QA) department and the quality control (QC) department.

The QA department reviews quality-affecting factors throughout the manufacturing process, and reviews and approves standard operating procedures (SOPs) and manufacturing records to make excellent medicines. Furthermore, the department manages the GMP\* documents covering the life cycle, permits manufacturing processes, and manages production in accordance with manufacturing and quality control standards. It is also implementing systematic and advanced quality education to bolster the GMP competency of employees on the quality system. Lastly, the department is operating to more effectively enact improvements to the quality system through regular self-inspection.

In order to comply with legal regulations, the QC department conducts tests and standard management related to production from raw materials used in manufacturing pharmaceuticals to packaging materials and final finished pharmaceuticals. In addition, the department plays a leading role in manufacturing excellent pharmaceuticals and quality control systems through pre- and post-marketing stability testing, analytical method validation, testing equipment management, manufacturing environment monitoring, and water testing.

\* GMP (Good Manufacturing Practice): Regulatory Standards and Guidelines necessary for managing all processes, from raw material procurement to manufacturing and distribution, to enable the production of high-quality pharmaceuticals in the factory

### Reinforcement of Quality Assurance Capability

Daewoong Pharmaceutical is strengthening its quality assurance capabilities through repeated and continuous training so that all members in charge of GMP can properly perform manufacturing and quality-related tasks. The company conducts regular GMP training and departmental OJT according to the annual training plan. For new employees, the company provides introductory training, GMP training, GMP Policy training, and on-the-job training to ensure that they are all equipped with the appropriate capabilities for the job.

In addition, the company has arranged that employees must complete qualification training and verification for the job prior to being put into production and quality testing. Also, the company conducts detailed training and evaluation to achieve product quality assurance and smooth operation of the quality system so that employees become familiar with the changed content, even when various procedures such as internal regulations and SOPs are changed. By operating training programs focused on strengthening employees' competencies according to the internal quality system, such as statutory training and external training, we strive to provide quality training so that each employee's competency can be boosted.



## Product Stability Management

### Daewoong Pharmaceutical Osong Plant as a Smart Factory

Daewoong Pharmaceutical completed the Osong Plant as a smart factory in 2017 and has been operating it to reduce pollution in the pharmaceutical manufacturing process and ensure high-level pharmaceutical quality control at the cGMP\* level. Daewoong Pharmaceutical's Osong Plant operates a state-of-the-art IT system, including a closed system that fundamentally prevents artificial errors in each manufacturing process and a quality management system (QMS) that automatically saves major product process data in real time, strengthening our capability to manage drug quality in line with global demand. It is capable of producing 2 billion tablets of dosage form for solid preparation and 600,000 vials of injections per year, which means that it has the capacity to supply medicines to about 9 million patients per day, based on one oral tablet per person.

The Osong Plant implemented an automated system for the entire plant process, from raw material warehousing to finished product shipment. So, the factory secures safety through 24-hour real-time monitoring of all processes, such as increasing production efficiency and blocking external exposure in all processes.

### State-of-the-art automation of all processes

Osong Plant, which has achieved state-of-the-art automation of all processes, including raw material manufacturing and packaging, acquired smart technology for all production processes of pharmaceuticals, from raw material warehousing to weighing, granulation, tableting, sorting, and packaging, and eliminates contamination and errors that may occur artificially at the source. In addition, the factory secures data integrity to prevent accidental or intentional alteration of data by digitizing all processes.

\*cGMP(Current Good Manufacturing Practice): Pharmaceutical manufacturing and quality management standards recognized by USFDA

### "Cutting-edge IT System" for Quality Medicines

The Osong plant acquired and has operated a state-of-the-art IT system at the forefront of the industry to ensure data integrity. It is an IT system, which automatically stores key process data in real-time, and is composed of the Quality Management System (QMS), Laboratory Information Management System (LIMS), Manufacturing Execution System (MES), and Electronic Document Management System (EDMS). Intervention is blocked to ensure data reliability. Through a system that automatically controls a building or facility, consisting of the Environmental Management System (EMS), the Building Management System (BMS), the Internet of Things (IoT) that monitors the movement of objects 24 hours a day, and an unmanned washing system, the factory can monitor and control whether the entire process runs smoothly. In addition, all products are transported through laser-guided vehicles (LGV) and vertical transport systems (VTS) from supply to cleaning. Packaged finished products are classified by a robot system and moved to a car warehouse, where their production, packaging, and logistics are automatically handled without human intervention.

### Bolstering Smart Quality Capabilities

Daewoong Pharmaceutical operates in-house expert courses, self-learning circles, etc. through which employees can learn essential elements for building a smart factory, such as big data, machine learning, and AI, to strengthen employee capabilities. The Ursa Major quality circle of the Osong plant won the Grand Prize in the smart factory category and the commendation from the Chungcheongbuk-do Convention on Quality Control Circles 2022. The factory was recognized for its excellence after analyzing the work hours for each smart process through Daewoong AI Big Data Academy (DABA) and deriving desired improvements such as the acquisition of a laser printing function.

### Osong Plant Production Process





Material Topic

3

## Securing Talent and Improving Organizational Culture



### Key Performance

Stable operation of a job-based pay system(Introduced as the first such instance in the industry in 2017)

Employee engagement in the workplace increased for 3 consecutive years (2020–2022)

Awarded the Best Workplaces 2022 certifications by Great Place to Work (GPTW)

The first pharmaceutical company to be selected as the Supreme Family-friendly Company 2022

## Why Does It Matter

### The Importance of Issue

The pharmaceutical industry requires a great deal of time and support from various research personnel, from phased clinical trials to approval and reaching patients who need medicinal drugs. In this environment, Daewoong Pharmaceutical was able to continuously grow in the industry. This is because we support the growth of individual employees in a company culture that secures competent employees and demonstrates their capabilities. Daewoong Pharmaceutical is doing its best to grow the right people, that is, talented people with growth potential, and to provide them with an optimal working environment.

## How to Approach

### Daewoong Pharmaceutical's Approach Method

Daewoong Pharmaceutical has acquired and operated a job-based pay system in which individual performance regardless of age, length of service, gender, and nationality is evaluated to recruit talented individuals with growth potential. In addition to the HR system for fostering secured talent, the company is continuously analyzing and improving its company culture through certification by an externally recognized authority to create a good organization where talented people can take pride in their work.

## What's Next

### Daewoong Pharmaceutical's Plan

Daewoong Pharmaceutical is striving to prepare various recruitment systems to secure the best brains and provide the best environment in which the best-talented professionals can immerse themselves in the organization.

In order to become an organization that can satisfy its employees, the company plans to further enhance the Feedback System for Talent Development, including the CDP system, and thoroughly promote fair performance evaluation centered on individual capabilities and performance. We will also upgrade surveys to better understand employee needs and satisfaction.

Daewoong Pharmaceutical is striving to create a culture that can create results by securing the best minds and supporting their engagement in the workplace. To this end, the company has been implementing various systems and programs in line with the three perspectives of acquiring the right people with growth potential, establishing an HR system that drives employee growth, creating a good work culture, and remaining committed to improvement and development.

## Firstly, Acquiring the Right People with Growth Potential

Daewoong Pharmaceutical is working hard to acquire the right people with growth potential who learn, communicate, and cooperate. Regardless of age, length of service, gender, and nationality, the company employs new and experienced employees with a focus on job expertise through online and offline recruitment. By building talent information in advance through in-house recommendations and its website, the company enables timely recruitment of suitable talented professionals. In addition to recruitment information, Daewoong Pharmaceutical provides information for job seekers by posting the recruitment process, know-how, and job descriptions in the newsroom on the website.

People we want



Daewoong Pharmaceutical introduced a job-based pay system as the first such instance in the pharmaceutical industry in 2017 and supports the attraction of talented people by fairly evaluating them based only on individual capabilities and performance, not on seniority from years in employment or position. Achievement Gap Reduction Program, which seeks advice from experts in related fields to improve employees' work capabilities, provides a talent pool that can help recruit relevant career positions, making it easier to adapt to work and organizations after hiring.

### Acquiring the Right People with Growth Potential

#### On/offline regular recruitment

- (Entry-level) Daewoong Group internship program
- (Experienced) Annual recruitment

#### Talent pooling

- Beefing up the right talent attraction at the right time

#### Provide diverse job information

#### Implementation of a job-based pay system

- A fair performance evaluation system that evaluates only individual capabilities and performance
- Increase the chance of attracting the right people with growth potential
- Creation of job-based promotion opportunities through Feedback System for Talent Development and change & innovation task evaluation

#### Achievement Gap Reduction Program

- Pooling experts in the field
- Provision of necessary support in a timely manner through the guidance of experts in the field when employees work



## Secondly, HR System That Drives Growth

Daewoong Pharmaceutical believes that the growth of individual employees has a higher value than the growth of the organization. These values can be confirmed through the Daewoong Way, which shows the direction Daewoong is going and the culture in which Daewoong people work.

The CDP system is a career development program that supports the enhancement of individual employees' capabilities through new work experiences rather than existing work and provides an opportunity to take on new challenges and also makes them to find what they are good at. In order to prevent unnecessary confusion or trial and error that may occur during job transfer, the company provides job introduction materials to applicants in advance or conducts training on the job, actively helping them to challenge themselves in other job areas. In particular, the CDP system has a positive effect on close collaboration with other departments.

The "monthly Feedback System for Talent Development" is a system that can directly support the growth of employees, breaking away from the organizational evaluation system linked to compensation. Daewoong Pharmaceutical employees set individual and team goals at the beginning of the year. At this time, in order to set a high goal that all employees can agree on, the leader and team members brainstorm together, share the established goal, and have a bottom-up process to check whether the organizational goal and the employee goal are aligned. Each team leader then holds monthly one-on-one meetings with the members to provide feedback on how they need to grow to achieve individual and team goals.

In addition, we support various training programs such as Daewoong AI & Big data Academy, cyber training center, external training, global talent program, and Inno-Bear in-house venture development program that can support growth, and the company operates an optimal HR system for employees to grow. Daewoong Pharmaceutical's efforts were externally recognized in 2020 when the company won the Grand Prize for the private enterprise sector, Best Human Resources Developer (Best HRD) Certification (2020~2023).

### The Daewoong Way



#### Growth

We aim to help you grow into the industry's best professionals.



#### Spontaneity

We provide an environment in which people can spontaneously engage in their work.



#### Performance

We focus on working properly to get a great outcome.

### Daewoong Pharmaceutical's Unique Talent Development Program

Systems and Programs	Description
<b>Career Development Program (CDP)</b>	Provide employees with opportunities to work in various departments of their choice for their growth
<b>Feedback System for Talent Development</b>	Continuously manage performance so that employees can achieve their goals and grow through regular nurturing feedback on a monthly, semi-annual, and annual basis.
<b>Achievement Gap Reduction Program</b>	Bolster work competencies through communication with external experts
<b>Daewoong AI &amp; Big data Academy (DABA)</b>	Incorporate digital innovation into work and help grow into future talented professionals by learning data analysis skills using AI & big data
<b>Global Talent Program</b>	Enhance the global mindset and professional capabilities through support for education in local language and culture, visits to overseas branches, and experiential work
<b>Inno-Bear In-house venture fostering program</b>	Provide institutional support to employees with original ideas, skills, and passion to help them realize their dream of founding a venture.

### Unique HR That Drives Growth

#### CDP (Career Development Program) system

- Career development program supports employees so that they can take on new tasks
- Reinforcement of individual competency through various work experiences

#### Feedback System for Talent Development

- Provide feedback for regular monthly, semiannual, and annual development
- Conduct regular monthly development feedback so that employees can achieve their goals and grow
- Promote mutual support and collaboration through absolute evaluation

#### Diverse educational support

- Daewoong AI & Big data Academy (DABA)
- Support through external education
- Inno-Bear in-house venture development program
- Support from Cyber Training Center
- Global talent program

## Thirdly, an Immersive Work Environment

As a “great place to work,” Daewoong Pharmaceutical is creating a “culture of working and resting properly” based on the spontaneity of its employees and promoting work-life balance.

Notably, the company has abolished all positions for horizontal and flexible company culture. The company is maximizing performance by offering a variety of flexible work systems, such as part-time and flexible work that adjusts the amount of work as needed, and telecommuting that allows work to be carried out at one’s own home or near one’s residence to suit their own circumstances.

To promote the free use of leave by employees, the company basically does not ask for reasons for using leave. Employees are free to take breaks and take breaks without testing the waters, such as stepping-stone holidays (for company-wide official holidays), summer vacations (company-wide official holidays), holidays related to occasions for congratulations and condolences, and long-term refresh vacations.

To help employees improve work efficiency through health check-ups, the company operates the Healice Core Exercise Center. Here, employees can take care of their own health and become more immersed in their work by utilizing the Healthcare Clinic app, who provides one-on-one assistance from the checkup stage to follow-up care for continuous health management, and an exercise program during work hours.

To create a family- and female-friendly environment, the company provides capsule rooms for female employees, so female employees can comfortably breastfeed their babies or take a break during work hours. Through the operation of a unique premium daycare center (Little Bear), only Daewoong Pharmaceutical enables employees to immerse themselves in their work and achieve results without worrying about career breaks and childcare.

Through organizational culture certification by an externally credible institution, the company identifies employees’ satisfaction with the organization and identifies strengths and weaknesses of the organization. Accordingly, the company has acquired the Best Family Friendly Management certification from the Ministry of Gender Equality and Family in 2008, and in 2022, it became the first pharmaceutical company to be selected as the Supreme Family-friendly Company. Since 2019, the company has been awarded the Best Workplaces in Korea certification by Great Place to Work (GPTW), and it has identified trends in organizational satisfaction and reflected them in system supplementation.

Moving forward, we plan to periodically conduct and analyze our own organizational culture diagnosis survey to further improve employees’ organizational satisfaction and improve it, and we will also expand our participation in global standard organizational culture certification.

### An Immersive Work Environment

#### Horizontal and flexible organizational culture

- Adoption of the “nim” title system for all employees including the CEO
- Provide various flexible work systems

#### Welfare system for work-life balance

- Operating a health care program for the health of members: “Healthcare Clinic” app, Healice Core Exercise Center with professional instructors, health management through psychological stress counseling
- Guaranteed rest with a long-term refresher vacation
- Free use of vacation

#### A culture that respects maternity protection and diversity

- Operate the Little Bear in-house daycare center
- Provide a capsule room for female employees to rest
- Respect diversity by creating jobs for the disabled at “Bear Mart”

#### Diagnosis of organizational culture through a trusted institution

- Awarded the Best Workplaces certifications by Great Place To Work (GPTW)
- Awarded the Best Family Friendly Management certifications by the Ministry of Gender Equality and Family for 4 consecutive years

Image of the Best Workplaces certifications by GPTW



Image of the Best Family Friendly Management certification for 4 consecutive years



# ESG MANAGEMENT & PERFORMANCE

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# ESG MANAGEMENT & PERFORMANCE

## Environmental

Since 2019, Daewoong Pharmaceutical has acquired the international standard certification for environmental management systems (ISO 14001), attesting to its possession of an environmental management system that complies with global standards. Also, Daewoong Pharmaceutical has set and operates annual targets to reduce carbon emissions and pollutants. We intend to actively respond to climate change through the development of eco-friendly materials and eco-friendly packaging with our business partners.

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## Climate Change Response

### Energy and Greenhouse Gas Reduction

#### Climate Change Response Directions

Due to climate change, severe weather phenomena such as heat waves, droughts, and floods occur in many parts of the world, including Europe, Asia, and Africa, raising awareness among mankind. Governments and companies around the world are actively responding to climate change through the "2050 Carbon Neutral Declaration."

Daewoong Pharmaceutical is promoting activities such as carbon emission and energy reduction to respond to climate change. By establishing energy reduction targets, the company periodically monitors energy conservation, carbon emission reduction, and related company-wide activities to check for improvement and supplementation.

#### Company-wide Energy Reduction Task Force Activities

Daewoong Pharmaceutical is operating energy reduction workshops and activities, which were previously operated monthly, are now online (once a quarter) due to COVID-19. When the COVID-19 issue is resolved in the future, the company plans to actively develop its activities. Daewoong Pharmaceutical formed an energy reduction task force in 2012, and through continuous efforts and activities, it saved about KRW 6.6 billion in energy costs by 2022. Daewoong Pharmaceutical wants to join the international commitment to carbon neutrality, reduce fossil fuel consumption, and expand investment in eco-friendly energy facilities to continuously reduce carbon emissions.

#### Climate Change Response Directions

1

##### Operation of Company-wide Energy Reduction TF

Energy cost savings of about KRW 6.6 billion from 2012 to 2022

2

##### Activities to Reduce Carbon Emissions and Energy

- Introduction of high-efficiency facilities
- Elimination of energy waste
- Acquisition of new eco-friendly technology

3

##### Increasing Renewable Energy Use

Establishment of solar power generation facilities

#### Carbon Emissions Reduction and Energy Saving Activities

To build an eco-friendly manufacturing process, Daewoong Pharmaceutical has improved its facilities by replacing freezers and utilities with high-efficiency products or 100% LED lights. The company is working to improve the process, replacing pulleys in air conditioners (one of the power transmission devices which changes the direction of the force or reduces the size of the force by hanging a string or chain on the wheel), installing large-capacity motor inverters, and controlling the speed among other efforts. In order to eliminate energy waste in the process, the company saves energy consumption by intermittently operating air conditioning facilities, which are facilities that purify the air and adjust it to a constant temperature and humidity before supplying it to the room. By recycling waste heat and preventing leakage of steam, water, and electricity, the company minimizes waste.

#### Increasing the Use of Renewable Energy

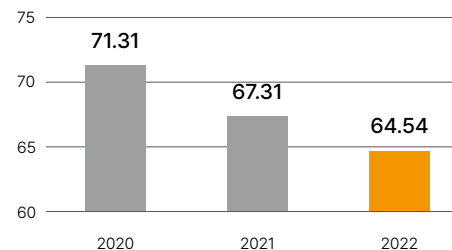
To expand the use of renewable energy, Daewoong Pharmaceutical is installing solar module power generation facilities. After receiving business approval in October 2021, the company built a total of KRW 330 million worth of power generation facilities on the rooftop space of the manufacturing building and the roof floor of the wastewater treatment plant at the Hyangnam Plant. The installation reduced greenhouse gas emissions by approximately 12 tCO<sub>2</sub>eq, which is expected to continue to rise. HanAll Biopharma is also expanding the installation of solar power generation facilities.

#### Climate Change Response Performance

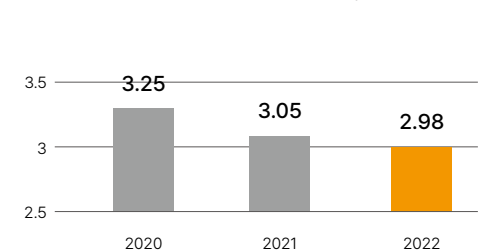
Daewoong Pharmaceutical has been managing energy use and carbon emissions to properly respond to climate change. Compared to sales in 2021), energy consumption has decreased for three consecutive years to 64.54GJ/KRW 100 Million, and carbon emissions have also decreased for three consecutive years to 2.98tCO<sub>2</sub>eq/KRW 100 Million. Daewoong Pharmaceutical will continue to actively participate in responding to the growing threat of climate change.

##### Basic Unit of Energy Consumption

(Unit : KRW 100 Million)



##### Basic Unit of Carbon Emission

(Unit: tCO<sub>2</sub>eq/KRW 100 Million)










## Minimized Environmental Impact

### Environmental Management System

#### Environmental Management

Daewoong Pharmaceutical pursues zero accidents through eco-friendly management, such as reducing carbon emissions and pollutants. The company realizes environmental management that complies with regulations and established procedures with a thorough sense of responsibility and active participation in fulfilling the duties of all employees. The company minimizes the negative impact on the environment by systematically establishing and operating the management procedures and processes in accordance with the ISO 14001 Environmental Management System and preemptively responding to environmental problems and climate change that may occur in the product manufacturing process.

#### ISO 14001 Certification - Environmental Management Systems

 <p><b>An international standard that certifies items such as the impact of a company's business field on the environment and compliance with laws and regulations during the year</b></p> <p>Daewoong Pharmaceutical's Hyangnam Plant and Osong Plant are operated by certifying them under the international environmental management system standard and then integrating it into the plants</p>	 <p><b>Greenhouse Gas Reduction Activities</b></p> <p>Through activities to reduce energy consumption, such as energy-saving activities, process improvement, and acquisition of high-efficiency facilities, the company is reducing greenhouse gas emissions per KRW 100 million in sales every year.</p>	 <p><b>Waste Recycling</b></p> <p>As the company is improving management methods and procedures to improve the recycling rate of waste used in its worksites, the recycling rate is increasing every year.</p>
 <p><b>Energy Saving Activities</b></p> <p>In order to reduce the amount of energy used in the plants, the company formed a company-wide energy reduction task force in 2012. It has since been actively in operation, saving about KRW 1 billion/year of energy recently among others.</p>	 <p><b>Water Reuse</b></p> <p>By reusing effluent from the reverse osmotic system (RO) for manufacturing, the company is working to reduce wastewater discharge.</p>	 <p><b>Tighter Control</b></p> <p>Through regular inspection and improvement of hazardous chemical handling facilities used in the workplace, the company maintains the facilities for handling and storage. In addition, we conduct emergency response drills every year to prepare for spills.</p>

Daewoong Pharmaceutical realizes a safe workplace by incorporating environmental safety and health activities for each worksite into the EHS Management Committee, responding to climate change, minimizing environmental impact, and removing risk factors. In addition, in order to manage environmental performance every year, it aims for a 5% increase over the previous year.

#### Organization of the EHS Management Committee





## Minimized Environmental Impact

### Energy Consumption Management and Reduction

#### Energy Management System

In order to reduce energy consumption to respond to climate change, Daewoong Pharmaceutical sets an annual 5% reduction target and strives to achieve it. In 2023, the company will eliminate potential waste and continue to acquire energy-saving devices. Furthermore, we plan to practice ESG management by raising employees' energy-saving awareness and encouraging their participation through various DIDs and promotional materials in the office building.

#### Energy Reduction Activities

Daewoong Pharmaceutical is promoting activities such as installing energy-saving devices that can reduce energy consumption and eliminate wasteful factors with the aim of saving energy.

Daewoong Pharmaceutical's Osong Plant installed an electric power saver, cooling tower pe-cooling system, fan motor in the air conditioner, heat pipe, etc. to minimize power loss and increase energy efficiency, and additionally installed an electric vehicle charging station. Osong Plant has been recognized for its state-of-the-art smart factory at the cGMP level, the highest level of GMP created by the USFDA, through the establishment and operation of goals for eco-friendly manufacturing processes every year.

Daewoong Pharmaceutical's Hyangnam Plant reduces energy use and costs by participating in the DR project (Demand Response, a business that sells the electricity saved by customers to the electricity market through demand management companies and shares sales profits with customers and demand management companies), connecting to emergency generators, installing solar panels, installing lighting sensors in common spaces, installing power savers, and replacing aging facilities. By increasing the number of electric vehicles charging stations from one to eight in 2023, the company satisfies its employees and responds to the needs of visiting customers.

In 2022, the Life Science Research Center succeeded in reducing city gas consumption by more than half compared to the previous year by implementing the run-stop operation of once-through boiler units (OTU) and has implemented energy consumption reduction activities by turning off the power during times when equipment is not needed. In addition, the company plans to implement an energy-saving system for all employees during the summer when electricity consumption is high and the winter season when steam consumption is high.

Daewoong Bio reduced 35,250kw of electricity by installing solar power generation facilities and replacing 141 lights in the workplace with LED lights, thus saving 27,166kw in 2022. In particular, the Seongnam Plant is preparing to install a solar power generation system and build a state-of-the-art eco-friendly smart plant with quality equivalent to LEED certification eligibility.

#### Water Resource Management System

Daewoong Pharmaceutical aims to improve the reuse (recycling) rate by 5% every year and is making company-wide efforts to achieve it. As the business expands, the company is installing water reduction devices in production facilities to improve water reuse rates and increase quantities of water-saving equipment in office buildings.

In 2022, Daewoong Pharmaceutical's water consumption was 26.50 ton/KRW 100 million, which was down from 28.18 ton/ KRW 100 million, the figure in 2021. The company aims to actively manage water resources by increasing the rate in which water is reused and reducing the overall capacity.

#### Water Consumption Management and Reduction Activities

By installing water-saving devices in washbasins, adjusting the amount of water in washbasins on all floors, and adjusting the timer of the urinal flush sensors, the company intends to thoroughly manage the water used in daily life. Daewoong Pharmaceutical's Osong Plant and Hyangnam Plant select and reuse concentrated water that underwent reverse osmosis at the level of drinking water. Daewoong Bio reuses reverse osmosis water generated from water purification facilities and reduces water consumption in production facilities. As it is used to replenish indirect cooling water, Daewoong Bio has reduced 2,703 tons of water\* consumption thanks to the water-saving effect related to utility cooling. It plans to continue to promote the process by obtaining permission to reuse wastewater discharge facilities.

\* Accumulated number from the summer of 2022 to December of 2022

## Minimized Environmental Impact

### Management and Reduction of Waste and Pollutants

#### Waste Management

In order to reduce the environmental impact caused by waste generated in the course of its business activities, Daewoong Pharmaceutical complies with the Waste Management Act and thoroughly manages it. In the case of hazardous (designated) waste disposal, which itself is hazardous waste that may contaminate the surrounding environment, the company strives to have a minimal impact on the local community by separately managing the waste in compliance with legal procedures and giving priority to recycling processing companies when designating a consignment agency that handles hazardous waste.

The Bio Scientific Research Lab is establishing a virtuous cycle of resources by changing the air conditioner filter from the existing regular type to the refillable type to reduce the purchase cost and disposal amount due through frame reuse. Daewoong Bio established waste recycling measures and achieved a hazardous waste recycling rate of 95% in 2022. To reduce the amount of waste and increase the recycling rate, Daewoong Pharmaceutical will continue to monitor and manage these tasks.

#### Management of Air Pollutants

Air pollutants are steadily managed within the legal permission standards through self-measurement and monitoring. The amount of nitrogen oxides generated in 2022 decreased, compared to the previous year, due to reduction measures following the increase in nitrogen oxides among the total emissions of the previous year. In order to prevent environmental pollution caused by the deterioration and corrosion of dust collectors, HanAll Biopharma plans to reduce air pollution emissions by replacing dust collectors in 2023.

#### Management of Water Pollutants

Daewoong Pharmaceutical regularly measures pollutants in wastewater including influent and treated water and manages indicators. Furthermore, the company analyzes wastewater generated by each production process and complies with the permissible standards for discharges through a specialized treatment company entrusted with the job. Since the total amount of water pollutant discharge has increased compared to the previous year, the company will make efforts to eliminate biological risks that may occur in the process through the establishment of a reduction improvement plan and reduce the level of contamination during discharge.

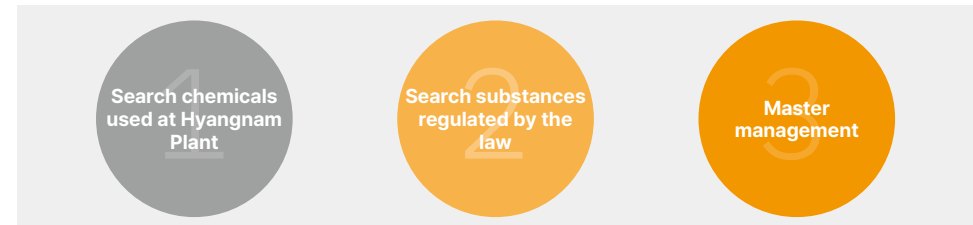
### Chemical Management

#### Hazardous Chemicals Management System

Daewoong Pharmaceutical has developed and is operating the industry's first integrated chemicals management system (ACEL: Accident prevention, Cost reduction, Efficiency, Legal compliance), which automatically selects regulated chemicals. By legally and safely managing the chemicals that it handles, the company prevents serious accidents such as acute poisoning and maximizes work efficiency through automatic selection.

Notably, Daewoong Pharmaceutical's Hyangnam Plant was recognized for its excellence in safety and health management, including the development of an integrated chemical management system, and its achievements have been recognized through the job manager's Prize for industrial accident prevention and the grand prize at the presentation contest for best practices in workplace health management.

#### Integrated Chemicals Management System



Daewoong Bio updates the chemical accident prevention plan every year and has established and manages a response plan for major chemical accidents. The company sees to it that its workplaces notify residents of chemical spills and check the scope of impact when handling hazardous chemicals or changing facilities in the workplace. In the event of a major chemical accident, the company discusses its provision of manpower and financial support to the industry and promotes chemical safety community activities. The company installs detectors at locations where hazardous chemicals are handled and stored and installs CCTVs in all areas of its worksites for 24-hour monitoring.

#### Hazardous Chemical Substance Safety Training

Daewoong Pharmaceutical is conducting safety training to raise awareness of the dangers of chemicals for employees and workers who manage and handle hazardous chemicals. In particular, Daewoong Pharmaceutical's Hyangnam Plant is doing its best to prevent serious chemical accidents involving hazardous chemicals by creating teaching plans for safety and health guidebooks and conducting special training on safety, health, and chemical substances for new employees.

## Minimized Environmental Impact

### Preserving Biodiversity

#### Environmental Conservation Activities

Daewoong Pharmaceutical is promoting environmental preservation activities to purify the surrounding environment within its worksites. Daewoong Pharmaceutical's Hyangnam Plant is striving to contribute to the creation of a clean environment and the conservation of biodiversity in the local community by carrying out activities to clean up the local environment. Through these voluntary environmental clean-up activities, the company builds a cooperative network between local government offices and companies in the pharmaceutical industry and fulfills Daewoong Pharmaceutical's social responsibilities toward the local community. Daewoong Pharmaceutical will continue to expand its environmental conservation activities as a company that practices ESG management and fulfills its social responsibilities through the voluntary participation of its employees.



### Responding to Environmental Accidents

#### Environmental Accident Response Training Scenario

Daewoong Pharmaceutical strives to improve coping capabilities and minimize property and human damage through emergency response activities such as the prevention of spills of pollutants involving chemical spills and emergency rescue based on the environmental accident response scenario.

#### Emergency Response Scenario



1. Check for hazardous substance spills



2. Assemble the safety environment emergency response team and assign a mission



3. Cordon off and control the scene of an accident



4. Prevent and recover hazardous material spills

#### 1 Detecting situations

✓ First discoverer

- Hazardous materials leaked from the storage warehouse and flowed into the wastewater drain in the industrial complex, contaminating wastewater and soil.
- The first discoverer immediately notifies the team leader or supervisor

#### 2

#### Waste oil leaks from designated waste storage

✓ Environment manager

- The first discoverer removes the absorbent cloth from the dangerous substance storage warehouse, blocks the leakage of dangerous substances to other places, and immediately reports the situation to the office.

#### 3

#### The person in charge of waste detects the situation

✓ Mechanical team leader

- The safety environment response team is immediately dispatched to the scene, and the team leader takes charge of the situation at the scene of the accident.
- Identify the status of water pollution in adjacent areas and drainage channels, and report the situation to the head of the mechanical team.

#### 4

#### Identifying the extent and situation of contamination

✓ Environment manager

- Since contaminants have penetrated the water collection tank, completely remove the source of contamination using a submersible pump.

#### 5

#### Contamination spread prevention completed

✓ Environment manager

- After preventing spread, remove the contaminated soil and put it in ton bags. After stacking them in a makeshift yard with a tent on the floor, immediately request a waste disposal truck to dispose of them as waste.

#### 6

#### Analyzing the cause after the situation ends

✓ Mechanical team leader

- Investigate and analyze the leak so that the problem does not occur again in the future.

## Eco-friendly Products

### Development of Eco-friendly Drug Materials

Daewoong Pharmaceutical and Daewoong Bio, jointly with CutisBio, a bio venture, are developing drug materials through eco-friendly microbial biosynthesis processing technology that can replace the drug materials based on conventional technologies of chemical synthesis and animal-derived extraction. Daewoong Pharmaceutical signed a memorandum of understanding, promising to cooperate in the development and commercialization of eco-friendly sustainable drug materials using synthetic biology technology and bio-foundry.

Synthetic biology is an eco-friendly technology that uses *Escherichia coli* and yeast in synthesis, unlike the existing petrochemical-based organic synthesis technology. Through the development of eco-friendly catalysts, including biocatalysts that can minimize carbon dioxide (CO<sub>2</sub>) emissions, the technology is drawing attention as a game changer in the decarbonization era that can reduce waste such as organic solvents generated from existing organic synthesis reactions.

To this end, Daewoong Pharmaceutical and Daewoong Bio select candidate drugs that require conversion from petrochemical synthetic or animal-derived drug materials to eco-friendly biosynthetic



materials and evaluate their marketability. In order to convert selected candidates into eco-friendly sustainable materials, CutisBio uses synthetic biology technology and bio-foundry to develop commercial strains and processes. Daewoong Pharmaceutical will become a game changer that will revolutionize the existing market of chemical synthesis-based technology by securing synthetic biology technology through the development of eco-friendly drug materials.



### Purchasing Eco-friendly Materials

Daewoong Pharmaceutical has established and implemented a plan to purchase eco-friendly packaging materials when purchasing raw materials in 2022. To this end, Daewoong Pharmaceutical and its suppliers of materials will research, apply, and acquire eco-friendly materials together to establish an eco-friendly business model and achieve mutual growth with material suppliers. Daewoong Pharmaceutical intends to establish and implement a joint technology development support system by establishing a plan to purchase eco-friendly materials according to type and stage, conduct research, collect suggestions on the acquisition of eco-friendly materials from business partners, and divide and manage them as core business partners according to their initiatives.

We strive to realize common development, as well as work with our business partners to share environmental pollution prevention activities and awareness of resource and energy reduction. We also strive to obtain environmental certification in a bid to build an eco-friendly business, improve profits through our eco-friendly efforts, build trust, and establish business relationships.

### Plan to Purchase Eco-friendly Materials

2022	Change consumable materials to eco-friendly materials	→ <b>box tape and ice pack</b>
2023	Government, Ministry of Food and Drug Safety e-label, manual, etc.	→ <b>implement the project for manuals and labels</b>
2024	Plans to reduce eco-friendly materials, thickness, and paper consumption; minimize overpacking, etc.	→ <b>implement the project for cases and boxes</b>
2025	Development of eco-friendly material container, minimization of volume ratio, and application of container reduction	→ <b>implement the project for containers</b>



## Eco-friendly Products

### Eco-friendly Packaging

#### Reduction of Product Waste

To meet the growing demand for pharmaceuticals to take environmental impact following the retrieval of packaging materials, Daewoong Pharmaceutical is concentrating its capabilities on minimizing the impact on the environment in the process of separating and discharging products after use. Daewoong Pharmaceutical considers actions and plans for continuous improvement toward eco-friendly packaging materials that do not affect pharmaceutical product quality and safety.

The company is minimizing its impact on the environment through the removal of cushioning packaging materials in bottle containers that are less effective and discharged as waste, simplification of containers to solve plastic problems caused by non-standardization, and removal of unnecessary instructions in the packaging.

#### Increased Use of Eco-friendly Packaging Materials

In order to reduce waste emissions by not only saving packaging materials but also expanding the use of eco-friendly packaging materials, the company is trying to figure out ways to facilitate separate discharge. Regarding the adhesiveness of the product labels, the company promotes the use of eco-friendly labels and manuals, and has already changed its logistics packaging materials, as well as replaced eco-friendly tape and buffer vinyl with natural pulp materials.

#### Removal of Sponge and Plastic Buffer Packaging Materials

After collecting opinions from its employees and practicing pharmacists suggesting that the buffer used in bottled products is not needed for product safety, Daewoong Pharmaceutical promoted the removal of the buffer. The complete elimination of buffer packaging materials has resulted in reducing the consumption of sponge, plastic, and vinyl materials, used as raw materials for packaging, and reducing packaging waste generated during the product consumption process.

#### Reducing Discharges of Plastics with Simplified Containers

In an attempt to solve the problem of unused inventories created using various types of plastic containers without a unified standard for product packaging, Daewoong Pharmaceutical has eliminated potential waste by simplifying containers. Through this simplification process, the company has optimized the volume ratio for each product by simplifying the existing 31 types of containers to 10 types (6 types of caps for common use). Through simplification, the company could reduce 1.85 tons in annual HPDE plastics emissions by 2022. Daewoong Pharmaceutical intends to actively reduce the number of plastics used by distributing the containers, currently used only by Daewoong Pharmaceutical, to all group companies.

#### Removed "Ursa Complex 120C" Instructions

Daewoong Pharmaceutical derived "eco-friendly" as its main keyword for packaging materials to provide excellent medicines and explored ways to change packaging materials for its products into eco-friendly types. To this end, the company had eco-friendly packaging methods proposed through a packaging fair and collected feedback suggesting the removal of paper instructions for the Ursa Complex 120C, among different improvement methods. Through this, the company has reduced 84,000 sheets for the paper manual (A5 size) annually and delivered eco-friendly performance by saving four trees per year.

Going forward, Daewoong Pharmaceutical will continue to provide excellent medicines by changing existing packaging materials into eco-friendly methods through various improvement methods such as removal, modification, and integration, and by exploring more eco-friendly approaches when developing new products.





# ESG MANAGEMENT & PERFORMANCE

## Social

Daewoong Pharmaceutical aims to fulfill its social responsibilities to various stakeholders through its own management and business-based activities. The company has developed and provides safe and reliable products and services and realizes customer satisfaction through communication and improvement processes with customers. By acquiring ISO 45001 certification, the company prevents various disasters and accidents that threaten safety so that its members can demonstrate their capacities in a safe and happy workplace. In addition, the company has introduced and operates various talent development programs. Through quality control for the sustainability of business partners and community activities related to business, we intend to fulfill the mission of Daewoong Pharmaceutical while promoting social responsibility activities and contributing to society.

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## Clinical Research Safety and Ethics

### Clinical Trial Ethics

#### Compliance with the International Code of Ethics for Clinical Trials

All clinical trials of Daewoong Pharmaceutical is complying with domestic and international ethical regulations and prioritize the safety of clinical trial participants. The company fulfills its responsibilities and obligations and complies with regulations, complying with the International Council for Harmonization (ICH) guidelines and the Declaration of Helsinki on the ethical principles of human subject medical research to ensure the safety and protection of the rights and interests of clinical trial participants and confidentiality. The company conducts clinical trials after obtaining approval from the Ministry of Food and Drug Safety and the relevant country's regulatory affairs before conducting clinical trials.

#### Clinical Trials Transparency

Daewoong Pharmaceutical's clinical trials strictly comply with the guidelines of the Ministry of Food and Drug Safety (MFDS) and the

countries where they are performed. The company ensures transparency in clinical trials by collecting all the data related to clinical approval, submitting it to regulatory affairs such as the Ministry of Food and Drug Safety and USFDA, and when serious adverse reactions occur during the clinical process, sharing the findings with the Ministry of Food and Drug Safety reporting it. According to the progress of clinical trials, information on interventional studies conducted by Daewoong Pharmaceutical is registered and disclosed on NeDrug operated by MFDS, and clinical trial information websites operated by the National Library of Medicine, in compliance with the disclosure requirements for the clinical trials.

#### Pursuit of Clinical Trial Diversity

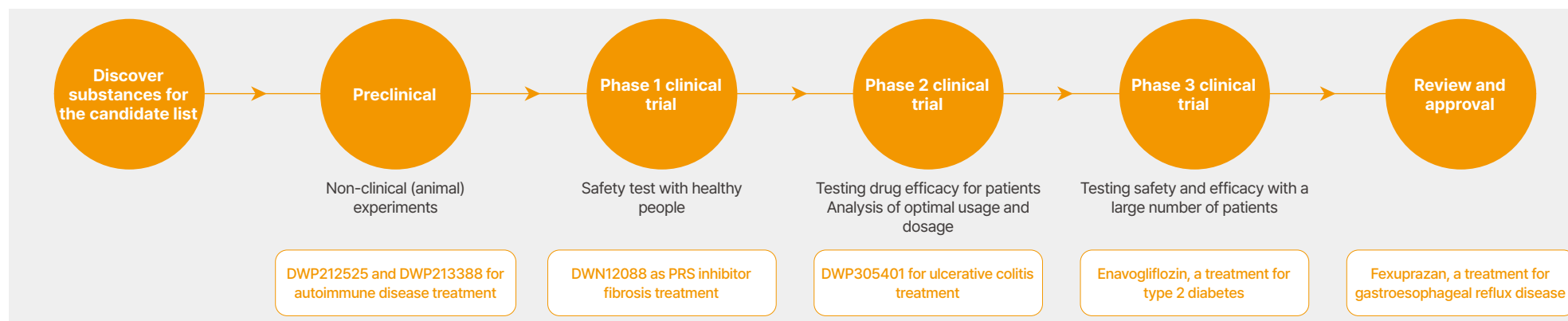
By conducting clinical trials not only in Korea but also in many countries abroad, Daewoong Pharmaceutical collects participant data such as race, ethnicity, age, and gender to promote diversity. By conducting various clinical trials in multiple countries, including clinical trials for new drugs for idiopathic pulmonary fibrosis that the company is developing, the company seeks to promote diversity of race and ethnicity in various communities.

### Safety of Clinical Trial Participants

Daewoong Pharmaceutical has a system in place to protect the safety and rights of all clinical trial participants. The company manages trials to ensure that trial participants are participating with their voluntary consent after fully understanding the risks and benefits. In addition, the company protects subjects by establishing clear standards and procedures to compensate for damages that may occur during clinical trials.

In addition, the company is doing its best to detect adverse reactions to clinical trial drugs as quickly as possible and provide updated information to trial participants and researchers. It is stipulated that all reports of adverse reactions are scrutinized by qualified medical personnel. By periodically analyzing safety data for each product, the company manages risks by identifying adverse reactions and possible safety signals, both clinical and non-clinical.

### Daewoong Pharmaceutical's New Drug Pipeline by Clinical Phases



## Clinical Research Safety and Ethics

### Ethical Policy of Animal Experimentation

Daewoong Pharmaceutical is conducting various studies to help humans and animals be free from the suffering of disease. With this in mind, animal experimentation is still a key factor in proving safety and effectiveness. Daewoong Pharmaceutical has established a management system based on the process of compliance with the ethics of animal experimentation and conducted periodical animal experimentation ethics training to raise awareness of those in charge of participation in research.

### Reviewing Ethics of Animal Testing

Daewoong Pharmaceutical has established the Animal Experiment Ethics Committee in accordance with the IACUC (Institutional Animal Care and Use Committee) standard operating guidelines established by the MFDS and operates it complying with the Animal Protection Act and the Laboratory Animal Act. The IACUC conducts fair deliberation on animal testing ethics by operating a separated organization different from the researchers participating in the study. Daewoong Pharmaceutical's IACUC consists of five members, including two external members with expertise and one internal member, a veterinarian, and provides advice on the suitability of work systems and standard operating procedures occurring in animal laboratories through regular meetings twice a year, enabling continuous improvement. In addition, IACUC promotes the suitability of research ethics and the objectivity of experiment results through periodic post-approval monitoring (PAM).

Deliberation of the ethics of animal experiments is proceeded based on the 3R (Replacement, Reduction, Refinement) principle, and animal testing plans that respect the dignity of animal life are approved.

In addition, Daewoong Pharmaceutical appointed an in-house veterinarian in 2022 and completed the registration of a full-time veterinarian to comply with the regulations related to the handling of veterinary drugs required for animal experiments. The full-time veterinarian participates in the deliberation stage of animal testing

at IACUC, identifies the necessity and adequacy of drug use, and directs the legal supply of drugs by issuing prescriptions if necessary. These activities are recognized as essential elements for animal experimentation ethics and animal welfare since they mitigate the suffering of animals in animal experimentation.

For animal experimentation that is outsourced, IACUC operation is evaluated as a basic factor in selecting a service provider entrusted with the task, and it gives top priority in selection to companies that have obtained AAALAC (The Association for Assessment and Accreditation of the Laboratory Animal Care International) certification, the most advanced animal welfare certification.

### Enhancing Safety of Laboratory Animals

Daewoong Pharmaceutical emphasizes the ethical aspect even in clinical trials for companion animals in pursuing the goal to develop veterinary drugs. As in non-clinical studies using laboratory animals, our clinical trials comply with the deliberation of IACUC and regulatory affairs. In addition, the company has secured a series of procedures for guardians to voluntarily participate in research and withdraw when necessary. All studies are carefully reviewed for efficacy and adverse reactions, and a reporting system, which enables immediate response when adverse reactions are reported, is in place to prioritize the safety of companion animals. Daewoong Pharmaceutical requires all personnel involved in animal experiments to complete statutory training related to animal testing ethics and is creating an in-house culture that complies with animal testing ethics.

### The 3R Principles for Ethical Animal Experiment

#### The 3R principles of animal experimentation proposed by Russel and Burch in 1959

##### Replacement of animal experiment



Animal experiments should be replaced with inanimate objects such as machines and computers (complete substitution), and methods using organisms with relatively lower or no sentience such as microorganisms or plants (relative substitution).

##### Reduction in the number of experimental animals



It refers to minimizing the number of experimental animals used. Researchers should use minimal experimental animals that can obtain meaningful data based on scientific evidence.

##### Refinement of experiment method



It refers to improving the experimental method and environment to cause minimal pain and stress to animals during the experiment. If pain in experimental animals is expected, it includes preemptive use of painkillers or euthanasia.

## Responsible Marketing

### Directions for Implementing Responsible Marketing

#### Operation of Fair Trade Compliance Program

Daewoong Pharmaceutical aims to grow into a global healthcare group based on a unique compliance (CP) culture. By expanding compliance with the Fair Trade Act and the Subcontracting Act, the company improves indicators related to unfair trade and unfair competition and subdivides and effectively achieves the company's fair trade policies and goals, and increases the value of the group by upgrading the compliance culture to the next level. Acquiring the ISO 37001 Anti-bribery Management System certification in 2018, Daewoong Pharmaceutical is further reinforcing its compliance operation through renewal in 2021 and its first follow-up management evaluation in February 2023. In addition, the company is building a compliance culture that centers on the CEO, and all employees can abide by it. By creating compliance regulations and SOP (Standard Operating Procedure), publishing CP handbooks and guidebooks, and continuing compliance education and publicity for employees, we are striving to create a culture in which we can take the initiative to abide by the laws.

#### Compliance Program with Ethical Marketing

Daewoong Pharmaceutical conducts monitoring in cooperation with the Compliance Team during marketing activities to solidify its compliance operating system. By conducting ethical marketing activities and strictly regulating promotional and advertising-related activities, we contribute to enhancing customer value and creating a fair competitive environment within the industry.

### Upgrading the CP Promotion System

#### Directions for CP Promotion

Daewoong Pharmaceutical is operating various communication channels while bolstering the operating system, preparing related regulations, training, and monitoring system to spread CP culture for responsible marketing.

Applying the zero-tolerance principle to violators when unfair trade or unfair competition-related operations are discovered, the company checks all marketing activities that incur costs through sales/marketing sites and cost monitoring systems. By strengthening the compliance operating system, the company requires prior approval from the Compliance Department when invoicing marketing expenses to prevent violations, and prepares a report on the results after expenditure. During the monitoring process, the company reviews all of the Pharmaceutical Affairs Act, the Medical Appliances Act, the Anti Graft Law, the Fair Competition Code, the Fair Trade Act, and other compliance-related regulations. The Compliance Department conducts thorough pre- and post-monitoring activities to prevent violations of the rules by thoroughly conducting training in this process and related laws. Marketers are penalized for violations of the code.

#### Compliance Monitoring Process



#### Security Information Monitoring System (SIEM) for Card Usage Violation

In order to prevent administrative burden caused by post-monitoring of the details of previous visits, the company incorporates pre-monitoring to reduce unnecessary work accompanying card use violations. In addition to pre-monitoring, we will increase the utilization of SIEM by applying this pre-sign detection-alarm mechanism to various compliance fields.

#### Preparing the Compliance Guide App

By preparing a compliance guide app that can be used in sales and marketing, the company is preparing to introduce a chatbot using FAQ so that decision-making can be made regarding simple SOP standards and situations that occur. The big data and AI response to the task of answering questions will enable the reduction of man-hours required for the existing question-answer work and bring greater focus on work performance.

#### Upgrading Income and Expenditure Report System

The company has enhanced monitoring efficiency by upgrading the revenue and expenditure report system. In line with the fact-finding survey on the preparation of expenditure reports and the expenditure detail disclosure system (2023), which are implemented in accordance with the revision of the Pharmaceutical Affairs Act (2021), which can be a starting point for improvements in the pharmaceutical industry, the company plans to promote strict supervision of expenditure report preparation activities. Through this new system that will be implemented, we are preparing for active compliance operation by preventing legal sanctions and punishment as well as disputes with medical personnel.

## Responsible Marketing

### Preparing Specific Criteria for Punishment of Violations

By subdividing the criteria for punishing different types of compliance violations, the company has established specific criteria for punishment that corresponds to the responsibility of each performer and manager. By upgrading the process for providing samples, we have improved the efficiency of routine work.

### Sales Agencies Participating in Fair Trade Compliance

Establishing a compliance operating system for the contract sales organizations (CSOs), receiving a fair trade agreement through revision of the standard contract, and providing training and related materials, Daewoong Pharmaceutical operates a shared service to ensure that sales partners also join compliance with fair trade. Furthermore, the company will check and supplement the completeness of the CSO compliance operating system and create manuals so it can be practiced in the field. We want to prepare detailed procedures and manuals for each step of due diligence → contract → receipt of pledge → preparation of compliance guide for business partners → training → monitoring, etc., and upgrade them so that it becomes practically operable. In addition, the company conducts compliance training for all its business partners, receipt of pledges, and regular due diligence and plans to establish criteria for monitoring compliance and reflecting on any issues that arise in future contract reviews to be safe from risks involved in performing as a trustor or trustee.

### Spreading Compliance Culture

#### Disseminating and Spreading Compliance

Daewoong Pharmaceutical is sharing the current information on the industry and compliance system through various in-house channels to spread the compliance culture. In addition, the company is expanding communication with employees of related departments by phone and e-mail, and through compliance Q&A bulletin boards.

#### Reinforcing Compliance Training

Daewoong Pharmaceutical provides programs for training and encouragement suitable for new hires, shift workers, compliance managers, and compliance practitioners. Going forward, the company plans to supplement the training program to internalize compliance for all employees, create an environment where they can voluntarily check and learn, and increase the effectiveness of training and education suitable for each target person.

For sales and marketing, the company designates compliance training as a mandatory course twice a year and also increases the effectiveness of training by conducting a compliance training test. For new hires and shift workers, the company makes it mandatory to complete training using the cyber training center's curriculum which is built as a regular training course so that there is no gap. Through training in current industry trends, Daewoong Pharmaceutical's compliance SOP, and cases of violation on a semi-annual basis, the company intends to provide effective training. In addition, compliance regulations for business partners are separately organized so that the company can provide more in-depth training than before. In addition, we plan to enhance the effectiveness of education by organizing tests for the curriculum provided by the cyber training center.

#### Strengthening Motivation

In order to establish a more enhanced compliance culture, the company intends to systematically operate an incentive system and penalty system so that field employees can actively participate as members of the company. By planning a way to use the prize money that drew up according to the expense plan, the company motivates employees by awarding departments that demonstrate excellent compliance. Moreover, the company is supplementing the system so that the company can be alert to violations of regulations by implementing the existing detailed penalties operation plan through imposing penalties on violators according to its zero-tolerance principle.

#### Corruption Risk Assessment and Tighter Management

Even though Daewoong Pharmaceutical is implementing activities to identify and manage major risks related to unfair trade and unfair competition, the company will immediately make any improvements desired through institutional revisions until the Rate of violation is reduced to 0%. In addition, the company performs follow-up management after ISO37001 certification, through continuous risk assessment every year, and the company discovers deficiencies in the system and contributes to establishing new policies.

The company-wide corruption risk is evaluated every year according to the anti-bribery management system manual and the corruption risk procedure. Corruption risk identification factors include unfair trade under the Fair Trade Act, cartels, and abuse of the market dominant position.

For the control measures (mitigation measures) for the risk factors identified during the corruption risk assessment, the company also evaluates effectiveness according to the effectiveness evaluation criteria. The residual levels of the mitigated risks are subject to final evaluation, and we will continue to respond to identify major risks.



## Information Security and Personal Data Protection

### Information Security Policy

Since it enacted the information security policy and the guidelines/procedures under it in 2017, Daewoong Pharmaceutical has been sharing them with all those involved in the company's business, including employees, affiliates, and business partners, and encouraging their compliance with them. In order to meet the company's smart office environment and the security requirements as demanded by global partners, the company has significantly consolidated the Information Security Regulations in 2022 into one policy, five guidelines, and eight procedures in their upgrade to the international standard level. To protect "botulinum toxin preparation technology" as the technology of its "NABOTA inj.," which corresponds to the national core technology designated by the Ministry of Trade, Industry, and Energy, the company enacted the "National Core Technology Protection Guidelines" in 2021. The company's information security policy and guidelines are continually revised at least once a year to reflect recommendations from supervisory/regulatory affairs and changing business processes and are reported to the senior management through the Information Security Deliberation Committee. The Information Security Regulations are available on groupware for company-wide awareness so that all executives and staff members of Daewoong Group can abide by them.

### Information Security System

In order to enhance its external reliability involving its overseas partners in line with global business expansion, Daewoong Pharmaceutical acquired ISO 27001 Information Security Management System certification and ISO 27701 Security Techniques certification, in February 2022. This is greatly significant in that the company has established a world-class information security and personal information risk management system to protect customers' personal information (in clinical trials) as well as important in-house information, and has built a work environment for safe pharmaceutical manufacturing, production, and R&D. In 2023, we plan to bolster the information security system by promoting the revision of the Information Security Regulations that establishes a "risk assessment manual."

### Information Security Goals

Enhancing Business Competitiveness	The company protects information, information systems, and facilities so that employees can use them whenever they need them, and build an environment in which they can concentrate on their work.
Enhancing Legal Risk Management	As a company with the country's core technology in biotechnology, we operate an industrial security management system that complies with the Industrial Technology Protection Act. In order to protect customers' personal information such as clinical data and medical personnel information, which is integral to a pharmaceutical company, we operate a personal information security management system that can respond to the personal information protection laws of major countries such as South Korea, the U.S., and the EU.
Enhancing Safety for Sales Information	As a pharmaceutical manufacturing/sales company, we protect research/development/production information exchanged with our partners and conduct activities to eliminate leakage risks.

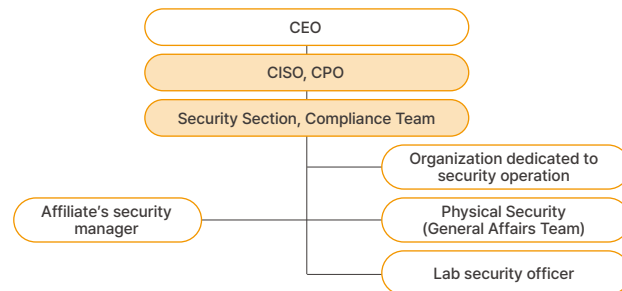
### The Information Security Roadmap

Improvement Area	Time Period	Short-term ..... 2022	Mid-term ..... 2023	Long-term ..... 2024~
1 Information security governance	1-1	Raising awareness of information security		
	1-2	Reinforcing information security organization operation		
	1-3	Implement procedures to verify and improve the effectiveness of internal control operations		
2 Smart office security	2-1	Establishment of asset identification and protection system		
	2-2	Reinforcement of internal information leakage control		
	2-3	Building a safe remote work environment		
	2-4	Reinforcing physical data leakage control		
3 Prevention and control of cyber breaches	3-1	Reinforcing production and manufacturing facility security control (OT security)		
	3-2	Reinforcement of access authority management		
	3-3	Removal of system vulnerabilities and strengthening of security settings		
	3-4	Establishment and implementation of change management procedures		
	3-5	Reinforcement of third-party supply security		
4 Cyber breach response capability	4-1	Reinforcing responses to vulnerabilities and malicious codes		
	4-2	Strengthening accident monitoring and response		
5 Personal information protection and control	5-1	Establishment and execution of a personal information security management system		
	5-2	Reinforcing personal information trustee management		
	5-3	Security management by the life cycle of personal information		

## Information Security and Personal Data Protection

### Organization Dedicated to Information Security

Daewoong Pharmaceutical oversees information protection in the Security Section of the Compliance Team under the direct control of the CEO. In order to advance the information security management system, activities for "operating the information security management system," "reinforcing worksite infrastructure security," and "boosting employee security awareness" are organized into "security planning," "compliance operation," "personal data protection," and "employee change management." In addition, Daewoong Co., Ltd.'s dedicated security organization provides shared services to Daewoong affiliates, helping each affiliate to operate the same level of information security management system as Daewoong Pharmaceutical has. In 2023, the company will advance its security policy to prevent data leakage caused by overseas partners. In addition, we plan to revise the Information Security Regulations to enable a company-wide response by reviewing risks related to information security and personal information protection at the Board of Directors, the highest decision-making body.



### Personal Data Protection

Daewoong Pharmaceutical is doing its best to protect customers' valuable personal information in line with the Personal Information Protection Act. By disclosing the "Privacy Policy" on its website, transparently disclosing information such as the purpose of personal information processing, personal information processing and retention period, the current status of entrustment, CISO (Chief Information Security Officer), contact information, etc., the company is committed to protecting the rights and interests of its customers.

### Security Incident Prevention and Response Activities

Daewoong Pharmaceutical is implementing security incident prevention and response activities to improve awareness and response to security threats. Through simulation training related to malicious mail that is conducted once a year for all employees, the company boosts security awareness and responsiveness. To raise data security awareness, the company implements regular training every year for all employees. The company further encourages raising awareness of data security appropriate for each job position, such as conducting customized security training for industrial technology personnel and salespersons according to the industry. In addition, Daewoong Pharmaceutical also performed customized security training for partner developers who develop and maintain its systems.

### Protection of "Botulinum Toxin" Designated as the National Core Technology

The production technology for Daewoong Pharmaceutical's self-developed botulinum toxin preparation (NABOTA) has been designated as a "National Core Technology" by the Ministry of Trade, Industry, and Energy.

National Core Technology is a technology that has such high technical and economic value in domestic and foreign markets or high growth potential of related industries, that if leaked abroad, it may have a significant adverse effect on national security and the development of the national economy. Daewoong Pharmaceutical participated in the "Biotechnology Industry Security Council" composed of the National Intelligence Service, the Ministry of Trade, Industry and Energy, and major bio companies to assist in establishing industry guidelines that address the technology security issues that may arise during the export of botulinum toxin. In recognition of this, the head of the Nabota Center at Daewoong Pharmaceutical received the Minister's Award from the Ministry of Trade, Industry and Energy in 2021.

Through Daewoong Pharmaceutical's continuous security investment and management system operation, Daewoong Pharmaceutical's national core technology protection level as evaluated by the National Intelligence Service is continuously rising.

### 2022 Remarks & 2023 Progress

Daewoong Pharmaceutical's data security was carried out freely under monitoring rather than under control in accordance with the smart office security principles. Daewoong Pharmaceutical has blocked the external information leakage path through a harmful website-blocking solution to prevent automatic uploading of in-house data to the cloud while employees are not aware of it. In December 2022, Daewoong Pharmaceutical reduced the risk of data leakage within the company by applying a company-wide policy to block web cloud and non-business sites.

Daewoong Pharmaceutical responds to the amendments to the Act on Promotion of Information and Communication Network Utilization and Information Protection, etc. and the Personal Information Protection Act, which are tightened every year, through continuous policy revision, the introduction of security solutions, and employee training. In 2023, the company will continue to strive for information security and thereby increase external reliability by maintaining ISO 27001 and ISO 27701 certifications. We will contribute to creating corporate value by identifying and preemptively establishing the level of security required by regulators and overseas partners in step with the group's expanding business.



⌘ Screen saver  
 ⌘ Security Training in 2023

## Customer Satisfaction

### Customer Satisfaction Strategy

#### Customer Satisfaction Strategy

Daewoong Pharmaceutical built its strategy on its mission to provide total solutions (drugs and services) that can contribute to improving the quality of life of customers in the most valuable way and on our responsibilities and obligations to our customers within our Code of Ethics.

#### CS System Structure

For customers who use our products, Daewoong Pharmaceutical operates a consumer counseling center. Dedicated personnel is placed there to respond to inquiries about product information, purchase, exchange/refund, and abnormal cases, so the center focuses on quickly answering customer questions and minimizing complaints. Telephone numbers (landlines), website inquiries, main email address, etc. Customer reception windows are diversified and contact points are selected for communication for customer satisfaction in different categories such as patients, consumers, product collaboration, and sales. The information acquired for processing is managed through the system and product quality, service improvement work, etc. are continuously enacted with the accumulated information and according to the VOC operation plan.

#### Vision

Global healthcare group that leads improvement of quality of life

#### Strategy

- In response to inquiries raised by customers (pharmaceutical experts, consumers, etc.) who use its products, the company intends to provide relevant information quickly and accurately.
- By identifying customer needs, we aim to contribute to client satisfaction through improvement activities.

#### VOC System

Daewoong Pharmaceutical discovers complaints and desired improvements in various processes such as development, production, manufacturing, distribution, and sales through CS activities, and applies them to products. To ensure user convenience and safety, we have reviewed and applied changes to product packaging, labeling improvement, container improvement, and tablet size reduction to contribute to customer satisfaction.

#### CS Promotion Activities

##### Increasing the Packaging Unit in Non-prescription Drugs

By increasing the number of products packaged in a pain reliever product as one of the household medicines (from 10 pcs to a large quantity of 30 pcs), the company improved consumer convenience and contributed to higher satisfaction. By reducing packaging waste involved in purchasing 10-pc products repeatedly and choosing a compact size that is easy to carry, the company has improved satisfaction by expanding the range of choices for consumers who need to use the product repeatedly.

##### Non-prescription Drugs Sales Information

After reviewing identified customer needs through phone inquiries, Daewoong Pharmaceutical has applied the information to its website, but customer requests for Daewoong Pharmaceutical's over-the-counter drug sales information kept coming. Recognizing this, we brought up the need to establish a "Find a pharmacy" on our website through the Public Relations Team and completed its posting.

##### Renewal of Prescription Drug Packaging

A number of requests for improvement have been received for reasons such as deterioration in readability by product and volume of prescription drug packaging. In order to improve this, the company has considered customer convenience as a priority through the identification of products of concern for mix-ups, drugs, consultation, etc., and applied improvements sequentially. These efforts are expected to improve product reliability and enhance consumer safety.

#### Customer Communication

The Customer Service Section collects various opinions and suggestions received through Daewoong Pharmaceutical through telephone, website bulletin board, and e-mail. In order to manage and process the received matters, the company periodically checks the status of the persons in charge and related departments. For opinions that require a reply, we report the processing results back to our customers.

#### 2022 Remarks

##### Prompt and Active Reflection of Customer Opinions

We have received complaints about leakage due to damage to the suspension pouch. Daewoong Pharmaceutical inspected its manufacturing facilities and held a meeting with related persons to identify the possibility of occurrence and promptly came up with how to prevent the recurrence of the problem. In this process, the company enhances the recognition and satisfaction of pharmacies and the Korean Pharmaceutical Association officials through quick replies, thorough cause investigation, and recurrence prevention measures. The results were reported in an article in K-Pharm News.

#### 2023 Progress

Daewoong Pharmaceutical aims to improve customer satisfaction to the level of CCM certification in 2023. To this end, internal company-wide training on the customer complaint handling process is conducted twice a year to increase interest in complaints and improve management capabilities when complaints are recognized. The company intends to use the complaints received as basic data for product improvement, etc. In addition, the company plans to standardize the operation plan of the Complaints Committee, conduct it organically, and increase publicity through the operation of the Complaints Committee.

## Talent-focused Management

### Recruitment and Evaluation

#### Transparency in Recruitment

Daewoong Pharmaceutical is concentrating on securing outstanding individuals on time. Daewoong Group internship programs, annual regular recruitment, etc. are operated to diversify talent recruitment channels. The company focuses on securing an excellent talent pool in advance through the in-house recommendation system and activation of online/offline recruitment promotion. For fair recruitment, the company does not place restrictions on gender, age, nationality, etc. in considering eligibility for application. Because of the emphasis on reviewing job expertise, the company has introduced a personality and aptitude test for all job groups. While current employees lead the establishment of talent selection criteria for different job categories, the company strives to bring fairness and transparency into the recruitment process.

#### Employee Performance Evaluation

Daewoong Pharmaceutical's evaluation system aims to nurture employees through objective and reasonable evaluations that demonstrate transparency and fairness. The company aims to set and achieve goals and competency development plans through mutual communication that encourages nurturing feedback over evaluation for results. To this end, the company establishes evaluation principles and calculates a comprehensive evaluation through various systems such as multi-faceted evaluations for fair and precise evaluation.

#### Performance-based Compensation

Daewoong Pharmaceutical is the first company in the pharmaceutical industry that has introduced and is operating a job-based pay system that only evaluates individual capabilities and performance and provides commensurate jobs and compensation. Since it places greater value on individual roles and capabilities than the previous seniority system, the job-based pay provides talented employees with freedom and merit-based growth opportunities.

### Talent-focused Management

#### Talent Development System

Through active communication with the team leader based on the Daewoong WAY, Daewoong Pharmaceutical focuses on nurturing talent by strengthening the capabilities of all employees. To this end, the company utilizes internal team leaders and external experts and operates training programs that meet industry trends and employee needs.

#### Encouraging Talented Women

Daewoong Pharmaceutical provides equal opportunities to all its employees, regardless of gender. As of the end of 2022, female employees accounted for 37% of all employees and 57% of employees in STEM positions. Daewoong Pharmaceutical aims to nurture next-generation female leaders by implementing a job-based pay system, providing reasonable compensation through fair performance evaluation. Through various maternity protection systems certified by accredited organizations, we are working to increase gender diversity.

#### Training Satisfaction Evaluation Progress

Daewoong Pharmaceutical conducts monthly satisfaction evaluations to measure the performance of effectiveness of the training program. The evaluation includes various items such as overall satisfaction with training, content, operation, and system satisfaction in the questionnaire, and based on multiple choice and subjective satisfaction surveys, new content items are updated and managed every month.

#### Daewoong Pharmaceutical's Performance Evaluation System



## Talent-focused Management

### Achievement Gap Reduction Program

The Achievement Gap Reduction Program allows employees to communicate and learn about work with external experts and is used as an employee growth support tool and a channel for recruiting people with work experience. It is also being used to overcome the gap between challenging lofty goals and problems faced in the field and gain new insights into work.

First, Daewoong Pharmaceutical lists experts for relevant jobs from outside organizations, etc., and supports employees so that they can communicate about their work-related concerns or acquire work-related knowledge and information through active networking with external experts. In doing so, employees can get out of the framework of the company work built on existing experience and knowledge and attain a new perspective on achieving goals. In addition, employees are sharing knowledge and know-how worthy of benchmarking from the outside and applying them to ongoing work to solve problems or achieve goals. By building these programs into a system, the company is creating an immersive environment where all employees can demonstrate 100% of their capabilities.

### Daewoong AI & Big data Academy (DABA)

Daewoong Pharmaceuticals operates an educational program known as Daewoong AI & Big data Academy that enables employees to share in the need for change and innovation brought by artificial intelligence and big data, acquire knowledge and skills to understand and utilize the concepts of big data and AI, and digitally transform their work by learning data analysis skills so that to help them connect and grow into future talent. Available since 2019, its most recent operation is with the 7th batch.

### **Building an Organizational Culture**

#### A Company that Excites People on Their Way to Work

Daewoong Pharmaceutical strives to create a "company that excites people on their way to work." Through official organizational culture certification, the company identifies employees' satisfaction with the organization is identified, as well as the strengths and weaknesses of the organization.

The company has been awarded the Best Family Friendly Management certifications by the Ministry of Gender Equality and Family since 2008. The company has also identified trends in organizational satisfaction through the Best Workplaces certifications by Great Place to Work (GPTW) and reflected them in system supplementation since 2019. By conducting and analyzing internal organizational culture surveys on a regular basis, the company will further improve employee satisfaction within the organization, make improvements in a positive direction, and increase participation in the global standard organizational culture certification.

#### Creating a Self-work Engagement Environment

People with work engagement can feel a sense of accomplishment, working well and getting a great outcome. The company is concentrating on creating a work environment where employees can "spontaneously" "immerse" themselves in "achieving" and "growing." Spontaneous immersion in work means that employees work proactively while contemplating and knowing what performance they need to achieve and how to achieve it. Employees prepared in this way are completely free from restrictions on where and when they work: they can freely set their own commuting time, and they can immerse themselves in the workspace where they want to work. Daewoong employees can achieve the best results in an optimal working environment where they can immerse themselves spontaneously in various forms of work such as Bear Cowork, smart office, and smart IT.

### **Seeking Work-life Balance**

#### Providing Opportunities to Recharge through Long-term Vacations

The company grants one month of paid vacation to 5 years of continuous service employees so that they can improve work efficiency and prepare opportunities for self-development through long-term rest. It can be used every five years of the employee tenure, and if employees need self-development training during the refreshing vacation period, up to KRW 1 million is covered by the company.

#### Using Daewoong Family Refreshing Recreational Facilities

Daewoong operates a 2-day healing program twice a year so that all employees can enjoy time to heal their bodies and minds with their loved ones. By choosing either of the in-house Healiency and training centers, employees can take a break and use it as an opportunity to recharge.

#### Employee Health Management Program

Daewoong Pharmaceutical strives to improve work efficiency by promoting employee health. For continuous health management, we provide customized one-on-one check-up recommendations, result analysis, and follow-up management through the Healthcare Clinic app that helps from the check-up stage. At the Healiency Core Exercise Center, all employees can use exercise programs suitable for the working environment during working hours. By doing so, the company is creating an environment where employees can take care of their health and be more engaged in their work.

#### **"The highest level of students' satisfaction!" What kind of help does DABA provide when it comes to work?**

Through demand forecasting using AI algorithms, we've improved efficiency of the factory system!

We've improved efficiency in the initial process of drug development, such as drug candidate screening.

We were able to provide customized services by analyzing individual customer consumption data!



# Human Rights Management

## Human Rights Management Principles

Daewoong Pharmaceutical is promoting human rights management that respects the human rights of all stakeholders, including employees, throughout business management and business activities. Human rights management represents the need to respect and protect the human rights of stakeholders who affect the company's business operations, including the senior management and employees, partners, customers, and local communities.

Daewoong Pharmaceutical is committed to respecting the human rights of all internal and external members by establishing human rights management principles that apply major principles related to human rights, both domestically and internationally.

In order to diagnose and manage human rights management infringement risks in advance, the company is continuously revising the human rights management principles and the provisions of the Board of Directors regulations through the Board of Directors.

Human Rights Management Principles		
<p>Non-discrimination</p>	<p>Compliance with work conditions</p>	<p>Humane treatment</p>
<p>Prohibition of forced labor</p>	<p>Prohibition of child labor exploitation</p>	<p>Freedom of association and collective bargaining</p>
<p>Ensuring occupational safety</p>	<p>Protection of human rights of residents</p>	<p>Protection of human rights of customers</p>

## Diversity and Inclusion

### Transparency in Recruitment

Daewoong Pharmaceutical is concentrating on securing excellent human resources on time. Daewoong Group internship programs, annual regular recruitment, etc. are operated to diversify talent recruitment channels and the company focuses on securing an excellent talent pool in advance through the in-house recommendation system and activation of online/offline recruitment promotion. For fair recruitment, the company does not place restrictions on gender, age, nationality, etc. in considering eligibility for application. Because of the emphasis on reviewing job expertise, the company has introduced a personality and aptitude test for all job groups. While current employees lead the establishment of talent selection criteria for different job categories, the company strives to bring fairness and transparency into the recruitment process.

### Non-discrimination

Based on the Human Rights Management Code, Daewoong Pharmaceutical does not discriminate on any grounds such as gender, race, nationality, ethnicity, or religion when hiring executives and employees, and does not discriminate in terms of working conditions such as wages and promotions. By complying with international standards and related laws on working hours and working environment, the company creates a pleasant working environment and prevents accidents that threaten safety.

### Horizontal Work Culture

Daewoong Pharmaceutical is implementing the "nim" title system, a flexible way to address people that eliminates job titles so that culture without discrimination can be spread within the company. Through this, we are creating a horizontal work culture of mutual respect and non-discrimination.

### Job Creation for People with Disabilities

Intending to provide stable jobs for people with developmental disabilities who are marginalized in the job market, Daewoong Pharmaceutical operates an in-house store called Bear Mart with Bear Better, a company specializing in hiring people with developmental disabilities. At Bear Mart, a total of 12 people with developmental disabilities and 2 job specialists with developmental disabilities form a team of 4 people and work in 3 shifts of 4 hours a day. Daewoong Pharmaceutical will continue to make efforts to create jobs for the disabled in various fields besides the in-house store.

### Maternity Protection and Operating Family-friendly Programs

Daewoong Pharmaceutical has established a working environment so that employees can take care of themselves and their families without any burden while working to balance work and family and provides various maternity protection and family-friendly programs. First of all, the company has been operating the "Little Bear Daycare Center" since 2011 to provide a safe and healthy childcare environment for its employees as the first such instance in the pharmaceutical industry.

In addition, the company implements a "Smart Office" that allows employees to choose an office space that suits their work style and a "flexible work system" that allows employees to select their working hours and location. Furthermore, the company operates health programs such as "Daewoong Guardian," which provides exercises with professional trainers, and "Healthcare Clinic" app, which provides individual comprehensive check-ups for even family members of employees. We provide many vacations such as annual aid holidays, summer vacations, menstruation leave, and long-term refreshing vacations so that employees who need a break from busy work can take enough rest and spend time with their families. Every year, the Daewoong Management Development Institute (DMD) and Healice Seonmaeul offer employee-only programs so that employees can relax with their families.

# Human Rights Management

## Human Rights Training

### Current Status of Human Rights Training

Daewoong Pharmaceutical provides human rights training for all its employees every year so that they can have a high level of awareness of human rights management. The company provides various human rights-related training for its employees, including prevention of sexual harassment, prevention of bullying in the workplace, improvement of awareness of persons with disabilities, and education on personal information protection. In addition, we are striving to continuously bolster human rights protection within the workplace by further expanding various human rights-related training.

### Human Rights Management Training



### External Excellence Certifications

Daewoong Pharmaceutical was selected as the “Supreme Family-friendly Company” by the Ministry of Gender Equality and Family for the fourth consecutive year in 2022. The company also achieved the splendid feat of being selected as the 10th Asia’s Best Workplaces by Great Place To Work (GPTW) in 2021 as well as the “Best Workplaces” certification in 2022.

## Labor-Management Communication

### Labor Union and Trade Union Council

We abide by relevant laws and regulations to protect the basic rights that workers are entitled to, such as the right to organize, the right to collective bargaining, and the right to collective action. In accordance with relevant laws, the company organizes and operates a labor union and trade union council.

### Labor-Management Communication Channel

Based on communication and cooperation, Daewoong Pharmaceutical listens to the voices of workers to improve its company culture. Through the One-Heart Council, a representative communication channel, representatives of all teams in the plant share their suggestions and desired improvements through periodic meetings. Through this, the company is continuously improving its personnel regulations, welfare system, and company culture.

## Complaint Handling

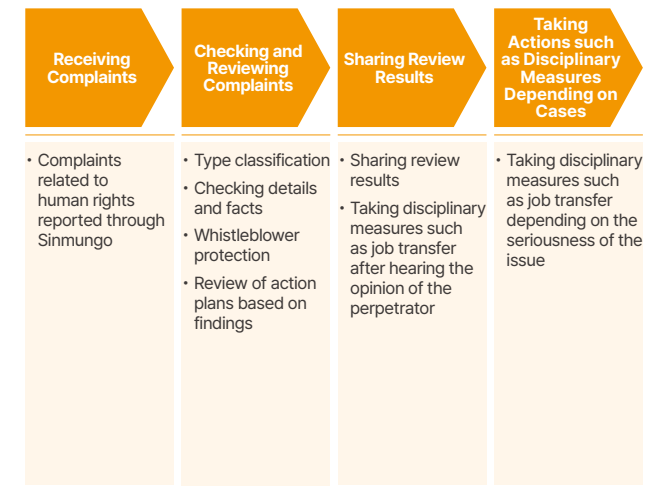
### Complaint Channels

Daewoong Pharmaceutical operates the Sinmungo bulletin board, an online system that technically guarantees anonymity and safety. Through Sinmungo, employees can report all systems or issues within the company so that employees do not feel unfair, unsure, or frustrated. Information received through the bulletin board is kept strictly confidential while the investigation is performed and actions are taken.

## Complaint Handling Process

Daewoong Pharmaceutical categorizes information reported through Sinmungo into different types. For reports on specific persons, the Human Resources Team and the Compliance Team investigate through an official procedure, and then the Human Resources Committee decides on disciplinary actions based on the results. For reports on the company’s systems or departments, the first response is prepared by the relevant department or division, verified by a leading group within the company, and the reply is posted if more than 80% of the agreement is reached. Answers to inquiries and improvement plans are directly reported to the senior management by the head of the relevant department to prevent recurrence of violations. In 2022, a total of 6 human rights-related reports received through the complaint handling channel were referred to the Human Resources Committee. However, disciplinary action was completed for 4 cases, except for 2 cases that were not convened by the Human Resources Committee.

### Complaint Handling Process



## Safety and Health

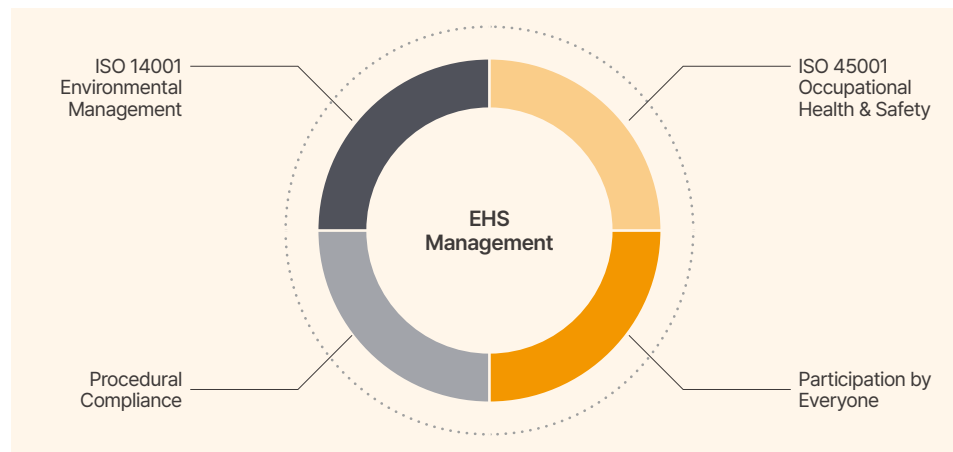
### Safety and Health Strategy

#### EHS Management System and Internal System

As a pharmaceutical company that protects people's health and creates a healthy society, Daewoong Pharmaceutical pursues eco-friendly management and the prevention of major disasters. By complying with regulations and established procedures through the full participation of all employees, based on a thorough sense of responsibility and faithful performance of duties, the company builds the foundation for environmental safety and health management and strives for sustainable growth.

#### Daewoong Group's EHS Management Organization

Daewoong Group's Board of Directors, which consists of six members including the CEO, reviews and approves Daewoong Group's environmental safety management policy, organization, performance in activity, KPI, budget, environmental, safety & health project plan, etc. every year. Daewoong Group's affiliates convene the EHS Management Committee, chaired by Daewoong Pharmaceutical's two CEOs, at least once a half year (convened as often as necessary) to make decisions on environmental, safety & health issues. The committee deliberates on EHS operation strategies, issues, and desired improvements for each group company, and reports the results of environmental, safety & health activities to the Board of Directors at least once a year. The EHS Management Committee operates the EHS Advisory Council, which is composed of the environmental, health, and safety working-level staff of the group's affiliates under its umbrella. It manages indicators according to the circumstances of different group affiliates and prepares effective management plans for different indicators so that the management's strategy can be reflected in the field.



#### Daewoong Pharmaceutical Safety and Health Organization

In Daewoong Pharmaceutical's safety and health organization, the safety and health management (general) manager for each worksite is authorized to handle the budget and manpower for safety and health projects at each site and plans and promotes safety and health projects. Safety managers and health managers are appointed to assist the safety and health manager in carrying out their duties smoothly, providing guidance and advice on the safety and health management system. In addition, a manager who can manage safety and health for each department was designated as a department head or a person who can perform the role of department head. They identify risk factors that may occur on-site in advance and continuously implement activities to improve risks.

#### Daewoong Pharmaceutical's Safety and Health Organization Chart



## Safety & Health

### Establishment of Safety and Health Goals

Daewoong Pharmaceutical inspects safety and health management principles every year, establishes a "safety and health plan" that includes safety and health goals and tasks, and implements them following the review and approval of the performance and future plans by the Board of Directors. Daewoong Pharmaceutical establishes EHS management goals to minimize the impact of related management activities on employees, stakeholders, local communities, and the environment. Through this, the company prevents accidents within the workplace, complies with relevant laws and regulations, and performs integrated management of environmental, safety, and health impacts.

### Health and Safety Plan and Performance

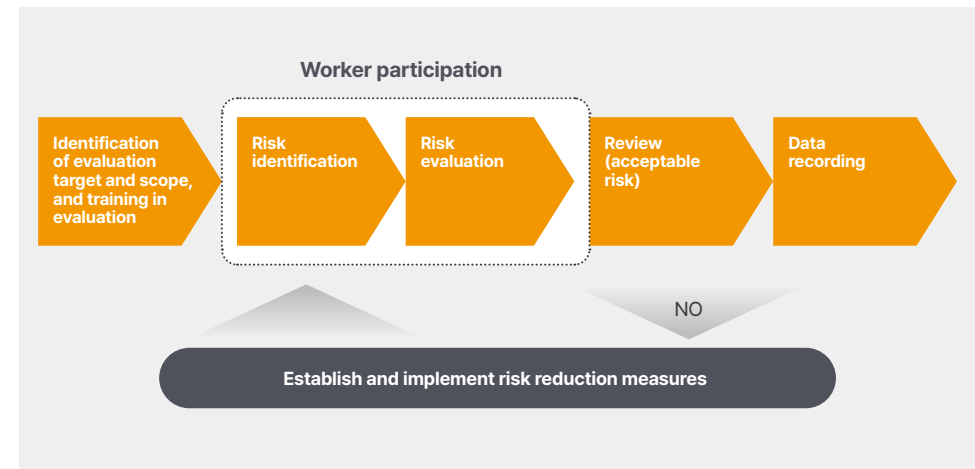
2022 Goals and Plans	2022 Performance	2023 Goals and Plans
Expansion and clarification of EHS-related board roles	- Establishment of the EHS Management Committee and affiliated Advisory Council to clarify and expand the role of the Board of Directors	- Establishment of the policy direction for Daewoong Group's safety and health management and establish mid- to long-term goals by holding the EHS Management Committee and the Advisory Council once a half year.
Maintain ISO 45001	- ISO 45001 post-audit certification completed for Hyangnam Plant and Osong Plant	- An ISO45001-level manual has been established for HQ and the research center
Prevention activities to maintain zero serious industrial accidents	- Zero major industrial accidents achieved - Company-wide risk assessment and improvement activities implemented - Company-wide safety and health inspections conducted - Training for different crisis implemented	- The role of the organization dedicated to major disasters has been strengthened - Safety and health management system established for 12 local sales offices - Establishment of safety and health systems for partner companies and affiliates supported and a consultative body held once a quarter
"ACEL," Daewoong Pharmaceutical's chemical substance management program, has been expanded	- Preparation in advance for the introduction in the Life Science Research Center of "ACEL," an integrated system for handling chemicals developed by the Hyangnam Plant	- HQ has upgraded substance management by acquiring its own chemical substance program for Life Science Research Center
Health management of employees	- A health promotion program was implemented. The rate of workers who receive health examinations is managed and health counseling is conducted. - Factors that cause health disorders are discovered and improvement activities were implemented through work environment measurement and musculoskeletal harmful factor investigations.	- Carry out the health promotion program at least twice to prevent cardio-cerebrovascular/chronic diseases. - Keep harmful factors below the legal exposure standards by strengthening work environment measurement and management. - Conduct a quantitative evaluation of the level of health promotion activities through the introduction of the Enterprise Health Promotion Index (EHP) (over 80 points). - Improve working posture and implement exercise programs to prevent musculoskeletal disorders.

### Reinforcing Workplace Safety and Health Management

#### Occupational Safety and Health Risk Assessment

Daewoong Pharmaceutical conducts risk assessments for all production activities to promote the health of workers and prevent accidents. By discovering risks that may occur during work, including potential risks, and securing safety and health measures, the company preemptively manages workers so that they can work in a safe environment and prevents major accidents. After risk assessment at each work site, the company secures budget and manpower to assess risks for processes or places with a high risk of accidents. Through this, a plan is established and reported to the safety and health manager at each work site, and improvement activities are implemented.

#### Risk Assessment Process



## Safety & Health

### Risk Assessment Results

Daewoong Pharmaceutical discovered and addresses 350 issues through risk assessment in 2022. To prevent accidents caused by chemical substances, Daewoong Pharmaceutical introduced “ACEL”, an integrated chemical substance system developed at the Hyangnam Plant, to other worksites, and conducted training to prepare for chemical spills. After completing risk assessment improvement activities, the company reports progress to the safety and health manager and also shares safety and health activities with employees through notices on the occupational safety and health bulletin board or personal mailing.

### Level Assessment Related to the Serious Accidents Punishment Act

By checking at least once a half year whether the duties under safety and health-related laws such as Article 5, Paragraph 2, Sub-paragraph 1 of the Enforcement Decree of the Serious Accidents Punishment Act have been fulfilled, Daewoong Pharmaceutical checks on the implementation of the performance of duties by safety and health manager, etc., placement of professional personnel, and safety and health training, etc. If it is confirmed as a result of the on-site inspection that the obligations under the safety and health-related laws have not been fulfilled, the company will prevent serious accidents and protect the lives and limbs of workers by assigning necessary personnel or additionally providing a budget to carry out the tasks. The evaluation consists of a total of 5 items (establishment of workplace accident prevention plan, inspection and improvement of work environment, worker management before work, the current status of industrial accidents, management of hazardous machinery, and appropriate provision of protective equipment). As a result of on-site inspections con-

ducted in June (first half) and November (second half) of 2022, the Hyangnam Plant obtained a perfect score in all items, followed by the Osong Plant, Life Science Research Center, and Seoul HQ.

### Safety and Health Job Performance Evaluation

Daewoong Pharmaceutical’s Hyangnam Plant operates a reward system subject to evaluation of safety and health supervisors’ job performance in order to bolster the job competency of the “key safety and health supervisor” and lead the department’s safety and health management level and self-reliance. The eleven evaluation items set at the beginning of the year went through a fair evaluation every quarter and were reflected in the OKR (Objectives and Key Results) evaluation of department heads and supervisors. After the introduction of the system, job competency continued to rise from an average of 82 points in 2018 to an average of 93 points in 2022. To encourage employee interest and participation, the company increased the reward for three outstanding supervisors and all supervisors by 40% in 2022.

### Safety and Health Risk Assessment Implementation Status

Category		The number of reduction measures through risk assessment in 2022	2023 Goals
Daewoong Pharmaceutical	Seoul HQ	84 cases (56 cases for the main building / 18 cases for the new building / 10 cases for building S)	The number of reduction measures increased by 20% compared to 2022 (100 cases)
	Hyangnam Plant	94 cases (78 cases for production facilities / 16 cases for chemicals)	100% implementation of established reduction measures completed
	Osong Plant	53 cases (53 cases for production facilities)	The number of reduction measures increased by 10% compared to 2022 (58 cases)
	Life Science Research	59 cases (31 cases for Creativity Hall / 28 cases for Bio Center)	100% implementation of established reduction measures completed
Daewoong Bio	Hyangnam Plant	19 cases	Conduct risk assessment and implement reduction measures 100%
	Seongnam	26 (18 for Main Building, 8 for utilities)	
	Anseong	4 cases	
HanAll Biopharma		21 cases (5 cases for equipment / 16 cases for others)	25 improvements



Inspection of the Osong Plant conducted to evaluate the level related to the Severe Accidents Punishment Act



## Safety & Health

### Building a Safe Work Environment

#### Work Permit System

Daewoong Group makes safety work permits mandatory for hazardous processes that proceed within its worksites. Through this, permission is obtained before work, and risk factors according to work are identified in advance. In addition, procedures such as providing safety and health education materials to workers of external companies that perform hazardous work, writing safety pledges for outsourcing construction, and confirming Daewoong Pharmaceutical construction safety rules are followed. This prevents accidents from happening to Daewoong Group employees and workers belonging to external construction companies.

#### Work Environment Measurement and Health Management

In order to prevent occupational diseases and health problems for employees, harmful factors such as noise, dust, and organic solvents are regularly monitored and improved. In this way, the company is realizing a pleasant working environment (working environment measurement is implemented 8 times in total). In addition, we strive to improve the health of our employees through health counseling by nurses and Daewoong Guardian activities at Healicee.

#### Investigation of Hazardous for The Musculoskeletal System

The company investigates processes with work that is taxing on the musculoskeletal system and the harmful factors for the workers performing the work. As measures to reduce them, the company implements improvements such as replacement of equipment (installation of table lift), provision of protective equipment (belt protection belt, wrist protection mouse pad, etc.), face-to-face consultation (muscle taping treatment and health consultation), change of work schedule (introduction of job rotation).

### Safety Training for Employees

In order to prevent safety-threatening accidents that may occur by instilling safety awareness in all its employees, Daewoong Group conducts safety and health training every quarter, and when an employee is hired, the company provides safety and health training (online or collective training) prior to placement. In addition, we are conducting job training for the safety and health manager, safety manager, and health manager as well as regular training for the management supervisor for each work site. We are bolstering our expertise in safety and health by completing specialist training in addition to statutory training for safe and healthy seniors. In 2022, Daewoong Pharmaceutical's safety and health training had a cumulative and overlapping total of 2,059 participants for 41,422 hours.

### Emergency Response




#### Establishment of an Emergency Response System

By establishing and operating an emergency response system to prevent safety and environmental disasters such as fire, spills, oil leakage, natural disasters such as typhoons, heavy rains, earthquakes, and power outages in advance and respond quickly to them when they occur, Daewoong Pharmaceutical is accomplishing systematic environment, safety, and health management. Through this, the company has prepared a manual for follow-up measures in case a major industrial accident occurs or there is an urgent risk of occurrence in the workplace. By designating a decision-maker according to the crisis level, the company conducts training related to the manual while enacting accurate responses according to the type of crisis.

### Emergency Response Training

At Daewoong Pharmaceutical, 1,921 people participated in training in 2022, and the total training time was 2,885 hours. The company conducted training for rescue from suffocation in confined spaces, first aid training in case of cardiac arrest, fire and explosion suppression training, and disaster prevention training for hazardous chemical spills. Stakeholders, including Daewoong Pharmaceutical employees and business partner' employees, also participated in the training. Daewoong Pharmaceutical will continue to expand crisis preparedness training for employees and stakeholders. Considering the impact it has on the community it belongs to, the company will prepare a crisis preparedness manual with the local community by drawing up a scenario.

#### Scope of Crisis

 <p><b>Fire</b></p> <ul style="list-style-type: none"> <li>• When flame/smoke occurs (as visible with the naked eye)</li> <li>• When firefighting facilities (detector, LSP) are working fine</li> <li>• When firefighters are required to suppression</li> </ul>	 <p><b>Terror</b></p> <ul style="list-style-type: none"> <li>• Riots or threats that involve dangerous objects or firearms</li> <li>• When terror threats have been reported</li> <li>• Objects suspected to be explosives have been discovered</li> </ul>
 <p><b>Collapse</b></p> <ul style="list-style-type: none"> <li>• Ceiling or wall finishing materials have dislocated or dropped</li> <li>• Cracks have been found in slabs, girders, beams, or posts</li> </ul>	 <p><b>Leak</b></p> <ul style="list-style-type: none"> <li>• Gases that the company uses are leaking</li> <li>• Chemicals are leaking</li> <li>• Leakage spreads over 1 meter</li> </ul>
 <p><b>Earthquake</b></p> <ul style="list-style-type: none"> <li>• 3.0 or higher on the Richter scale at the location of the worksite</li> <li>• Plural number of facilities are damaged simultaneously by vibrations</li> </ul>	 <p><b>Flood</b></p> <ul style="list-style-type: none"> <li>• Precipitation of minimum 110mm for 6 hours</li> <li>• Electrical/mechanical room flooded by water leaks</li> <li>• Water leaks keep customers/ vehicles from entering the worksite</li> </ul>
 <p><b>Power outage</b></p> <ul style="list-style-type: none"> <li>• Power outage lasting 1 second or longer</li> <li>• Power supply disabled to EPS and the power receiving/ distributing system</li> <li>• Backup generator operation disabled</li> </ul>	 <p><b>Infection</b></p> <ul style="list-style-type: none"> <li>• An employee and/or cohabitant tests positive</li> <li>• Or some other contacts or persons complaining of symptoms have occurred</li> </ul>

## Safety & Health

### Business Partner Health and Safety Management

#### Safety and Health Cooperation Program

In order to improve the safety and health level of its business partners, Daewoong Group values communication with stakeholders, including affiliates and business partners. The company is implementing a program for cooperation and coexistence in terms of safety and health to enable regular holding of councils, on-site inspections, and proactive establishment of safety and health management systems for business partners. The company provides support such as the provision of restrooms for workers of business partners, the provision of protective equipment, and emergency response training. Moving forward, Daewoong Group continues to manage the safety and health of all Daewoong workers.

#### Program for Cooperation and Coexistence in Safety and Health

Daewoong Pharmaceutical's Hyangnam Plant is participating in the program for cooperation and coexistence in terms of safety and health conducted by KOSHA in order to bridge the safety and health gap of six business partners and improve self-management capabilities through the establishment and implementation of the safety and health management system of business partners. As a result of improving the level of safety and health management of business partners through this, the company obtained the highest grade, "S," in the final evaluation through KOSHA's on-site technical guidance and evaluation in 2022.

In order to fulfill the safety and health responsibilities of affiliates, the Hyangnam Plant converted the operation of the existing Pharm Pack (an affiliate) through entrustment to a safety and health specialist institution to a system in which Daewoong Pharmaceutical's safety and health manager also serves as its manager. Through this, Daewoong Pharmaceutical is fully committed to responding to the Serious Accidents Punishment Act and the Occupational Safety and Health Act and is dutifully fulfilling its responsibilities toward Pharm Pack (an affiliate).

#### Regular Inspection of Safety and Health Activities of Business Partners

**Patrol Inspection** Daewoong Group conducts weekly patrol inspections to regularly inspect the safety and health activities of its business partners. Through this, the company checks the safety and health status of its business partners, identifies on-site requirements for safety and health management, and improves them together to prevent serious accidents that may occur.

**Conducting Joint Regular Inspections** Daewoong Group conducts joint regular inspections attended by the safety and health (general) manager of each site once a quarter. Through this, the company is building a system in which the safety and health (general) manager checks the risk factors that may occur while the business partner of the site is working on the site, he checks the ability to respond on-site according to the emergency action manual, and he can seek ways to eliminate risk factors and realize them effectively.

### Safety and Health Communication

#### Occupational Safety and Health Committee Operation

The company operates the Occupational Safety and Health Committee, which is led by the person in charge of safety and health management and conducted once a quarter. It serves as an important communication tool between labor and management in which labor and management jointly deliberate and decide on matters necessary for the maintenance and promotion of safety and health to seek understanding and cooperation from workers, listen to their opinions, and reflect on them. In 2022, Daewoong Group operated a total of 6 Occupational Safety and Health Committees, and a total of 24 meetings were held. A total of 86 people participated, 43 from the employer side and 43 from the worker side, and the implementation of 130 cases was decided. Daewoong Group will continue to listen to workers' safety and health opinions and actively reflect on them, making efforts to create a safe and healthy workplace where labor and management work together.

#### Communication with Business Partners

Daewoong Pharmaceutical holds a safety and health consultative body for subcontracted workplaces for each site to listen to the business partners' opinions on safety and health. In 2022, 48 meetings were held at the subcontracting worksites' council. The agenda discussed is reported to the person in charge of the safety and health (general) manager at each site, and improvement plans are prepared.

#### 2022 Remarks

Job Manager Jeong-ho Hwang, Safety Manager at Daewoong Pharmaceutical's Hyangnam Plant, received the "Iron Tower Order of Industrial Service Merit" on the 55th Occupational Safety and Health Day on behalf of domestic workers who contributed to industrial accident prevention, in recognition of their contribution to industrial accident prevention by actively participating in various national safety policies such as the systematic operation of the Hyangnam Plant's safety and health management system, programs for cooperation and coexistence, and risk assessment. In addition, the Hyangnam Plant won the "Best Award" at the 2022 Domestic Health Management Best Practice Presentation Competition hosted by the Ministry of Employment and Labor and KOSHA, through a case presentation on the development of an integrated chemical management system, emergency response training, publication of a safety and health newsletter, introduction of a safety and health training program for new employees, and operation of a health promotion program.



2022 Awarded Iron Tower Order of Industrial Service Merit as a government reward for a contributor to preventing industrial accidents



2022 Awarded the grand prize at the Workplace Health Management Excellence Presentation Contest

## Safety & Health

### Employee Health

With the aspiration to become a global healthcare group that improves the quality of life and the belief that healthy people can create and improve health services, Daewoong Pharmaceutical follows the procedures and processes of ISO45001 Occupational Health and Safety Management System to perform health management. The company operates various health policies and programs so that all employees can immerse themselves in their work with healthy minds and bodies.

#### Daewoong Bizcare Health Checkup

Based on a one-on-one customized health management platform, we are promoting the health of our employees and preventing diseases, by providing comprehensive health care, including personalized health checkups and continuous health management solutions based on checkup results, rather than health checkups that simply tell you whether or not you have a disease. In 2022, the company conducted a total of 1,681 comprehensive health examinations for employees, 1,304 special health examinations, and 518 pre-employment health examinations.

#### Job Stress Management

By introducing the SMP (Stress Management Program), assessing employees' stress, and establishing measures to reduce stress, the company works to prevent health problems to reduce workers' physical fatigue and mental stress. For the high-risk group, the company implements stress-reducing activities such as consultation with specialists, expansion of rest areas, and establishment of Family Day.

#### Management of Chronic Diseases

To ensure that employees diagnosed with chronic diseases such as diabetes or high blood pressure as a result of the checkup can receive appropriate and customized medical management, the company uses Well-Check, a chronic disease management app, to manage their blood sugar and blood pressure in connection with the hospital they regularly visit.

#### Obesity and Diet

To solve diabetes, high blood pressure, cardiovascular disease, as well as obesity, which are the cause of aging and dementia, the company provides employees with a new diet program that improves blood pressure, cholesterol, and chronic diseases as well as body fat to prevent high blood sugar from rising.

#### Non-face-to-face Treatment for Overseas Employees

For employees working in overseas branches, the company provides non-face-to-face medical treatment services through Well-Check, a health management app. Overseas, employees can receive non-face-to-face customized medical treatment based on health data from skilled doctors in Korea, and the company even supports the preparation and shipping of prescription drugs to beneficiaries overseas.



#### Management of Infectious Diseases

The company has response guidelines to prevent the spread of infectious diseases within the company, and if an outbreak is predicted, preventive measures and responses are managed according to the guidelines and processes of the Korea Centers for Disease Control and Prevention. We are continuously implementing activities to prevent infectious diseases and protect the health of workers, such as providing information on personal hygiene rules

of hand washing and wearing masks, managing the status of confirmed cases and contacts, and providing quarantine supplies.

#### Healience Core Exercise Center

In connection with the Healience Core Exercise Center, exercise experts can accurately diagnose the employee's physical condition, correct wrong posture, prevent musculoskeletal disorders through scientific and verified core exercises using large muscles, and maintain a healthy body. The company provides training on exercise habits that anyone can easily do in daily life and supports training to prevent recurrence and rehabilitation after treatment.

#### Healing through Resting Program

Healience, a facility in harmony with nature, helps to enhance natural healing power and relieve stress by improving healthy lifestyles for the aging, such as low-salt healthy diets and healing programs, so that employees can manage their health more naturally in their daily lives.

**#Healience Center Daewoong Guardian Interview**

**Q** It's so popular! Why do people from Daewoong love the Daewoong Guardian?

I think it's because it is a team communication exercise program that can be done during work hours. One where you can focus on the exercise of your choice.

**Q** What kind of effort do you usually put in for the Daewoong Guardian program?

In order to improve professionalism, we continuously conduct various educational programs, such as analysis of the functional anatomy of the musculoskeletal system, exercise management methods, and interpretation of medical diseases.

## Supply Chain Management

### Supply Chain Policy and System

#### Supply Chain\* Management System

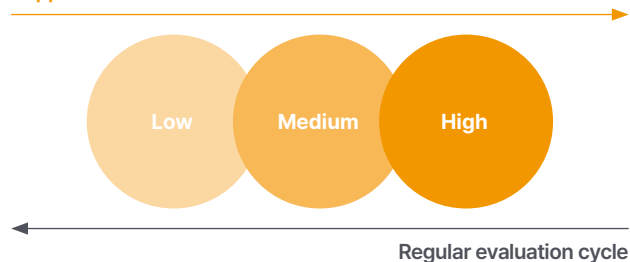
Daewoong Pharmaceutical selects business partners based on fairness and openness based on the bidding structure and operates and evaluates them. By identifying economic and technological aspects such as cost, delivery, quality, and technology of business partners' products, the company grows together with its business partners by comprehensively and systematically managing risks and opportunities in the supply chain. In an attempt to use the goods necessary for the manufacturing of products, Daewoong Pharmaceutical sees to it that the company uses only goods from approved entities whose quality is guaranteed through preliminary qualification evaluation.

#### Supply Chain Management Policy

Daewoong Pharmaceutical, as a pharmaceutical manufacturing company, registers its business partners through strict standards. We evaluate all business partners that provide raw materials, half-finished products, and finished products, and the company builds strategic partnerships with excellent business partners based on mutual trust. To this end, the company demonstrates fairness and transparency in its business partner registration sys-

\* We plan to identify and manage business partners other than suppliers in the future.

#### Supplier Risk Grade



tem, makes business partners more viable in terms of quality, and minimizes risks through regular audits. Regarding the management of supply chain traceability, active pharmaceutical ingredient (API) management is mandatory according to the current legal provisions. However, Daewoong Pharmaceutical is reviewing supply chain traceability and securing data for items used in products other than the active pharmaceutical ingredients (API). By signing a quality agreement based on the supply chain traceability review, Daewoong Pharmaceutical requires suppliers to notify the company about relevant information in the event of any change.

For the evaluation of suppliers, the company has established its own risk evaluation management standard procedure, and scores, and selects the list grade as Low, Medium, or High. Depending on the risk level, the higher the risk group, the shorter the regular evaluation cycle from the latest evaluation year.

#### Supply Chain Management Goals

Daewoong Pharmaceutical is taking preemptive measures to maintain quality assurance for the supplies from the business partners and to prevent generating defective products. In order to minimize the occurrence of defective products, preliminary verification is conducted from the beginning of a transaction with a new company, and after final verification through an actual audit, it is selected as a business partner. In addition, the company has established special quality agreements to manage defects by degree and manages quality risks by establishing measures to prevent a recurrence. By creating a win-win structure with business partners, the company cooperates with business partners that can jointly develop new technologies and alternative materials to help them reach their goals through active participation from an early stage.

### Supply Chain Scope and Classification

#### Business Partner Selection Process

If it is necessary to select a new business partner, Daewoong Pharmaceutical's SCM Team and Formulation Technology Team request Daewoong Pharmaceutical's Purchasing Team to investigate the pool of companies that can supply the necessary items. When candidate groups are selected in a fair bidding system through EZmedicom, related information is shared with Daewoong Pharmaceutical's QA Team. The QA Team conducts business partner candidate evaluations to review whether the ingredients (API, additives) are satisfactory and CDMO is properly staffed.

Since medicines are supplied to patients and require management, the company reviews whether workers entering the manufacturing sites are excluded from work if they are infected with a contagious disease or are in poor health. In accordance with "the Enforcement Rules of the Decree on Facility Standards for Manufacturing Business and Importers of Drugs," under the Pharmaceutical Affairs Act, the company reviews whether the manufacturing environment (insect control, sanitation, disinfection, and cross-contamination) complies with the requirements of the Ministry of Food and Drug Safety.

#### Selection Process of New Business Partners





## Supply Chain Management

### Scope and Classification of Business Partners

Daewoong Pharmaceutical sets the scope of business partners by classifying them into primary, secondary, and tertiary materials. By grouping business partners according to the number of transactions in the same category, the company divides them into 1st, 2nd, and 3rd ranking entities. Specifically, when dealing with business partners of labels, cases, containers, syringes, etc., the company uses standard contracts that apply mutatis mutandis the provisions of the standard contract as presented by the Fair Trade Commission. By continuously inspecting and improving policy implementation, the company seeks to build a sound supply chain ecosystem.

Major Business Partners	Entities of high strategic importance, such as key component suppliers, non-fungible suppliers, and strategic procurement outsourcers
General Business Partners	Entities that have important business relationships with us and require systematic management and access

### Supply Chain Risk Assessment and Management

#### Supply Chain Management Criteria

Daewoong Pharmaceutical places great importance on product quality, safety, and reliability as 'a global healthcare group that improves the quality of life' for its customers. In compliance with the cGMP and the Pharmaceutical Affairs Act of MFDS, Daewoong Pharmaceutical has a records system that reviews the traceability of the supply chain for substances used in manufacturing products according to "Appendix 17 – Manufacturing of Finished Pharmaceuticals" of the "Regulations on Pharmaceutical Manufacturing and Quality Control" and can perform tracking based on each item's batch number. In addition, as products produced by Daewoong Pharmaceutical are based on manufacturing number per packaging unit, we are creating a system that can track the distribution network.

### Business Partner Risk Assessment and Management Process

Daewoong Pharmaceutical manages risks by conducting annual evaluations of its business partners. According to the evaluation results, the company immediately demands corrective measures, and if consultation is necessary, the company proceeds with meetings with the business partners. By requesting measures to prevent the recurrence of defects for each lot and sharing related feedback, the company derives desired improvements from its business partners and requests them to be implemented. Specifically, if supply chain traceability and manufacturing facility management do not meet or fall short of the sub-articles of the Pharmaceutical Affairs Act, Daewoong Pharmaceutical shares the findings with business partners and gives them a month to establish a corrective action and preventive action (CAPA) for them and reply to us. Daewoong Pharmaceutical reviews the appropriateness and effectiveness of this and requests supplementary measures if it proves to be insufficient. Lastly, Daewoong Pharmaceutical and its business partners consult and finalize the improvement plan.

If the improvement measures are not established or not implemented for the desired improvements, Daewoong Pharmaceutical requests the business partners to establish improvement measures again in consideration of the quality-related impact on its products and conducts additional evaluation at the time of completion of the improvement to decide whether it is suitable or not. If improvement is not implemented through additional evaluation, then the company changes the status to suspension of supply, shares it with the relevant department, and receives supplies from the next best business partner.



### Green Supply Chain

Daewoong Pharmaceutical is aware that it is experiencing difficulties in separation and discharge due to the adhesiveness of the product labels produced, and is aware that the cost of discarding labels/instruction materials is rising due to this. In order to address this problem, the company is preparing to pack eco-friendly labels and instructions together. First of all, the company is contacting and discussing with the company to change the label made of art paper to a PP label so that it can be easily separated and discharged. Looking forward, we are investigating a way to apply the introduction of "double paper" that allows the contents of the manual to be written on the product label.

Due to concerns about environmental pollution caused by the vinyl tape and buffer vinyl during the packaging of products for logistics, the company has carried out a task to improve logistics packaging composed of vinyl with eco-friendly materials in 2022. By changing the logistics packaging materials, the company has completed a change from eco-friendly tape and buffer vinyl to natural pulp material. In 2023, the company plans to review changes to eco-friendly materials and improve excessive packaging by expanding the application to all products.

#### 2022 Remarks

Daewoong Pharmaceutical's Hyangnam Plant has established a classification system for business partners' supplies according to internal procedures. According to the supplier risk assessment and monitoring procedure, the company scores the evaluation items of delivery amount, supply product type, deviation and OOS history, certificate possession, quality agreement conclusion, and complaint history, and classified risk evaluation for 288 business partners into 3 levels of High, Medium, and Low. By comprehensively reflecting on the results of the evaluation of the importance and risk of each supplied item, the company has differentiated regular evaluation cycles for suppliers according to importance. Through this, we have completed 100% of the evaluation of 47 business partners subject to regular evaluation.



## Community

### Social Contribution Strategy

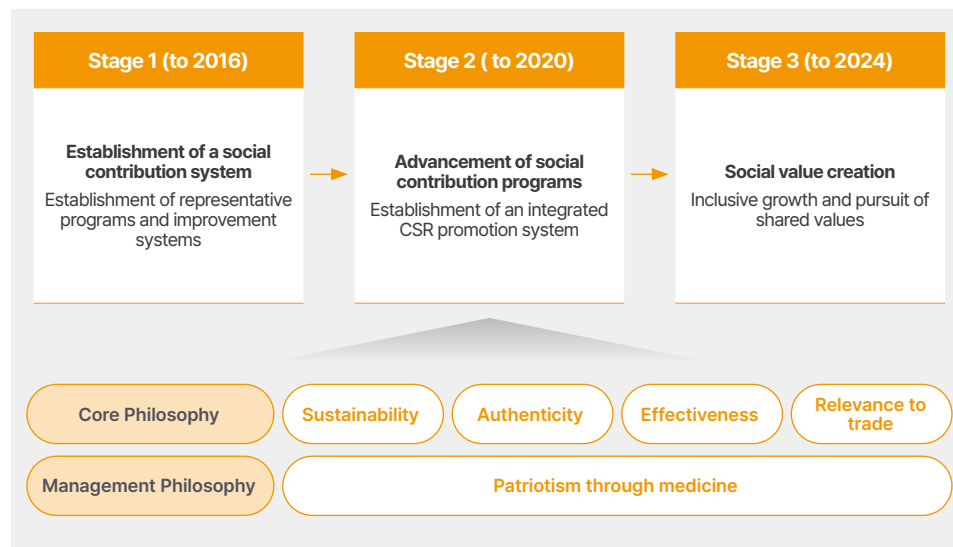
#### Directions of Social Contribution

Daewoong Pharmaceutical aims to create a barrier-free society where people live together through various sharing activities in the community such as the continuous provision of medicines and coverage of medical expenses, rather than one-off donations, and voluntary service activities by employees. Through cooperation with NGOs and social enterprises, the company aims to become a global health-care group that fulfills its social responsibilities by operating various volunteer activities that contribute to solving problems in our society.

#### Mid- to long-term Roadmap for Social Contribution

Based on the management philosophy of patriotism through medicine since its foundation and the core values of continuity, sincerity, effectiveness, and relevance to trade, Daewoong Pharmaceutical has established a mid-to-long-term social contribution roadmap for systematic social contribution. We are creating social value through social contribution activities that can contribute to resolving local issues based on our unique capabilities.

#### Mid- to long-term Roadmap for Social Contribution



### Community Activities

#### Medicine Donation

For generous sharing, Daewoong Pharmaceutical provides medicines and health foods worth KRW 831 million including to hospitals, religious organizations, and NGOs including the Korean Red Cross in 2022. So as to not limit itself to one-time donations, the company plans to continuously donate medicines and health foods in connection with its trade.

#### Provision of Barrier-free Playgrounds

Daewoong Pharmaceutical implemented a special social contribution activity called "Barrier-free Playground" as an extension of its trade. The barrier-free playground is an activity unique to Daewoong Pharmaceutical that is committed to creating a world where everyone can be together without prejudice by preparing a space where disabled and non-disabled children can play together while considering facilities inconvenient for disabled children to play in. Starting with the construction of Korea's barrier-free playground No. 1 in 2006, it has continued with No. 2 and No. 3, and has become a special social contribution activity by Daewoong Pharmaceutical.



Grand Prize at the Social Contribution Corporate Awards 2022



Grand Prize at Social Contribution Awards 2022

## Community

### Production of Barrier-free Movie Subtitles for the Hearing Impaired

A film made so that people who cannot enjoy a film made up of images and sound can enjoy it is called a "barrier-free film." With the voluntary participation of Daewoong Pharmaceutical employees who felt regret about the unfortunate absence of barrier-free films, Daewoong Pharmaceutical promoted the production of "subtitles" that can explain all information that can be accessed through audio to the hearing-impaired through text. The subtitles produced by the volunteer group went through a review and were released through an online screening on April 16, and a total of 100 visitors watched the barrier-free version of the movie "Cheer Up, Mr. Lee (2018)" through pre-registration. Daewoong Pharmaceutical will continue to take the lead in creating a society where everyone can be healthy beyond the barriers of disability and non-disability.



#### # Excellent Volunteer Interview

**Ji-hae Song** Project Development Dept.

I have to write the sound in subtitles, but the dialect and mumbling sounds were more difficult than the English listening comprehension test. I felt like I wanted to download a movie script. After listening to it over and over 100 times, I suddenly heard it and got really excited. It is supposed to be a volunteer activity for the hearing impaired, but actually, I think of it more as time I can take to reflect on my life. So, I definitely want to participate again next time.

**Yoo-rim Cha** Clinical Development Team

While making the subtitles myself, I felt many emotions at the same time. It takes quite a bit of time to produce even a 4-5 minute subtitle, and people just have enjoyed those long subtitles, right? I felt thankful. I hope the day will come when hearing-impaired people can enjoy subtitles as comfortably as I do.

### Hopeful Steps Campaign

In order to give strength to children and families with rare diseases in Korea who are experiencing difficulties in treatment, Daewoong Pharmaceutical promoted a campaign of hope. When employees voluntarily participate and reach the target number of steps (10 million steps) by adding up all the steps taken during the month, the company donates money to children with rare diseases selected through Good People International. The Hopeful Steps campaign season 1, which was first held in June 2022, achieved a few steps that exceeded the target by 4 times. Based on the high participation of the employees, season 2 was continued for a month and a total of 20 million won in donations was delivered. In particular, donations from season 2 were able to provide top priority to children under the age of 19 suffering from rare diseases who are most in need by considering income, medical conditions, psychological and social conditions, and effectiveness of support. Daewoong Pharmaceutical will continue to promote the Hopeful Steps campaign, which is carried out with the voluntary participation of employees, as well as evolve and develop its efforts so that more suitable support can be provided to children with rare diseases.



#### # Interviews with excellent participating employees -- Hopeful Steps Campaign Season 2 "Walking King Daewoong People"

**Jae-deok Lee** Distribution Management Team

When I came across this campaign through the company bulletin board, I applied with the intention of helping children with rare diseases. I made a list of places I wanted to visit on a daily basis and walked based on my plan. I felt very satisfied and was able to walk more than 20,000-30,000 steps a day without feeling bored. This October was a happy month for because I was able to enjoy the autumn leaves in the mountains and fields, which were particularly good this year.

1,187,802 steps



**Seong-yeon Cho** Osong Lphere Production Team

I like to walk carefree, so I always walk for about an hour, including commuting. I didn't sleep much at night, so I wandered around a lot, even after 12 o'clock in the morning. I think I was able to donate a lot of steps because of the habit of walking a lot and my efforts to participate in the campaign added to it.

1,060,771 steps



# ESG MANAGEMENT & PERFORMANCE

## Governance

Daewoong Pharmaceutical aims to become a company trusted by stakeholders by demonstrating fairness and transparency in its management with independent Board of Directors-centered management with expertise and promoting ethics and compliance with the Compliance Team as the center for ethics and compliance management, which is the company's source of viability.



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## Corporate Governance

### Daewoong Co., Ltd.

#### Board's Roles

The Board of Directors of Daewoong Co., Ltd. is the highest permanent decision-making body of the company. It determines major matters within the company, such as the division of duties and positions of directors, matters related to general meetings of stockholders, and matters related to finance and management. For the effective performance of the Board of Directors, the company provides support for all directors through the IR Team. Specifically, prior explanations are given to all directors prior to the meeting of the Board of Directors, enabling the Board of Directors to closely review important agenda items. The specific role of the Board of Directors is stipulated in Article 10 (Matters to Be Considered) of the Board of Directors Regulations and Article 27 (Directors' Duties) of the Articles of Incorporation. In addition, all Independent Director participated in internal and external training to strengthen the role of the Board of Directors.

#### Composition and Operation of the Board of Directors

The Board of Directors of Daewoong Co., Ltd. recommends and appoints candidates upon obtaining approval at the regular general meeting of stockholders. In order to enable appropriate decision-making, the Board involves internal personnel with expertise, and the company works to strengthen the transparency of corporate governance by designating independent directors whose independence have been verified. The Board is divided into a regular Board Meeting held once a quarter according to the operating regulations and a regular board meeting convened when necessary. In 2022, a total of 6 board meetings were held, and major issues such as settlement reports were decided.

#### Board of Directors Attendance (As of December 2022, year-end)

Executive Director 90.0%

Independent Director 62.5%

#### Acquiring and Supporting Independent Director Expertise

In order to appoint Independent Director suitable for Daewoong Co., Ltd., the company selects Independent Director candidates through in-depth interviews and preliminary verification of disqualifications specified in the Commercial Act and understanding and expertise in the pharmaceutical industry and management practices. By disclosing the job performance plan and reasons for the recommendation, the company appoints Independent Director through the approval of the general meeting of stockholders. Appointed Independent Director work performance is supported through a dedicated internal organization. Prior to the Board of Directors meeting, the company provides prior explanations on major agenda items and responds to requests. In addition, the company conducts regular external training for Independent Director to enhance their expertise. Through internal and external training for Independent Director we actively support them so that they can understand and quickly adapt to the organizational culture.

Session	Date	Agendas
1	Mar. 8 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>62<sup>nd</sup> Approval of Separate and Consolidated Financial Statements</li> <li>Convocation of Regular General Meeting of Stockholders and Its Agenda, Disposal of Treasury Stock Following Exercise of Stock Option</li> <li>Report on the Status of Internal Account Management, Report on the Change in External Auditors</li> </ul>
2	Mar. 29 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>Appointment of CEO</li> </ul>
3	May 9 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>Disposal of Treasury Stock Following Exercise of Stock Option</li> <li>Q1 2022 Earnings Report</li> <li>CH Dept.'s Business Plan</li> </ul>
4	July 28 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>Disposal of Treasury Stock Following Exercise of Stock Option</li> <li>Q2 2022 Earnings Report</li> <li>ETC Dept.'s Q2 2022 Performance and Business Plan, Daewoong Group's Mid- to Long-Term Investment Plan</li> <li>Report on EHS Management Status</li> </ul>
5	Oct. 28 <sup>th</sup> , 2022	<ul style="list-style-type: none"> <li>Q3 2022 Earnings Report</li> </ul>

#### Board Composition

	Executive Director		Independent Director	
Name	Jae-chun Yoon (Chairman of the Board of Directors)	Seongsoo Park	Hoon-suk Lee	Young-cheol Kang
Gender	M	M	M	M
Term of Office	Mar. 17 <sup>th</sup> , 2016 – Mar. 29 <sup>th</sup> , 2025	Mar. 26 <sup>th</sup> , 2021 – Mar. 26 <sup>th</sup> , 2024	Mar. 29 <sup>th</sup> , 2022 – Mar. 29 <sup>th</sup> , 2025	Mar. 29 <sup>th</sup> , 2022 – Mar. 26 <sup>th</sup> , 2024
Specialty	General Management	General Management	Jurist	Management Expert
Work Experience	<ul style="list-style-type: none"> <li>KAIST I&amp;TM</li> <li>CEO of Daewoong Pharmaceutical</li> <li>CEO of Daewoong Bio</li> <li>Currently, CEO of Daewoong Co., Ltd.</li> <li>Currently, Executive Director of HanAll Biopharma</li> </ul>	<ul style="list-style-type: none"> <li>Master's in Pharmacology from the SNU Graduate School</li> <li>Representative of the Daewoong Pharmaceutical US</li> <li>Currently, Executive Director of Daewoong Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Accounting, Michigan State University</li> <li>Legal and strategic advisor to UAE Office of KOGAS</li> <li>International Legal Advice at Bae, Kim &amp; Lee</li> <li>Currently, Advisor to Bae, Kim &amp; Lee</li> </ul>	<ul style="list-style-type: none"> <li>CEO of Pulmuone Holdings</li> <li>Director of Regulatory Reform Office, Office for Government Policy Coordination Prime Minister's Secretariat</li> <li>Currently, Adjunct Professor of KDI</li> </ul>

## Corporate Governance

### Independent Director Appointment Process

Experts in business and industry are appointed as our Independent Director to solidify expertise and viability suitable for the company's characteristics. In order to select Independent Director, the company makes sure that the candidates do not fall under the grounds for disqualification as stipulated by the Commercial Act. The company is carefully examining not to appoint a person responsible for the infringement of stockholder rights and interests, such as persons who have violated the law or are exempted from the execution of punishments. Our internal director candidates are selected through the recommendation of the Board of Directors and are appointed through the general meeting of stockholders. For independence in the election of directors, the company discloses the personal information of director candidates two weeks before the general meeting of stockholders through the 'Announcement on the Convocation of the General Meeting of Stockholders.' All of our directors were appointed according to these procedures. For stockholders holding less than 1% of the shares, electronic disclosure can be substituted for the notice of draft. However, in order to reflect the opinions of minority stockholders in the process of appointing directors, the company mails the notice of draft to all stockholders to actively provide information related to the appointment of directors.

### Board Independence and Accountability

Independent Director of Daewoong Co., Ltd. must not have served the company or its affiliates in the past, and there should have been no transactions between the company or its affiliates and the Independent Director or the company where the Independent Director served as the largest stockholder or employee. The company complies with the requirements for disqualifications for appointment of Independent Director under Articles 382 (3) and 542-8 of the Commercial Act. A person who falls under these categories after being appointed as an Independent Director must lose his/her position. In order to appoint Independent Director in a fair and transparent manner, we not only review the qualifications for Independent Director required by the Commercial Act, but also thoroughly review the qualifications such as professionalism, job

fairness, ethical responsibility, and loyalty at our Board of Directors and brought as agenda to the general meeting of stockholders.

### Board Evaluation and Remuneration

Daewoong Co., Ltd. conducts a comprehensive evaluation of the activities of the Board of Directors. Regarding the compensation standard for the CEO and Executive Director, the Remuneration Committee determines the remuneration and bonuses in accordance with the position manager compensation plan, taking into account the position and the nature of the work. After the report to the Board of Directors, salaries and bonuses are paid within the director remuneration limit set at the general meeting of stockholders. The evaluation of Independent Director is conducted in a qualitative manner by considering comprehensively the Board attendance rate, whether the agenda and current issues of the Board of Directors were closely reviewed and new ideas were presented, whether a director as an expert in the field has provided the company with appropriate advice for establishing mid- to long-term management strategies and business plans and whether accounting supervision, management supervision, and risk management were faithfully performed. Evaluation results are actively used in determining re-

appointment. Going forward, the company actively considers going beyond qualitative evaluations of Independent Director and conducting specific and quantified evaluations.

### Operation of the Management Committee

Daewoong Co., Ltd. is a corporation with less than KRW 2 trillion in assets. Therefore, the establishment of the Audit Committee and Independent Director Candidate Recommendation Committee as required by the Commercial Act is not mandatory. There is currently no separate committee within the Board of Directors, and in order to bring greater transparency into the company management, the company has the Affiliate Transactions Committee that reviews internal transactions and the Personnel Affairs and Remuneration Committee that establishes criteria for evaluation and remuneration and selects new executives. The details of each committee's authority, composition, role, and operating policy comply with the regulations of each committee.

[Link to the Affiliate Transactions Committee](#)

[Link to the Personnel and Compensation Committee](#)

### Remuneration for Directors and Auditors

(At the end of December 2022; KRW million)

Classification	Number of Persons	Total Remuneration	Average Remuneration per Person
Registered director (excluding Independent Director and the Audit Committee members)	2	642	321
Independent Director (excluding the Audit Committee members)	2	86	43
Audit Committee member	-	-	-
Auditor	1	70	70

#### The Affiliate Transactions Committee (Committee on Internal Trade)

- ① Prior deliberation and resolution of internal transactions
- ② Listening to internal transaction reports: Quarterly internal transaction status report, regular inspection result report
- ③ Risk judgment: Re-examination of transactions that are judged to be risky through regular internal and external inspections
- ④ Suggesting corrective measures for internal transactions

#### The Personnel and Compensation Committee

Establishment of criteria for recommendation of outside directors, evaluation and compensation of executives and key positions, and appointment of new executives



## Corporate Governance

### Daewoong Pharmaceutical

#### Distinct Governance Characteristics

Daewoong Pharmaceutical is operated as an independent management system centered on professional managers and has established a self-responsible management system tailored to its business characteristics. Its major decisions are made through consultations between the Board of Directors and the senior management. In 2022, the company established an advanced governance structure, such as appointing Independent Director equal to the number of Executive Director beyond the ratio stipulated by the Commercial Act. Daewoong Pharmaceutical Co., Ltd. appoints directors after the approval of the general meeting of stockholders in which candidates formally recommended by the board of directors are discussed. Executive Director with expertise take part in the Board of Directors to enable appropriate decision-making, and Independent Director whose independence has been approved ensure and strengthen the transparency of the company's corporate governance structure.

#### The Roles and Operation of the Board of Directors

The Board of Directors of Daewoong Co., Ltd. is the highest permanent decision-making body of the company. The specific role of the Board of Directors is stipulated in Article 10 (Matters to Be Considered) of the Board of Directors Regulations and Article 27 (Directors' Duties) of the Articles of Incorporation. A regular session of the Board of Directors is held once a quarter according to the operating regulations, and an irregular session of the Board of Directors is convened when necessary. It is stipulated that the notice of convocation of the Board of Directors must be delivered to each director no later than seven days before the date of the meeting of

#### Board of Directors Attendance Rate (As of December 2022, year-end)

Executive Director	83.3%
Independent Director	81.3%

the Board of Directors according to the direction of the chairman of the Board of Directors, the representative director, or a director appointed by the chairman.

#### Support for Independent Director Participation in Management

In order to broadly support Independent Director active participation in management, rational decision-making, and professional job performance, Daewoong Pharmaceutical provides several information and opportunities to Independent Director. The IR Team provides the necessary support for performing duties as an Independent Director, providing information that explains the company organization, business status, business goals and strategies, various regulations, and matters related to the Board of Directors, thereby increasing their understanding of the company. In addition, the company provides them with opportunities to have in-depth discussions on major business status, financial and accounting-related issues, information about key issues in the pharmaceutical industry, and the latest management trends every year.

Session	Date	Agendas
1	Jan. 3 <sup>rd</sup> , 2022	• Appointment of CEO
2	Mar. 8 <sup>th</sup> , 2022	• Finalizing the Date of the General Meeting of Stockholders and Its Agenda • Revision of the Board of Directors Regulations • Approval of the Environmental Safety and Health Plan • Report on Internal Accounting Management Evaluation Results • Report on the Change in External Auditors • Report on 2021 Performance and 2022 Business Plan
3	May 9 <sup>th</sup> , 2022	• Q1 2022 Earnings Report • ETC Dept.'s Q1 2022 Performance and Business Plan
4	July 28 <sup>th</sup> , 2022	• Q2 2022 Earnings Report • ETC Dept.'s Q2 2022 Performance and Business Plan • Daewoong Group's Mid-To-Long-Term Investment Plan • Report on EHS Management Status
5	Oct. 7 <sup>th</sup> , 2022	• Money Loan to Daewoong Pharmaceutical Employee's Stock Ownership Association
6	Oct. 28 <sup>th</sup> , 2022	• Q3 2022 Earnings Report • Funding Situation and Arrangements • Progress on Indonesia Joint Venture Project

#### Board Composition

	Executive Director			Independent Director		
Name	Seng-ho Jeon (Chairman of the Board of Directors)	Chang-jae Lee	Jae-chun Yoon	Hong-cheol Kim	Young-jin Kim	Dae-duk Kim
Gender	M	M	M	M	M	M
Term of Office	Mar. 26 <sup>th</sup> , 2018 – Mar. 26 <sup>th</sup> , 2024	Mar. 26 <sup>th</sup> , 2021 – Mar. 26 <sup>th</sup> , 2024	Mar. 26 <sup>th</sup> , 2018 – Mar. 26 <sup>th</sup> , 2024	Mar. 26 <sup>th</sup> , 2018 – Mar. 26 <sup>th</sup> , 2024	Mar. 26 <sup>th</sup> , 2021 – Mar. 26 <sup>th</sup> , 2024	Mar. 29 <sup>th</sup> , 2022 – Mar. 29 <sup>th</sup> , 2025
Specialty	General Management	General Management	General Management	Law and Finance	Medical Service (Medical Doctor)	Pharmacologist (Professor)
Key Experience	<ul style="list-style-type: none"> <li>M.A. in Pharmacy, SNU Graduate School</li> <li>Head of Global Business Dept., Daewoong Pharmaceutical</li> <li>Current CEO of Daewoong Pharmaceutical</li> </ul>	<ul style="list-style-type: none"> <li>BA in Chinese Literature, Dong-A University</li> <li>Head of Marketing Dept., Daewoong Pharmaceutical</li> <li>Currently, CEO of Daewoong Pharmaceutical Co.</li> </ul>	<ul style="list-style-type: none"> <li>KAIST I&amp;TM</li> <li>CEO of Daewoong Pharmaceutical</li> <li>Currently, CEO of Daewoong Co., Ltd.</li> <li>Currently, Executive Director of HanAll Biopharma</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director of HanAll Biopharma</li> <li>Auditor of Bridge Biotherapeutics</li> <li>Currently, Independent Director of Daewoong Pharmaceutical</li> </ul>	<ul style="list-style-type: none"> <li>Department of Medicine, Pusan National University</li> <li>Adjunct Assistant Professor, College of Medicine, the Catholic University of Korea</li> <li>Currently, Independent Director of Daewoong Pharmaceutical</li> </ul>	<ul style="list-style-type: none"> <li>President of the Korean Society of Pharmaceutical Sciences and Technology</li> <li>Currently, professor at the Department of Pharmacy, Seoul National University</li> </ul>

## Corporate Governance

### Independent Director Appointment Process

Experts in business and industry are appointed as our Independent Director to solidify expertise and viability suitable for the company's characteristics. In order to select Independent Director the company makes sure that the candidates do not fall under the grounds for disqualification as stipulated by the Commercial Act. The company is carefully examining not to appoint a person responsible for the infringement of stockholder rights and interests, such as persons who have violated the law or are exempted from the execution of punishments. Our internal director candidates are selected through the recommendation of the Board of Directors and are appointed through the general meeting of stockholders. For independence in the election of directors, the company discloses the personal information of director candidates two weeks before the general meeting of stockholders through the 'Announcement on the Convocation of the General Meeting of Stockholders.' All of our directors were appointed according to these procedures. For stockholders holding less than 1% of the shares, electronic disclosure can be substituted for the notice of draft. However, in order to reflect the opinions of minority stockholders in the process of appointing directors, the company mails the notice of draft to all stockholders to actively provide information related to the appointment of directors.

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Independent Director of the company must not have served the company or its affiliates in the past, and there should have been no transactions between the company or its affiliates and the Independent Director or the company where the Independent Director served as the largest stockholder or employee. The company complies with the requirements for disqualifications for appointment of Independent Director under Articles 382 (3) and 542-8 of the Commercial Act. A person who falls under these categories after being appointed as an Independent Director must lose his/her position. In order to appoint Independent Director in a fair and transparent manner, we not only review the qualifications for Independent Director required by the Commercial Act, but also

thoroughly review the qualifications such as professionalism, job fairness, ethical responsibility, and loyalty at our Board of Directors and brought as agenda to the general meeting of stockholders.

### Board Evaluation and Remuneration

Daewoong Pharmaceutical conducts a comprehensive evaluation of the activities of the Board of Directors. Regarding the compensation standard for the CEO and Executive Director, the Remuneration Committee determines the remuneration and bonuses in accordance with the position manager compensation plan, taking into account the position and the nature of the work. After the report to the Board of Directors, salaries and bonuses are paid within the limit of director remuneration set at the general meeting of stockholders. The evaluation of Independent Director is conducted in a qualitative manner by considering comprehensively the Board attendance rate, whether the agenda and current issues of the Board of Directors were closely reviewed and new ideas were presented, whether a director as an expert in the field has provided the company with appropriate advice for establishing mid- to long-term management strategies and business plans and whether accounting supervision, management supervision, and risk management were faithfully performed. Evaluation results are

### Remuneration for Directors and Auditor

(As of the end of December 2022; KRW million)

Classification	Number of Persons	Total Remuneration	Average Remuneration per Person
Registered director (excluding Independent Director and the Audit Committee members)	3	1,459	486
Independent Director (excluding the Audit Committee members)	3	99	33
Audit Committee member	-	-	-
Auditor	1	60	60

actively used in determining reappointment. Going forward, the company actively considers going beyond qualitative evaluations of Independent Director and conducting specific and quantified evaluations.

### Operation of the Management Committee

Daewoong Pharmaceutical is a corporation with less than KRW 2 trillion in assets. Therefore, the establishment of the Audit Committee and Independent Director Candidate Recommendation Committee as required by the Commercial Act is not mandatory. There is currently no separate committee within the Board of Directors, and in order to bring greater transparency into the company management, the company has the Affiliate Transactions Committee that reviews internal transactions and the Personnel and Compensation Committee that establishes criteria for evaluation and compensation and selects new executives is operating. The details of each committee's authority, composition, role, and operating policy comply with the regulations of each committee.

[Link to the Affiliate Transactions Committee](#)

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- ④ Suggesting corrective measures for internal transactions

#### The Personnel and Compensation Committee

Establishment of criteria for recommendation of outside directors, evaluation and compensation of executives and key positions, and appointment of new executives

## Stockholder Rights

### Protection of Stockholder Rights

Daewoong Co., Ltd. and Daewoong Pharmaceutical protect the exercise of stockholders' rights, guarantee equal treatment for all stockholders, including minority stockholders and foreign stockholders, and respect the rights of stockholders in accordance with laws and the Articles of Incorporation. Even for stockholders with less than a 1% stake, the company is sending a convocation notice by mail. In addition, the company discloses the audit report 8 days prior to the general meeting of stockholders to directly report decisions on the appointment of external auditors at the general meeting of stockholders. By utilizing the electronic voting system and the electronic proxy solicitation system, the company allows stockholders to exercise their voting rights or receive an electronic power of attorney even if they do not attend in person.

### Stockholder Return Policies such as Dividend Policy

The company continues to pay dividends to enhance stockholder value. The company has consistently paid dividends every year since its listing, and the company determines the size of the dividend by considering an overall investment, management performance, cash flow, and dividend stability for the company's continued growth. The company determines the dividend amount according to its growth/investment strategy for the future. However, considering the dividend payout ratio of the past three years and the payout ratio of the same industry, the company will stick to the same dividend policy as in the previous year or increase moderately and plans to maintain a similar dividend policy in the future.

### Fair Disclosure

We make fair disclosure every quarter to provide investors with faster and more impartial access to our performance data. Right after each quarterly earnings announcement or prior to holding an IR, the company discloses on its website its IR data containing sufficient information on its performance. IR data contains detailed information that helps the company's understanding, such as consolidation, separate performance and product performance, R&D pipeline introduction, the current status of the companies that we invest in, and equity structure. In order to provide corporate information to stockholders in a timely, sufficient, and fair manner, the company is making continuous efforts, and as a result, it was selected as the 'Money Today IR Grand Prize' company in November 2021.

### Holding a General Meeting of Stockholders

When announcing the convocation of a general meeting of stockholders, the company provides sufficient information on activities and remuneration of Independent Director and details of transactions with the largest stockholder and affiliates. By disclosing the business report and audit report eight days prior to the general meeting of stockholders, the company provides basic data for stockholders to judge management performance and current status prior to exercising their voting rights.

### Communication with Stockholders

Through financial disclosures, general meetings of stockholders, and performance announcements, Daewoong Pharmaceutical demonstrates transparency in disclosing its management performance and strategic directions and promotes communication with stakeholders through various communication channels. Through general meetings of stockholders, performance presentations, NDR (Non-Deal Roadshow), and IR meetings at home and abroad, the company regularly shares its management performance with stockholders. Besides, the company provides information through its website so that stockholders can check the information they need, such as the status of major stockholders, stock issuance details, investor explanations, and performance announcements.

In order to increase the share of foreign investors, the company actively promotes face-to-face corporate briefings. By participating in major overseas conferences such as the JP Morgan Healthcare Conference, the company is making continuous efforts to resolve the asymmetry of investment-related information based on continuous communication with investment analysts. Daewoong Pharmaceutical will continue to expand regular and non-regular corporate briefings to bolster its IR activities and broaden its investor base.

Stockholder information

Daewoong Co., Ltd.			Major holders of the stock		(As of the end of December 2022)	Daewoong Pharmaceutical Co., Ltd.		
Classification	Number of Shares Owned	Ownership Ratio				Classification	Number of Shares Owned	Ownership Ratio
● Largest stockholder et al.	22,140,655	38.1%				● Largest stockholder et al.	6,602,112	57.0%
● Treasury stock	16,560,640	28.5%				● Treasury stock	517,367	4.5%
● Employee stock etc.	2,083,310	3.6%				● Employee stock etc.	82,715	0.7%
● National Pension Service	3,187,151	5.5%				● National Pension Service	1,262,899	10.9%
● Other	14,170,224	24.3%				● Other	3,121,482	26.9%
Total	58,141,980	100.0%				Total	11,586,575	100.0%

## Ethics and Compliance

### Code of Ethics

The purpose of Daewoong Pharmaceutical's Code of Ethics is to stipulate the ethical standards that all employees of Daewoong Co., Ltd. and all its affiliates, including its subsidiary Daewoong Pharmaceutical, must abide by. It not only applies to those activities that are regulated in the current law but also those that are not regulated in the law. Daewoong Pharmaceutical's Code of Ethics is ① General Rules, ② Employees' Responsibilities and Duties, ③ Fair Job Performance, ④ Prohibition of Improper Solicitation and Graft, ⑤ Prohibition of Provision and Acceptance of Unjust Benefits, ⑥ Creation of a Sound Corporate Culture, ⑦ Reporting and Measures, Ethics Committee Operation, ⑧ Roles and Authority of Ethics Management Manager, ⑨ Roles and Responsibilities of Responsible Department, and ⑩ Discipline and Penalties.

### Code of Conduct

Daewoong Pharmaceutical enhances the value of various working relationships with Daewoong through compliance with the Code of Conduct. The company pursues a reputation as a global healthcare group that improves the quality of life and a company that boasts global top-level transparency and inspires trust. Daewoong Pharmaceutical's Code of Conduct describes behavioral standards related to the attitudes to be taken toward ① employees, ② customers (doctors, pharmacists, wholesalers, etc.), ③ partners, and ④ stockholders. In addition, it is configured to enable self-inspection through COC-Question.

### Anti-Bribery Policy

In order to become a global healthcare group that demonstrates fairness and transparency with the aim of realizing the vision of a global healthcare group that improves the quality of life, Daewoong Pharmaceutical has enacted the "Daewoong Pharmaceutical Anti-Bribery Guidelines." These guidelines were then proclaimed through the approval of the Board of Directors to prevent corruption, internally and externally declaring itself as a company that pursues anti-bribery management.

### Ethics and Compliance Framework

In order to preemptively respond to domestic and international requirements for anti-bribery, the company has acquired ISO 37001 Anti-bribery Management Systems certification and is responding to corruption risks by establishing and operating a management system based on international standards. In order to establish a fair competition system and enhance internal and external trust, the company is operating the Fair Trade Compliance Program (CP). By establishing and operating a dedicated CP organization (with seven employees), we are striving to eliminate risks related to unfair trade and continue compliance management.

Daewoong Pharmaceutical will manage to ensure that Daewoong Pharmaceutical can conduct anti-bribery management that meets international standards through continuous follow-up management and renewal of ISO37001 certification. The company will focus on acquiring the ability to identify corruption risks through increased training and monitoring of field departments so that the company can effectively operate anti-bribery management activities at the team level.

### Ethics and Compliance Organization

In order to establish a fair and free competition culture, Daewoong Pharmaceutical promotes ethics and compliance with the CP Team front and center. The Compliance Officer is appointed as CP Team Leader, and the Compliance Officer is charged with supervision and responsibility for all activities operated by CP Team. By upgrading the CP operating system and subdividing the punishment standards according to the types of CP violations, Daewoong Pharmaceutical has prepared punishment standards according to the responsibility of each actor and manager.

Through increased training and monitoring of field departments, the company will acquire the ability to identify corruption risks and support the effective operation of anti-bribery management activities at the team level.



- Conduct anti-bribery training for employees.
- Appoint an anti-bribery supervisor and person in charge.
- Implement reasonable and appropriate measures to ensure business associates' anti-bribery practices.
- Ensure employees' compliance with the anti-bribery policy.
- Run continuous monitoring and reporting.
- Investigate bribery and transactions suspected to involve bribes.

## Ethics and Compliance

### Expansion of Ethical Management

#### Spreading Ethics and Compliance

In addition to the training required by the law, Daewoong Pharmaceutical conducts ethical management training every year on topics such as the purpose and effect of ethical management, cases of internal corruption and ethical standards, abuse of power and workplace harassment, and how to use cyber reporting. Daewoong Pharmaceutical plans to encourage employees to complete the training with the goal of having all its employees complete the course.

In order to spread an anti-bribery and ethical culture, the company operates various promotional channels in addition to related training. The company shares the current status of the industry and the CP system through various in-house channels, and the company also uses phone, e-mail, and CP Q&A bulletin boards to further increase communication with employees in related departments. By issuing a CP Letter on a regular basis every year, the company allows employees to naturally immerse in the CP key message. The company is planning to upgrade the CP guide utilization plan which lets you check for answers to any questions you may run into in the field.

Daewoong Pharmaceutical is working to expand the eligibility for training to cover not only to domestic employees, but also overseas employees, members of the Board of Directors, and business partners.

The company is reviewing ways to provide training to overseas employees and plans to provide CP-related training for board members. Going one step further from currently receiving the anti-bribery pledge and fair trade compliance cooperation document from current business partners, the company will provide CP-related training for CSOs and ethical management guides or CP guidebooks for other business partners. We also want to encourage the spread of CP culture so that our business partners can also be covered.

#### Reporting Ethical Violations

By monitoring global regulatory changes and the market environment, Daewoong Pharmaceutical continuously improves its related regulations. By operating an ethical management reporting channel, the company monitors the risk of corruption in the workplace and takes action.

**Ethical Management Reporting System: Cyber Sinnungo** Daewoong Pharmaceutical operates Cyber Sinnungo on its website. Anyone, regardless of customer or employee, can report ① violations of ethical management related to employees, ② corruption and abuse of power that affects business partners, ③ all acts that undermine a healthy corporate culture, and ④ suggestions for policy improvement.

In addition to Cyber Sinnungo, Daewoong Pharmaceutical's Customer Support (CS) Team delivers customer reports received from outside to Daewoong Pharmaceutical's Compliance Program (CP) Team. In preparation for cases where reporting over the phone is difficult, the company operates a communication system. Those who wish can directly contact the CP Team via the email address: Ethics@daewoong.co.kr. In addition, Daewoong Pharmaceutical internally receives reports through an anonymous bulletin board to resolve workplace harassment, and even when an informant or witness is reporting anonymously, their identity is strictly kept private.

**Informant Protection** Daewoong Pharmaceutical strictly keeps the informant's identity secure so that there is no disadvantage to the informant.

**Criteria for Confidentiality** Daewoong Pharmaceutical prohibits disclosing or implying the informant's identity without the informant's consent.

**Criteria for Protecting Personal Identity** Daewoong Pharmaceutical protects those who make reports, statements, or data submissions from any disadvantages or discrimination, such as disciplinary actions from departments or business relationships.

#### Procedure





## Ethics and Compliance

### Auditing - Internal Accounting Controls

#### Internal Accounting Control System

As the level of internal accounting control system certification was raised from review to audit in 2020 due to the revision of the External Audit Act, Daewoong Pharmaceutical reorganized the relevant internal accounting control system operating regulations, etc., and in response to the risk of significant distortion of financial statements, the company is putting greater intensity into the design and operation of our control activities.

In order to internalize the internal accounting management system, Daewoong Pharmaceutical invites outside experts to continuously conduct professional training for all its employees. In accordance with relevant laws and regulations, the company reports the results of the operation of the internal accounting controls to the general meeting of stockholders, Board of Directors, and auditors each business year.

The department in charge of Daewoong Pharmaceutical's internal accounting controls conducts design and operation evaluations for the company and continuously carries out activities to address deficiencies. By responding in a timely and effective manner to requests for audit by external auditors, the company has obtained a "qualified" opinion from external auditors for two consecutive years.

#### Full-time Auditor

Currently, Daewoong Pharmaceutical does not have a separate audit committee, and one full-time auditor is in charge of auditing. Auditors can independently supervise the work of directors by attending the Board of Directors meeting and can request the submission of books and related documents to the relevant department in relation to all tasks. In addition, auditors can receive business reports from Daewoong Pharmaceutical when necessary and can access management information in an appropriate way. Currently, Daewoong Pharmaceutical's full-time auditor is a legal expert serving as the deputy representative of Apex Law LLC, a law firm.

#### Accounting Manager

A full-time executive with expertise in accounting and internal controls of Daewoong Pharmaceutical works as its accounting manager. The accounting manager supervises the design and operation of the internal accounting controls and supports the operations as needed. The accounting manager checks the effectiveness of the design and operation of the internal accounting controls and conducts activities to address critical vulnerabilities when they occur. To this end, a separate organization dedicated to internal accounting controls has been formed to assist the accounting manager in performing his/her duties. The accounting manager reports the operating status of the internal accounting controls to the Board of Directors and auditors every year.

#### 2022 Remarks

##### **Advancement of Internal Accounting Controls**

Daewoong Pharmaceutical appropriately designs control activities that can hedge the risks defined in the control statement and conducts continuous communication and monitoring activities with the relevant departments so that the control activities were properly performed and important vulnerabilities found were addressed. As a result, no significant weaknesses have been pointed out by the external auditor for internal accounting controls.

##### **Establishment of Communication Channels for Internal Accounting Controls**

Daewoong Pharmaceutical has established communication channels (communication managers within departments) for internal accounting controls. In the event of changes in control activities performed by the relevant department, the persons in charge of control activities, etc., the company has made sure that they are shared with the internal accounting department. Through this, the company streamlined the status management of the control activity departments and the persons in charge and was able to complete the operational status evaluation quickly and effectively.

##### **Conducting Continuous Training to Improve Awareness of Internal Accounting Controls and Internalization**

Daewoong Pharmaceutical's introduction of internal accounting controls is in accordance with legal requirements, but the company decided that effective internal controls prevent accounting irregularities and contribute to the company's financial soundness. Therefore, the company contributed to improving awareness and internalization of internal accounting controls by inviting external experts and continuously conducting practical internal accounting control training for all employees.

#### 2023 Progress

##### **Establishment of Consolidated Internal Accounting Controls**

In accordance with the revision of the External Audit Act, Daewoong Pharmaceutical is required to establish and operate consolidated internal accounting controls from 2024 and undergo external audits. In the second half of 2023, Daewoong Pharmaceutical, the parent company, plans to establish internal accounting controls for subsidiaries included in the scope of consolidation identified through scoping.

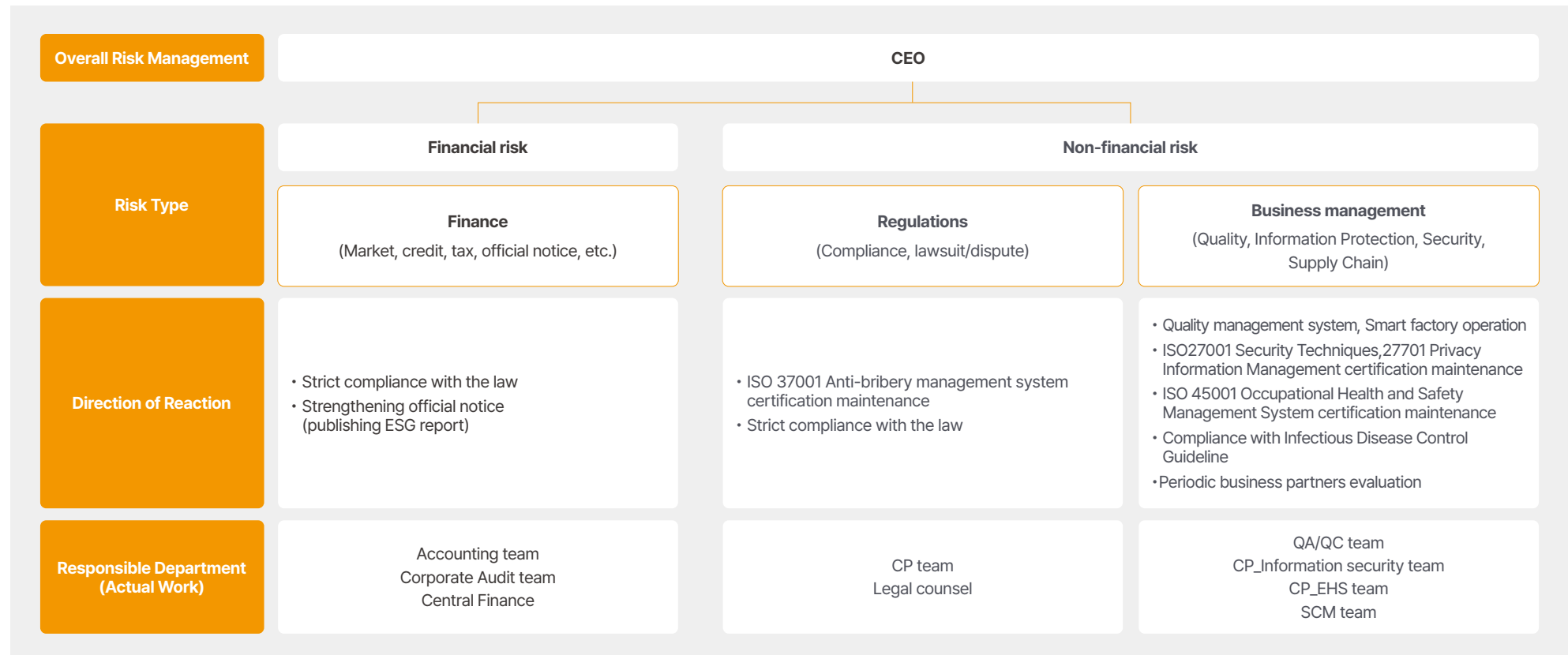
## Risk Management

### Risk Management Directions

In order to lay a stable foundation for management, the organization in charge of Daewoong Pharmaceutical prepares policies and procedures for systematic risk management to minimize negative impacts by responding to risk factors in advance. Departments responsible for different major risks lead risk management activities, and the CEO, as the final control tower, identifies the current risk management status and makes decisions to support management activities.

### Management of Key Risks

Daewoong Pharmaceutical preemptively prevents risks by monitoring and analyzing the risk factors in the emerging risks that may arise due to changes in the internal and external environment related to business and preparing countermeasures for them. Risks are broadly classified into financial risks and non-financial risks. Financial risks refer to foreign exchange, credit, liquidity, interest rates, and other domestic and foreign markets surrounding the company and the flow and value of capital. Non-financial risks include laws and regulations, business operations, etc. Daewoong Pharmaceutical continuously monitors financial and non-financial risks across the business due to changes in the external business environment, and the related details are managed and supervised by the top management.



## Tax Strategy

### Tax Strategy

Daewoong Pharmaceutical has 19 consolidated companies in Korea and overseas including Indonesia. Daewoong Pharmaceutical faithfully fulfills its tax reporting and payment obligations in accordance with the domestic laws and regulations of each country in which it conducts business. While demonstrating transparency in relationships with each country's tax authorities, the company faithfully fulfills taxpayer obligations, such as the submission of data as stipulated by relevant laws.

In dealing with related parties, Daewoong Pharmaceutical is based on normal price transactions in accordance with the OECD Transfer Pricing Guidelines and the laws of each country. Regarding transfer pricing transactions with foreign related parties, the company prepares BEPS\* reports and transfer pricing reports with external experts to manage the implementation status.

\* BEPS : Base Erosion and Profit Shifting. Erosion of tax bases through income transfers. It refers to a multinational company engaging in tax evasion by creating a shell company in a country where favorable tax rates are imposed under tax treaties.

Daewoong Pharmaceutical complies with the laws and regulations and faithfully fulfills its tax obligations in each country in which it conducts business, does not enter into transactions or contracts that transfer income between countries to take advantage of differences in tax laws between countries or loopholes in the international tax system, and ensures that taxable income is allocated in a manner consistent with the value created in each country in which we do business. We do not use tax havens that unfairly reduce our tax burden, and faithfully fulfill our tax obligations in international transactions through a normal tax structure.

### Tax Management System

All executives and employees in charge of tax at Daewoong Pharmaceutical's subsidiaries comply with tax laws and regulations of each country and conduct their duties under the principle of demonstrating transparency in the relationship with tax authorities. Daewoong Pharmaceutical pays taxes fairly and proceeds with tax complaints by following legal procedures such as appeals for adjudication and administrative litigation for unreasonable taxation. The company shares the profits of growth with society, using resources created through legal tax savings.

Daewoong Pharmaceutical's global worksites comply with domestic and foreign laws by reviewing tax risks that may arise in the course of business activities in advance. When reviewing risks, we make decisions based on the advice of external tax experts and tax authorities.

### Tax Risk Management

"Strict legal compliance" is the core of Daewoong Pharmaceutical's tax risk management policy. When requested by the tax authority, the company takes the lead in demonstrating transparency related to tax by faithfully providing evidence to prove the facts. The use of tax haven countries or tax structures without a commercial entity to evade tax is strictly prohibited.

As a global company, the company prevents tax risks in advance by identifying differences between the tax laws of different countries and the intent of their tax enactment and analyzing potential sources of dispute. For example, Daewoong Pharmaceutical avoids the risk of double taxation due to competition for taxation rights between tax authorities by transacting in accordance with the "market price principle."

# APPENDIX

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## ESG Data | Economic Performance

### Daewoong Co., Ltd.'s Financial Performance

#### Reporting Scope and Criteria

- \* Daewoong Co., Ltd.
- \* Business Report, as of the end of December 2022, on a consolidated basis

Classification		Unit	2020	2021	2022
Financial Status					
Asset	Current assets	KRW bn	833	844	954
	Non-current assets	KRW bn	1,001	1,086	1,205
	Total	KRW bn	1,834	1,929	2,159
Debt	Current liabilities	KRW bn	368	514	516
	Non-current liabilities	KRW bn	353	263	364
	Total	KRW bn	721	777	879
Capital	Common stock	KRW bn	29	29	29
	Other paid-in capital	KRW bn	155	138	138
	Other components of equity	KRW bn	- 71	- 84	- 83
	Retained earnings	KRW bn	571	645	745
	Non-controlling interests	KRW bn	429	424	451
	Total	KRW bn	1,113	1,153	1,279
Capital adequacy ratio (capital/asset)		%	61	60	59
Debt ratio (debt/equity)		%	65	67	69
Size of total investment in affiliates compared to equity capital		%	24	28	25
The total amount of credit extended to affiliates (lending of money, etc., a guarantee of debt performance, purchase of securities in financial support, provision of collateral, promissory note endorsement, etc.) relative to equity capital		%	3	0	0

Classification		Unit	2020	2021	2022
Business Performance					
Operating revenue		KRW bn	1,355	1,511	1,697
Operating expenses		KRW bn	1,257	1,329	1,490
Operating income		KRW bn	98	183	207
EBITDA		KRW bn	135	218	243
Net income before income tax		KRW bn	145	113	155
Income tax		KRW bn	26	13	35
Net Income for the year		KRW bn	118	100	120
Tax Indicators					
Profit before tax		KRW bn	145	113	155
Nominal tax amount		KRW bn	48	40	52
Nominal tax rate		%	33	35	34
Real tax amount		KRW bn	26	13	35
Effective tax rate		%	18	12	22
The difference between the nominal tax amount and the real tax amount		KRW bn	22	27	17
Non-taxable income/expenses		KRW bn	-5	-7	-8
Refund of income tax		KRW bn	1	0	0
Deducted and exempted tax amount		KRW bn	-9	-14	-19
Changes in the non-recognized effect of deferred income tax		KRW bn	-3	-2	0
Other		KRW bn	-6	-4	10



## ESG Data | Economic Performance

### Daewoong Pharmaceutical Co., Ltd.'s Financial Performance

Classification		Unit	2020	2021	2022
Financial Status					
Asset	Current assets	KRW bn	525	520	549
	Non-current assets	KRW bn	839	890	1,014
	Total	KRW bn	1,363	1,411	1,563
Debt	Current liabilities	KRW bn	327	461	473
	Non-current liabilities	KRW bn	345	252	349
	Total	KRW bn	672	713	822
Capital	Common stock	KRW bn	29	29	29
	Treasury stock	KRW bn	-29	-18	-18
	Other paid-in capital	KRW bn	101	124	122
	Other components of equity	KRW bn	-3	-32	-28
	Retained earnings	KRW bn	449	467	504
	Non-controlling interests	KRW bn	144	128	133
	Total	KRW bn	691	698	742
Capital adequacy ratio (capital/asset)		%	51	49	47
Debt ratio (debt/equity)		%	97	102	111
Size of total investment in affiliates compared to equity capital		%	29	30	31
The total amount of credit extended to affiliates (lending of money, etc., a guarantee of debt performance, purchase of securities in financial support, provision of collateral, promissory note endorsement, etc.) relative to equity capital		%	0	0	0
Business Performance					
Sales		KRW bn	1,055	1,153	1,280
Cost of sales		KRW bn	608	608	641
Gross profit on sales		KRW bn	447	545	639
Operating income		KRW bn	17	89	96
EBITDA		KRW bn	47	118	124
Net income before Corporate tax		KRW bn	13	20	38
Corporate Tax		KRW bn	-11	-10	-1
Net income for the year		KRW bn	24	30	39

#### Reporting Scope and Criteria

- \* Daewoong Pharmaceutical Co., Ltd.
- \* Business Report, as of the end of December 2022, on a consolidated basis

Classification		Unit	2020	2021	2022
Tax Indicators					
Profit before tax		KRW bn	13	20	38
Nominal tax amount		KRW bn	5	8	12
Nominal tax rate		%	38	40	32
Real tax amount		KRW bn	-11	-10	-1
Effective tax rate		%	NA	NA	NA
The difference between the nominal tax amount and the real tax amount		KRW bn	16	18	13
Non-deductible expenses		KRW bn	3	2	2
Tax credit		KRW bn	-8	-13	-16
Deferred income tax effect of tax credit carried forward		KRW bn	-6	-9	-3
Changes in the non-recognized effect of deferred income tax		KRW bn	-3	-2	-0.04
Other		KRW bn	0	0	4
Creation and Distribution of Economic Value					
Distribution of economic value (on a consolidated basis)	Sales	KRW bn	1,055	1,153	1,280
	Operating expenses	KRW bn	608	608	641
	Employee salaries and benefits (employees)	KRW bn	148	162	196
	Stockholder and investor payments	KRW bn	6	6	6
	Interest expenses	KRW bn	11	10	8
	Income tax (government)	KRW bn	-11	-10	-1
	Raw material cost (business partners)	KRW bn	10	138	166
	Donations (community)	KRW bn	1	3	2
	Total	KRW bn	1,958	2,064	2,274
	Sales	KRW bn	945	1,055	1,161
Distribution of economic value (on a separate basis)	Operating expenses	KRW bn	555	568	594
	Employee salaries and benefits (employees)	KRW bn	116	126	153
	Stockholder and investor payments	KRW bn	6	6	6
	Interest expenses	KRW bn	10	10	8
	Income tax (government)	KRW bn	-11	-10	-4
	Raw material cost (business partner)	KRW bn	141	127	154
	Donations (community)	KRW bn	1	3	2
	Total	KRW bn	1,764	1,889	2,061
	Government grants	KRW bn	1	9	1

## ESG Data | Economic Performance

### R&D

Classification		Unit	2020	2021	2022
Reinforcement of R&D Capabilities					
Current status of R&D personnel	Ph.D	Person(s)	35	50	99
	Master's	Person(s)	137	158	220
	Other	Person(s)	59	74	60
	Total	Person(s)	231	282	379
Current status of R&D investment	R&D fund	KRW 100mn	1,445	1,759	2,014
	R&D concentration (R&D investment cost compared to sales)	%	15.4	16.6	17.3
Government-provided R&D funding	Government grants	KRW 100mn	21.1	131.8	253.8

R&D Performance <sup>1)</sup>					
Portfolio			28	34	40
Products in clinical development			12	17	15

1) Including Daewoong Pharmaceutical's New Drug Center/Clinical Center tasks and 3 projects being developed jointly with HanAll Biopharma

### Reporting Scope and Criteria

- \* Daewoong Pharmaceutical Co., Ltd.
- \* Business Report, as of the end of December 2022

Classification			Unit	2020	2021	2022
Current Status of Intellectual Property Rights						
Domestic	Patent	Applied	Number	19	21	33
		Registered	Number	5	12	13
Overseas	Patent	Applied	Number	197	146	145
		Registered	Number	68	87	99

## ESG Data | Environmental Performance

### GHG Emissions

Classification			Unit	2020	2021	2022	2023 Target <sup>1)</sup>	
Daewoong Pharmaceutical	Direct emissions (Scope 1)	LNG, etc.	tCO <sub>2</sub> eq	8,955	9,480	10,125	9,594	
	Indirect emissions (Scope 2)	Electricity	tCO <sub>2</sub> eq	21,797	22,920	24,479	23,238	
	Total emissions (Scope 1+2)		tCO <sub>2</sub> eq	30,751	32,400	34,604	32,832	
	GHG emission unit (Based on sales <sup>2)</sup> )		tCO <sub>2</sub> eq/ KRW 100mn	3.25	3.07	2.98	2.69	
Affiliates	Daewoong Bio	Direct emissions (Scope 1)	LNG, etc.	tCO <sub>2</sub> eq	4,370	4,353	3,881	3,687
		Indirect emissions (Scope 2)	Electricity	tCO <sub>2</sub> eq	10,643	11,176	12,127	11,520
		Total emissions (Scope 1+2)		tCO <sub>2</sub> eq	15,013	15,528	16,007	15,207
	HanAll Biopharma	Direct emissions (Scope 1)	LNG, etc.	tCO <sub>2</sub> eq	502	444	430	420
		Indirect emissions (Scope 2)	Electricity	tCO <sub>2</sub> eq	1,646	1,501	1,650	1,600
		Total emissions (Scope 1+2)		tCO <sub>2</sub> eq	2,148	1,945	2,080	2,020
	Daewoong Infion	Direct emissions (Scope 1)	LNG, etc.	tCO <sub>2</sub> eq	136	130	146	139
		Indirect emissions (Scope 2)	Electricity	tCO <sub>2</sub> eq	1,757	1,658	2,038	1,936
		Total emissions (Scope 1+2)		tCO <sub>2</sub> eq	1,893	1,788	2,184	2,075
	Total	Direct emissions (Scope 1)	LNG, etc.	tCO <sub>2</sub> eq	13,963	14,407	14,582	13,840
		Indirect emissions (Scope 2)	Electricity	tCO <sub>2</sub> eq	35,843	37,254	40,293	38,294
		Total emissions (Scope 1+2)		tCO <sub>2</sub> eq	49,806	51,661	54,875	52,134

1) Environmental performance targets for 2023 are all the same with a 5% increase compared to the previous year (GHG emissions, energy consumption, water consumption, waste emissions, etc.)

2) Based on separate financial statements

GHG Reduction						
GHG emission reduction activities	Estimated total annual CO <sub>2</sub> reduction	tCO <sub>2</sub> eq	-	-	309	-
Hyangnam Plant <sup>1)</sup>	Total annual investment amount	KRW mn	-	-	295	-
	Total power generation	GJ	-	-	1,541	-

1) Daewoong Pharmaceutical, Daewoong Bio Hyangnam Plant. Data collected from 2022. Renewable energy activities (installation of solar panels)

### Violation of Environmental Laws

Fine amount		Violation(s)	0	1 <sup>1)</sup>	1 <sup>2)</sup>
	Number of violations of legal obligations/regulations		0	1 <sup>1)</sup>	1 <sup>2)</sup>
	Number of fines related to the above	KRW mn	-	0.48	0.50
	Number of lawsuits filed	Violation(s)	0	0	0
	Number of non-monetary sanctions	Violation(s)	0	0	0

1) 1 case: Daewoong Pharmaceutical Life Science Research Institute failed to report changes to wastewater discharge facilities

2) 1 case: An excess discharge fine was imposed on Daewoong Pharmaceutical Life Science Research Institute for exceeding the permissible discharge standards for water pollutants.

### Reporting Scope and Criteria

\* Daewoong Pharmaceutical Co., Ltd. (Headquarters, Hyangnam Plant, Osong Plant, Life Science Research Center, and Daewoong Management Development Institute Co., Ltd. (DMD)), and its affiliates (Daewoong Bio Co., Ltd., HanAll Biopharma Co., Ltd., and Daewoong Infion (overseas))

\* As of the end of December 2022

1) Calculated as an aggregate since it is located in the same site where the Life Science Research Center is located.

### Energy Consumption

Classification			Unit	2020	2021	2022	2023 Target	
Daewoong Pharmaceutical	Direct energy consumption	LNG	GJ	176,747	187,432	200,548	190,027	
		Gasoline	GJ	-	-	-	-	
		Diesel	GJ	420	395	356	338	
	Indirect energy consumption	Electricity	GJ	496,622	520,893	548,866	521,424	
	Total energy consumption		GJ	673,788	708,720	749,770	711,790	
	Energy intensity (based on sales)		GJ/KRW 100mn	71.32	67.16	64.56	58.37	
Affiliates	Daewoong Bio	Direct energy consumption	LNG	GJ	85,175	86,163	76,842	73,000
			Gasoline	GJ	-	-	-	-
			Diesel	GJ	165	151	197	187
		Indirect energy consumption	Electricity	GJ	221,358	232,455	245,259	241,569
		Total energy consumption		GJ	306,697	318,769	322,297	306,182
	HanAll Biopharma	Direct energy consumption	LNG	GJ	9,879	8,748	8,468	8,400
			Gasoline	GJ	-	-	-	-
			Diesel	GJ	64	52	46	46
		Indirect energy consumption	Electricity	GJ	33,288	30,358	33,378	33,300
		Total energy consumption		GJ	43,232	39,158	41,891	41,746
	Daewoong Infion	Direct energy consumption	LNG	GJ	2,567	2,512	2,623	2,492
			Gasoline	GJ	-	-	-	-
			Diesel	GJ	91	54	201	191
Indirect energy consumption		Electricity	GJ	36,723	34,642	41,215	39,154	
Total energy consumption		GJ	39,381	37,209	44,039	41,837		
Total	Direct energy consumption	LNG	GJ	274,368	284,855	288,481	273,919	
		Gasoline	GJ	-	-	-	-	
		Diesel	GJ	740	653	799	762	
	Indirect energy consumption	Electricity	GJ	787,991	818,347	868,717	835,446	
	Total energy consumption		GJ	1,063,098	1,103,854	1,157,997	1,110,127	

Energy Saving <sup>1)</sup>							
Daewoong Pharmaceutical	Energy savings	KRW mn	334	59	216	1,074	
	Energy reduction	GJ	30,795	4,237	11,130	63,453	
	Carbon emission reduction	tCO <sub>2</sub> eq	2,606	445	725	7,588	
Affiliates	Daewoong Bio	Energy savings	KRW mn	68	50	44	46
		Energy reduction	GJ	5,439	3,999	3,519	3,695
		Carbon emission reduction	tCO <sub>2</sub> eq	268	197	174	183
	HanAll Biopharma	Energy savings	KRW mn	-	-	-	32
		Energy reduction	GJ	-	-	-	2,194
		Carbon emission reduction	tCO <sub>2</sub> eq	-	-	-	109
Total	Energy savings	KRW mn	402	109	260	1,153	
	Energy reduction	GJ	36,234	8,236	14,649	69,342	
	Carbon emission reduction	tCO <sub>2</sub> eq	2,874	642	899	7,879	

1) Excluding Daewoong Infion

## ESG Data | Environmental Performance

### Water Consumption<sup>1)</sup>

Classification		Unit	2020	2021	2022	2023 Target	
Daewoong Pharmaceutical	Industrial water	ton	115,453	151,901	170,107	161,602	
	Domestic water	ton	137,441	128,055	116,989	111,140	
	Groundwater	ton	-	-	-	-	
	Reclaimed water	ton	11,239	17,742	20,082	21,086	
	Total consumption	ton	264,133	297,698	307,178	293,827	
	Sales	KRW 100mn	9,448	10,552	11,613	12,194	
	Water use intensity (based on sales)	ton/KRW 100mn	27.96	28.21	26.45	24.10	
	Water reuse rate <sup>2)</sup>	%	4.26	5.96	6.54	7.18	
Affiliates	Daewoong Bio	Industrial water	ton	150,701	173,718	192,245	182,633
		Domestic water	ton	48,215	42,822	37,744	35,857
		Groundwater	ton	-	-	-	-
		Reclaimed water	ton	2,628	-	2,703	2,838
		Total consumption	ton	201,544	216,540	232,692	221,057
		Water reuse rate	%	1.30	0.00	1.16	1.28
	HanAll Biopharma	Industrial water	ton	21,887	18,777	16,994	16,500
		Domestic water	ton	-	-	-	-
		Groundwater	ton	1,154	561	1,112	1,000
		Reclaimed water	ton	-	-	938	1,080
		Total consumption	ton	23,041	19,338	19,044	18,580
		Water reuse rate	%	-	-	4.93	5.81
	Daewoong Infion	Industrial water	ton	5,802	4,208	4,682	4,448
		Domestic water	ton	-	-	-	-
		Groundwater	ton	-	-	-	-
		Reclaimed water	ton	-	-	-	-
		Total consumption	ton	5,802	4,208	4,682	4,448
		Water reuse rate	%	0.00	0.00	0.00	0.00
Total	Industrial water	ton	293,843	348,604	384,028	365,182	
	Domestic water	ton	185,656	170,877	154,733	146,996	
	Groundwater	ton	1,154	561	1,112	1,000	
	Reclaimed water	ton	13,867	17,742	23,723	25,004	
	Total consumption	ton	494,520	537,784	563,596	538,183	
	Water reuse rate	%	2.80	3.30	4.21	4.65	

1) Water consumption: industrial water + domestic water + groundwater + reclaimed water

2) Reuse rate: Reused water/water consumption\*100

### Waste Discharge

Classification			Unit	2020	2021	2022	2023 Target
Daewoong Pharmaceutical	General waste	Incineration	ton	507	464	488	464
		Landfilling	ton	-	-	-	-
		Recycling	ton	205	203	385	389
	Hazardous (designated) waste	Treatment	ton	164	164	211	200
		Recycling	ton	-	-	-	-
	The total amount of waste generated		ton	877	831	1,084	1,029
	Waste recycling rate		%	23.41	24.40	35.54	37.78
Affiliates Daewoong Bio	General waste	Incineration	ton	161	126	140	129
		Landfilling	ton	3	-	-	-
		Recycling	ton	289	283	392	406
	Hazardous (designated) waste	Treatment	ton	292	742	306	309
		Recycling	ton	6,289	6,268	8,113	8,518
	The total amount of waste generated		ton	7,033	7,419	8,951	9,361
	Waste recycling rate		%	93.53	88.30	95.01	95.32
HanAll Biopharma	General waste	Incineration	ton	185	101	74	70
		Landfilling	ton	39	39	39	35
		Recycling	ton	9	10	9	8
	Hazardous (designated) waste	Treatment	ton	7	4	4	3
		Recycling	ton	2	-	-	-
	The total amount of waste generated		ton	242	154	126	116
	Waste recycling rate		%	4.42	6.43	7.14	6.90
Daewoong Infion	General waste	Incineration	ton	5	6	5	5
		Landfilling	ton	-	-	-	-
		Recycling	ton	-	-	-	-
	Hazardous (designated) waste	Treatment	ton	98	79	67	64
		Recycling	ton	-	-	-	-
	The total amount of waste generated		ton	103	85	72	69
	Waste recycling rate		%	-	-	-	-
Total	General waste	Incineration	ton	858	697	707	667
		Landfilling	ton	42	39	39	35
		Recycling	ton	503	496	786	803
	Hazardous (designated) waste	Treatment	ton	561	989	588	575
		Recycling	ton	6,291	6,268	8,113	8,518
	The total amount of waste generated		ton	8,254	8,488	10,233	9,721
	Waste recycling rate		%	82.31	79.68	86.97	95.88

## ESG Data | Environmental Performance

### Hazardous Substances/Air/Water Quality

Classification		Unit	2020	2021	2022	2023 Target
<b>Hazardous Chemicals<sup>1)</sup></b>						
Daewoong Pharmaceutical - Hyangnam	Emissions	ton	1.86	1.77	2.95	2.80
Affiliates Daewoong Bio - Hyangnam	Emissions	ton	1.61	2.97	2.72	2.58
HanAll Biopharma	Emissions	ton	2.00	2.00	2.00	1.90
<b>Total</b>	<b>Emissions</b>	<b>ton</b>	<b>5.48</b>	<b>6.74</b>	<b>7.67</b>	<b>7.28</b>

1) Only Daewoong Pharmaceutical, Daewoong Bio Hyangnam Plant, and HanAll Biopharma reported emissions

Air Pollutant Emissions <sup>1)</sup>								
Daewoong Pharmaceutical	Dust	Emissions	ton	0.50	0.53	0.42	0.40	
	SOx	Emissions	ton	0.00	0.05	0.00	0.00	
	NOx	Emissions	ton	5.64	11.87	11.91	11.31	
	VOCs	Emissions	ton	-	-	-	-	
Affiliates	Daewoong Bio	Dust	Emissions	ton	0.32	0.11	0.06	0.06
		SOx	Emissions	ton	0.00	0.00	0.00	0.00
		Nox	Emissions	ton	0.89	1.99	0.34	0.32
		VOCs	Emissions	ton	-	1.65	0.76	0.72
	HanAll Biopharma	Dust	Emissions	ton	0.07	0.06	0.11	0.05
		SOx	Emissions	ton	0.01	0.03	0.01	0.01
		NOx	Emissions	ton	0.18	0.23	0.16	0.15
		Dust	Emissions	ton	0.89	0.70	0.59	0.51
Total	SOx	Emissions	ton	0.01	0.07	0.01	0.01	
	NOx	Emissions	ton	6.71	14.09	12.40	11.78	
	VOCs	Emissions	ton	-	1.65	0.76	0.72	

1) Only dust, SOx, NOx, and VOCs are generated from domestic worksites, so only those emissions are reported.

<b>Use of Raw and Subsidiary Materials<sup>1)</sup></b>						
Raw and subsidiary material consumption	Raw material consumption	ton	172	120	148	166
	Subsidiary material consumption	ton	639	551	517	580
	Total raw and subsidiary material consumption	ton	811	671	665	746

1) Only HanAll Biopharma data is reported

<b>Amount of Zero-Emission Vehicles<sup>1)</sup></b>						
Daewoong Pharmaceutical	Vehicle(s)		1	2	6	-
Affiliate Daewoong Bio	Vehicle(s)		1	1	0	-
<b>Total</b>	<b>Vehicle(s)</b>		<b>2</b>	<b>3</b>	<b>6</b>	<b>-</b>

1) Only domestic worksites with zero-emission vehicles are reported

Classification			Unit	2020	2021	2022	2023 Target		
Water Pollutant <sup>1)</sup>									
Daewoong Pharmaceutical	COD	Emissions	ton	3.77	4.86	3.78	3.59		
	SS	Emissions	ton	1.44	1.98	0.66	0.62		
	BOD	Emissions	ton	0.94	1.04	0.92	0.87		
	T-N	Emissions	ton	2.49	2.24	1.98	1.88		
	T-P	Emissions	ton	0.07	0.06	0.06	0.06		
Affiliate	Daewoong Bio	COD	Emissions	ton	7.97	4.81	4.17	3.96	
		SS	Emissions	ton	2.66	4.32	3.13	2.86	
		BOD	Emissions	ton	1.82	6.42	6.67	6.34	
		T-N	Emissions	ton	0.58	0.59	1.02	0.93	
		T-P	Emissions	ton	0.04	0.06	0.08	0.06	
	HanAll Biopharma	COD	Emissions	ton	0.29	0.17	-	-	
		SS	Emissions	ton	0.08	0.05	0.30	0.05	
		BOD	Emissions	ton	0.06	0.11	0.26	0.10	
		T-N	Emissions	ton	0.21	0.11	0.10	0.20	
		T-P	Emissions	ton	0.01	0.01	0.01	0.05	
		Total	COD	Emissions	ton	12.02	9.84	7.95	7.55
			SS	Emissions	ton	4.18	6.35	4.08	3.54
BOD	Emissions		ton	2.82	7.56	7.85	7.31		
T-N	Emissions		ton	3.27	2.94	3.10	3.02		
		T-P	Emissions	ton	0.12	0.12	0.15	0.17	

1) Excluding Daewoong Infion

<b>Chemical Manager Training<sup>1)</sup></b>						
Daewoong Pharmaceutical	Completed environment and chemical training	Person(s)	3	3	5	-
	Completed training for handlers of hazardous chemicals	Person(s)	37	190	90	-
	Completed hazardous chemical worker training	Person(s)	335	403	376	-
Affiliate Daewoong Bio	Completed environment and chemical training	Person(s)	2	1	4	-
	Completed training for handlers of hazardous chemicals	Person(s)	30	29	38	-
	Completed hazardous chemical worker training	Person(s)	162	61	156	-
HanAll Biopharma	Completed environment and chemical training	Person(s)	0	1	0	-
	Completed training for handlers of hazardous chemicals	Person(s)	2	0	1	-
	Completed hazardous chemical worker training	Person(s)	0	0	0	-
<b>Total</b>	Completed environment and chemical training	Person(s)	5	5	9	-
	Completed training for handlers of hazardous chemicals	Person(s)	69	219	129	-
	Completed hazardous chemical worker training	Person(s)	497	464	532	-

1) Excluding Daewoong Infion



## ESG Data | Social Performance

### Current Status of Daewoong Co., Ltd. Employees

Classification			Unit	2020	2021	2022
Employees <sup>1)</sup>						
By employment type	Regular	Male	Person(s)	117	133	130
		Female	Person(s)	170	183	188
		Subtotal	Person(s)	287	316	318
	Fixed-term worker (contract worker)	Male	Person(s)	3	2	1
		Female	Person(s)	9	6	4
		Subtotal	Person(s)	12	8	5
	Total <sup>2)</sup>		Person(s)	299	324	323
	Non-affiliated workers	Male	Person(s)	9	4	3
		Female	Person(s)	22	3	4
		Subtotal	Person(s)	31	7	7
Gender	Male		Person(s)	120	135	131
	Female		Person(s)	179	189	192
	Total		Person(s)	299	324	323
Employee tenure	Male		Year(s)	4.7	4.4	4.7
	Female		Year(s)	3.9	3.5	3.9
	Total		Year(s)	4.2	3.8	4.0
Executives	Male		Person(s)	8	7	7
	Female		Person(s)	1	1	1
	Total		Person(s)	9	8	8

1) Excluding executives within employment type, gender, and employee tenure

2) Excluding non-affiliated workers, mostly regular and contract workers

Remuneration and Compensation System					
Average annual salary per capita	Female (A)	KRW mn	59	55	57
	Male (B)	KRW mn	73	67	78
	Male to female ratio (A/B)	%	80.8	82.1	73.1
Employee Diversity					
Current status of female employees	Female employees	Person(s)	179	189	192
	Female executives	Person(s)	1	1	1
	The ratio of female employees to total workforce	%	58.4	57.2	58.3

#### Reporting Scope and Criteria

- \* Daewoong Co., Ltd., Daewoong Pharmaceutical Co., Ltd., and their affiliate (HanAll Biopharma Co., Ltd.)
- \* Business Report, as of the end of December 2022

### Current Status of Daewoong Pharmaceutical Employees

Classification			Unit	2020	2021	2022
Employees <sup>1)</sup>						
By employment type	Regular	Male	Person(s)	998	1,039	1,111
		Female	Person(s)	391	449	513
		Subtotal	Person(s)	1,389	1,488	1,624
	Fixed-term worker (contract worker)	Male	Person(s)	11	11	4
		Female	Person(s)	15	11	16
		Subtotal	Person(s)	26	22	20
	Total <sup>2)</sup>		Person(s)	1,415	1,510	1,644
	Non-affiliated workers	Male	Person(s)	166	173	181
		Female	Person(s)	138	136	161
		Subtotal	Person(s)	304	309	342
Gender	Male		Person(s)	1,009	1,050	1,115
	Female		Person(s)	406	460	529
	Total		Person(s)	1,415	1,510	1,644
Employee tenure	Male		Year(s)	7.7	7.4	7.4
	Female		Year(s)	6.1	5.7	6.0
	Total		Year(s)	7.1	6.8	6.6
Executives	Male		Person(s)	6	7	6
	Female		Person(s)	0	1	0
	Total		Person(s)	6	8	6

1) Excluding executives within employment type, gender, and employee tenure

2) Excluding non-affiliated workers, mostly regular and contract workers

Remuneration and Compensation System					
Average annual salary per capita	Female (A)	KRW mn	53	55	58
	Male (B)	KRW mn	71	72	79
	Male to female ratio (A/B)	%	74.7	76.4	73.4
Employee Diversity					
Current status of female employees	Female employees	Person(s)	406	460	529
	Female executives	Person(s)	0	1	0
	The ratio of female employees to total workforce	%	28.6	30.4	32.1

## ESG Data | Social Performance

### Current Status of HanAll Biopharma Co., Ltd. Employees

Classification			Unit	2020	2021	2022
Employees <sup>1)</sup>						
By employment type	Regular	Male	Person(s)	200	200	206
		Female	Person(s)	98	99	95
		Subtotal	Person(s)	298	299	301
	Fixed-term worker	Male	Person(s)	8	7	10
		Female	Person(s)	3	1	3
		Subtotal	Person(s)	11	8	13
	Total <sup>2)</sup>		Person(s)	309	307	314
	Non-affiliated workers	Male	Person(s)	2	2	2
		Female	Person(s)	2	2	2
		Subtotal	Person(s)	4	4	4
Gender	Male		Person(s)	208	207	216
	Female		Person(s)	101	100	98
	Total		Person(s)	309	307	314
By occupational groups	Office administrator		Person(s)	200	199	206
	Production worker		Person(s)	109	108	98
	Total		Person(s)	309	307	314
Employee tenure	Office administrator	Male	Year(s)	11.7	12.5	12.9
		Female	Year(s)	7	7.7	8
	Production worker	Male	Year(s)	15.7	16.4	16.9
		Female	Year(s)	16	17	18.4
	Total		Year(s)	12.6	13.3	13.9
	Executives	Male		Person(s)	10	10
Female			Person(s)	1	1	1
Total			Person(s)	11	11	12

1) Excluding executives within employment type, gender, and employee tenure

2) Excluding non-affiliated workers, mostly regular and contract workers

Classification			Unit	2020	2021	2022
Remuneration and Compensation System						
Average annual salary per capita	Female (A)		KRW mn	63.8	53.5	51.3
	Male (B)		KRW mn	69.2	71.9	76.5
	Male to female ratio (A/B)		%	78	74	67
By occupational groups/gender	Office administrator	Male	KRW mn	69.5	73.0	77.4
		Female	KRW mn	60.5	57.6	64.4
	Production worker	Male	KRW mn	68.2	68.8	73.6
		Female	KRW mn	48.8	50.2	40.6
Employee Diversity						
Current status of female employees	Female employees		Person(s)	101	100	98
	Female executives		Person(s)	1	1	1
	The ratio of female employees to total workforce		%	31.9	32.1	30.4

## ESG Data | Social Performance

### Labor Practices

Classification		Unit	2020	2021	2022
<b>Labor Union</b>					
The ratio of employees subject to labor union and collective bargaining	Number of employees as members	Person(s)	31	27	30
	Number of eligible employees	Person(s)	1,499	1,607	1,913
	The ratio of employees who are members	%	2.1	1.7	1.6
	The prior notice period for changes in management	Week(s)	4	4	4
<b>Employee Satisfaction</b>					
Satisfaction survey	Participation rate	%	71.0	39.5	40.1
	Number of participants	Score	1,225	652	784
	Total score (scores for all people including males and females)	Score	60	71	73
Certified as a good workplace by an external organization (for 3 years)	Number of certifications		1 <sup>1)</sup>	1 <sup>1)</sup>	2 <sup>2)</sup>

1) Certification from GPTW (Great Place To Work)

2) Certification from GPTW, Best Family Friendly Management certification

<b>Employee Training</b>					
Total number of employees participating in training (cumulative)	Person(s)		2,580	2,701	3,529
Total training hours	Total training hours	Hour(s)	31,197	25,228	26,298
	Average training hours per person (total training hours / total number of employees)	Hour(s)	12	9	7
Total training cost	Total training cost	KRW mn	230	234	288
	Average training cost per person (total training cost / total number of employees)	KRW mn	0.09	0.09	0.08
Pharmacovigilance training <sup>3)</sup>	Target number of people	Person(s)	1,938	1,803	2,008
	Number of participants	Person(s)	1,836	1,803	2,008

3) 100% completed in 2022. In the case of 2022, it is the number of people as of July, which is different from the number of people at the end of December 2022

<b>Employee Welfare Benefits</b>					
Total employee benefits	KRW mn		5,719	6,762	7,661
Employee benefit per person	KRW mn		3.3	3.7	3.8
<b>Human Rights Management</b>					
Statutory and mandatory training <sup>1)</sup>	Training hours	Hour(s)	7,168	6,824	10,008
	Number of employees participating in training	Person(s)	1,752	1,852	2,005

1) Sexual harassment prevention training, workplace bullying training, etc.

### Reporting Scope and Criteria

\* Daewoong Co., Ltd. and Daewoong Pharmaceutical Co., Ltd. combined

\* As of the end of December 2022

Classification			Unit	2020	2021	2022
Parental Leave						
The person on parental leave	Eligible persons	Male	Person(s)	564	537	539
		Female	Person(s)	138	130	151
		Subtotal	Person(s)	702	667	690
	Beneficiaries of parental leave	Male	Person(s)	6	8	10
		Female	Person(s)	30	18	41
		Subtotal	Person(s)	36	26	51
Those who have returned to work after parental leave	Male		Person(s)	4	7	8
	Female		Person(s)	29	17	40
	Subtotal		Person(s)	33	24	48
Employees who have worked for more than 1 year after reinstatement	Number of employees	Male	Person(s)	1	5	8
		Female	Person(s)	22	17	39
		Subtotal	Person(s)	23	22	47
Average days used			Day(s)	231	276	218

## ESG Data | Social Performance

### Daewoong Co., Ltd.'s Occupational Safety

Classification		Unit	2020	2021	2022
Safety Training					
Safety and environmental training	Total training hours (regular + entry-level + job training)	Hour(s)	21,772	34,064	45,034
	Number of workers who have completed training	Person(s)	1,549	1,670	2,078
	Total training hours per person	Hour(s)	14	20.4	24
1) No compliance violations related to occupational safety					
Accident Rate					
Work-related deaths	Employee	Person(s)	0	0	0
Occupational accident <sup>1)</sup>	Employee	Number of victims	Person(s)	0	1 <sup>2)</sup>
		Occurrence rate	%	0.0	0.29
Frequency rate <sup>3)</sup>	Employee	Number of disasters	Accident(s)	0	1
		Occurrence rate	%	0.0	1.20
Severity rate <sup>4)</sup>	Employee	Number of days lost from work	Day(s)	0	79
		Occurrence rate	%	0.0	0.09

1) Occupational accidents = (number of injured people / average number of workers per year) \* 100

2) Falls at the entrance of the stairs at the exit of the restaurant in winter

3) Frequency rate (or frequency rate) = (number of accidents/number of working hours per year) \* 1,000,000

4) Intensity rate = (total number of lost working days / annual number of working hours) \* 1,000

#### Reporting Scope and Criteria

\* Daewoong Co., Ltd. Daewoong Pharmaceutical Co., Ltd., and their affiliates (Daewoong Bio Co., Ltd. and HanAll Biopharma Co., Ltd.)

\* As of the end of December 2022

### Daewoong Co., Ltd.'s Occupational Safety

Classification		Unit	2020	2021	2022
Compliance <sup>1)</sup>					
Violations	Violations of safety and health regulations	Violation(s)	-	-	1 <sup>2)</sup>
	Other	Violation(s)	-	-	0
	Total	Violation(s)	-	-	1
Fine	Total amount	KRW mn	-	-	4.8

1) Reporting data from 2022

2) Fine for negligence due to insufficient MSDS training for special safety and health training at Daewoong Pharmaceutical's Osong Plant

Safety Training					
Safety and environmental training	Total training hours (regular + entry-level + job training)	Hour(s)	21,772	34,064	41,422
	Number of people who completed worker training	Person(s)	1,549	1,670	2,059
	Total training hours per person	Hour(s)	14	20.4	20
Accident Rate					
Work-related deaths	Employee	Person(s)	0	0	0
Occupational accident	Employee	Number of victims	Person(s)	1 <sup>1)</sup>	0
		Occurrence rate	%	0.07	0.0
Frequency rate	Employee	Number of disasters	Accident(s)	1	0
		Occurrence rate	%	0.28	0
Severity rate	Employee	Number of days lost from work	Day(s)	88	0
		Occurrence rate	%	0.03	0

1) Right middle finger cut by coating liquid dispenser (rotator)

## ESG Data | Social Performance

### Affiliates' Occupational Safety

#### Daewoong Bio Co., Ltd. and HanAll Biopharma Co., Ltd.

Classification		Unit	2020	2021	2022
<b>Compliance</b>					
Current violations	Violations of safety and health regulations	Violation(s)	0	0	3 <sup>1)</sup>
Fines	Total amount	KRW mn	0	0	1.2
1) 3 cases with Daewoong Bio - Checking the safety measures was omitted during the safety valve popping test. Failure to comply with safe work permit procedures. Special safety and health training were not conducted for 2 people.					
<b>Accident Rate</b>					
Work-related deaths	Employee	Person(s)	0	0	0
	Business partners	Person(s)	0	0	0
Basic information	The average number of workers as company employees per year	Person(s)	568	565	569
	The annual average number of workers at business partners	Person(s)	67	67	67
	Total working hours of employees	Hour(s)	2,109,120	2,094,720	2,113,920
	Total working hours of business partners	Hour(s)	170,544	170,176	169,952
Occupational accidents	Employee	Number of victims	Person(s)	0	0
		Occurrence rate	%	0.0	0.0
	Business partners	Number of victims	Person(s)	0	0
		Occurrence rate	%	0	0
Frequency rate	Employee	Number of disasters	Accident(s)	0	0
		Occurrence rate	%	0	0
	Business partners	Number of disasters	Accident(s)	0	0
		Occurrence rate	%	0	0
Severity rate	Employee	Number of days lost from work	Day(s)	0	0
		Occurrence rate	%	0	0
	Business partners	Number of disasters	Accident(s)	0	0
		Occurrence rate	%	0	0

### Occupational Safety and Health Committee

#### Daewoong Pharmaceutical Co., Ltd.

Classification	Number of Members Representing the Employer	Number of Members Representing the Workers	Number of Resolutions Implemented	Main Agenda
Headquarters	5	5	18	1st Quarter: Decision on the safety and health management regulations and establishment of safety and health management system, etc. 2nd Quarter: Reporting the results of the joint walk-around inspection, discussing the direction of risk improvement, etc. 3rd Quarter: Confined space rescue training/CPR training and implementation report, etc. 4th Quarter: Reporting on employee health checkup results, etc.
Hyangnam Plant	9	9	23	1st quarter: 2022 safety and health goals, key details of the Serious Accidents Punishment Act, SMP operation 2nd Quarter: Management supervisor training, change of special examination institution, health promotion activities 3rd Quarter: Summer construction safety management, award of best practices in risk assessment, etc. 4th Quarter: Excellent management supervisor award, ISO14001 & 45001 follow-up review
Osong Plant	6	6	11	1st Quarter: Reporting on safety and health training results, etc. 2nd Quarter: Reporting on work environment measurement results, etc. 3rd Quarter: Addition of health checkup items, etc. 4th Quarter: Supervisor job performance evaluation, etc.
Life Science Research Center	5	5	19	1st Quarter: Investigation of causes of occupational accidents and establishment of measures to prevent a recurrence 2nd Quarter: Matters related to regular safety and health training for workers, etc. Q3: Installation of an automated external defibrillator (AED) at Changjo Hall/Bio Center 4th quarter: 2022 precise safety diagnosis, specific hazardous substance management plan

#### Affiliates

Classification	Number of Members Representing the Employer	Number of Members Representing the Workers	Number of Resolutions Implemented	Main Agenda
Daewoong Bio <sup>1)</sup>	8	8	27	1st Quarter: Conduct PSM self-inspection and prepare for grade evaluation, etc. 2nd Quarter: Supervisor training and safety management for summer construction projects, etc. 3Q: Partial revision of the internal safety regulations and reporting of work environment measurement results, etc. 4th Quarter: Key details of the Serious Accidents Punishment Act and Maintenance of the PPE replacement cycle, etc.
HanAll Biopharma	5	5	32	1st Quarter: Revision of safety and health management regulations 2nd Quarter: Measures against static electricity at the production site Q3: Forklift replacement due to severe obsolescence Q4: Frequent repair of ampoule sterilizer failures. Insufficient heating in the QC women's lounge during the winter (address ventilator, etc.)

1) Hyangnam Plant



## ESG Data | Social Performance

### Information Security and Supply Chain

Classification		Unit	2020	2021	2022
Information Security / Cybersecurity					
Occurrence of information security violations or cyber security incidents		Violation(s)	0	0	0-
Occurrence of information security violations/incidents related to customers' personal information		Violation(s)	0	0	0
Customers impacted by our company's data breach		Person(s)	0	0	0
The total amount of fines or penalty charges paid due to information security violations or cybersecurity incidents		KRW mn	0	0	0
Complaints regarding the invasion of customer privacy or personal information	Number of complaints received from external parties and substantiated by the government agencies	Violation(s)	0	0	0
	Number of complaints from regulators	Violation(s)	0	0	0
Information security investments (B/A) <sup>1)</sup>		%	-	18.3	-
Investment in the information technology sector (A)		KRW mn	-	9,380	-
Information security investment (B)		KRW mn	-	1,714	-
Information security training <sup>2)</sup>	Training hours per person <sup>3)</sup>	Hour(s)	2	2	2
	Number of persons who have completed training	Person(s)	1,687	1,859	1,934
1) As disclosed on the information security disclosure portal (Korea Information Security Agency) (end of June 2022). Data for 2022 will be released the following year					
2) Corresponds to personal data protection and industrial security training					
3) All training is statutory training, 1 hour for each training					
Company's Supply Chain (Business Partners) <sup>1)</sup>					
Total number of business partners managed by the organization		Companies	1,232	1,246	1,271
Number of suppliers	Number of Tier 1 suppliers	Companies	22	20	22
	Number of Tier 2 or later suppliers	Companies	1,210	1,226	1,249
Percentage of the total purchase cost	Number of Tier 1 suppliers	KRW 100mn	4,820	5,059	5,286
		%	76	74	72
	Number of Tier 2 and above suppliers	KRW 100mn	1,545	1,751	2,083
		%	24	26	28

1) We plan to identify and manage business partners other than suppliers in the future.

#### Reporting Scope and Criteria

\* Data for information security and supply chain are collected from Daewoong Co., Ltd. and Daewoong Pharmaceutical Co., Ltd. and combined.

\* Social Contribution is practiced by Daewoong Pharmaceutical Co., Ltd.

\* As of the end of December 2022

### Social Contribution

Classification		Unit	2020	2021	2022
Contributions from Participating Associations and Organizations					
Global Warm Society Co.		KR mn	924.2	601.6	10.4
Korean Red Cross		KR mn	-	2.8	522.5
Korea Love Sharing Community Co.		KR mn	-	677.8	-
Peach Market Co.		KR mn	-	150.0	155.6
Good People International Co.		KR mn	6.0	6.0	40.5
Korea Food for the Hungry International Co.		KR mn	10.0	194.0	-
Total contributions		KR mn	940.2	1,632.2	729.0
Social Contribution Investment and Participation					
Social contribution investment <sup>1)</sup>		KRW mn	963.8	2,296.7	2,155.8
Ratio of social contribution investment to sales		%	0.10	0.22	0.19
Social contribution participation	Number of participants per year	Person(s)	9	191	43 <sup>2)</sup>
	Total participation time	Hour(s)	72	759	246
	Participation time per person	Hour(s)	8	4	6
Social contribution input cost	Cash donation	KRW mn	519.8	1,761.5	1,914.9
	Volunteer hours (excluding weekends)	Hour(s)	-	579	50
	In-kind donation	KRW mn	444.0	535.2	241.0

1) Calculated as the total amount of expenses related to social contribution including company donations, social contribution funds, and in-kind resources

2) Number of participants excluding 2 walking donation campaigns (total number of participants for Walk for Hope Campaign Seasons 1 & 2: 545 participants)

# ESG Data | Corporate Governance

## Corporate Governance of Daewoong Co., Ltd.

Classification	Unit	2020	2021	2022
<b>Composition of Board of Directors</b>				
<b>Unified Board of Directors system</b>	Executive Director	Person(s)	2	2
	Independent Director	Person(s)	3	1
	Total	Person(s)	5	3
<b>Board of Directors gender diversity</b>	Male	Person(s)	5	3
	Female	Person(s)	0	0
<b>Board of Directors age group</b>	Number of executives aged 30-50	Person(s)	1	1
	Number of executives aged 50 and older	Person(s)	4	2
<b>Board of Directors efficiency</b>	Average attendance	%	80	79
	Minimum attendance	%	57	33
	Average attendance rate of Independent Director	%	71	59
<b>Board of Directors expertise</b>	Number of Independent Director/non-executive directors with industry experience	Person(s)	1	0
	The number of members with accounting/financial expertise in the Audit Committee (CFA, CPA, experience related to accounting and finance, etc.)	Person(s)	0	0

### Reporting Scope and Criteria

\* Daewoong Co., Ltd.

\* Business Report, as of the end of December 2022

Classification	Unit	2020	2021	2022
<b>Executive Remuneration</b>				
<b>CEO remuneration<sup>1)</sup></b>	Total compensation per year	KRW mn	-	-
	Year-on-year change rate	%	-	-
	Annual total compensation rate	%	-	-
	Total annual compensation increase rate	%	-	-
<b>Employee compensation</b>	Compensation of all employees except CEO (or equivalent position)	Average value Annual rate of change	KRW mn %	64 8.5
			60 -6.3	65 8.3
	The ratio of the CEO's remuneration to the average annual salary of all employees, excluding the CEO (or equivalent position)	%	-	-
<b>Board of Directors and Auditor Remuneration</b>				
<b>Breakdown of recipients</b>	Executive Director	Person(s)	2	2
	Non-executive director	Person(s)	0	0
	Independent Director	Person(s)	3	1
	Total	Person(s)	5	3
<b>Total amount paid</b>	Executive Director	KRW mn	477	640
	Non-executive director	KRW mn	-	-
	Independent Director	KRW mn	142	47
	Total	KRW mn	619	687
<b>Average payment per capita</b>	Executive Director	KRW mn	239	320
	Non-executive director	KRW mn	-	-
	Independent Director	KRW mn	47	47

1) Undisclosed as it's under KRW 500 million

## ESG Data | Corporate Governance

### The Corporate Governance of Daewoong Pharmaceutical Co., Ltd.

Classification	Unit	2020	2021	2022
<b>Composition of Board of Directors</b>				
<b>Unified Board of Directors system</b>	Executive Director	Person(s)	2	3
	Independent Director	Person(s)	1	2
	Total	Person(s)	3	5
<b>Board of Directors gender diversity</b>	Male	Person(s)	3	5
	Female	Person(s)	0	0
<b>Board of Directors age group</b>	Number of executives aged 30-50	Person(s)	1	2
	Number of executives aged 50 and older	Person(s)	1	1
<b>Board of Directors efficiency</b>	Average attendance	%	93	88
	Minimum attendance	%	71	67
	Average attendance rate of Independent Director	%	86	84
<b>Board of Directors expertise</b>	Number of Independent Director/non-executive directors with industry experience	Person(s)	0	1
	The number of members with accounting/financial expertise in the Audit Committee (CFA, CPA, experience related to accounting and finance, etc.)	Person(s)	0	0

#### Reporting Scope and Criteria

- \* Daewoong Pharmaceutical Co., Ltd.
- \* Business Report, as of the end of December 2022

Classification	Unit	2020	2021	2022
<b>Executive Remuneration</b>				
<b>CEO remuneration</b>	Total compensation per year	KRW mn	600	800
	Year-on-year change rate	%	17.1	33.3
	Annual total compensation rate	%	0.6	0.8
	Total annual compensation increase rate	%	0.1	0.2
<b>Employee remuneration</b>	Remuneration of all employees except CEO (or equivalent position)	Average value	KRW mn	66
		Annual rate of change	%	1.1
	The ratio of the CEO's remuneration to the average annual salary of all employees, excluding the CEO (or equivalent position)	%	10.9	8.4
<b>Board of Directors and Auditor Remuneration</b>				
<b>Breakdown of recipients</b>	Executive Director	Person(s)	2	3
	Non-executive director	Person(s)	1	1
	Independent Director	Person(s)	1	2
	Total	Person(s)	4	6
<b>Total amount paid</b>	Executive Director	KRW mn	600	1,211
	Non-executive director	KRW mn	70	60
	Independent Director	KRW mn	36	64
	Total	KRW mn	706	1,335
<b>The average payment per capita</b>	Executive Director	KRW mn	300	404
	Non-executive director	KRW mn	70	60
	Independent Director	KRW mn	36	32

## ESG Data | Corporate Governance

### Ethics and Compliance Management

Classification		Unit	2020	2021	2022
<b>Compliance Training for Corporate Code of Conduct and Ethics<sup>1)</sup></b>					
<b>Code of Conduct application rate</b>	The Board of Directors members	%	100	100	100
	Workers	%	100	100	100
<b>Ethics/Compliance management training provision rate</b>	Anti-bribery policy, procedure training completion rate	%	0	0	0
	Employees <sup>2)</sup>	%	94	95	90
	Business partners <sup>3)</sup>	%	0	0	0
<b>Ethics/Compliance management training hours</b>	Total training hours	Hour(s)	1,723	1,846	1,847
	Number of participants	Person(s)	1,723	1,846	1,847
	Training hours per person	Hour(s)	1	1	1

1) Excluding statutory training, applicable to anti-bribery training.

2) Training is provided to dispatch, contract workers but not to overseas branch employees.

3) Training is not implemented, but an anti-bribery pledge is requested by CSO (sales agency), etc.

<b>Ethical Management Violation</b>					
<b>By processing method</b>	Disciplinary	cases	0	2	1
	Follow-up measures <sup>1)</sup>	cases	0	1	0
	Dismissal <sup>2)</sup>	cases	0	2	0
	Total	cases	1	5	1
<b>Disciplinary</b>	Sexual harassment	cases	0	0	1 <sup>3)</sup>
	Bullying in the workplace	cases	0	1	0
	Misuse of corporate credit card	cases	0	1	0
	Total	cases	0	2	1
<b>Follow-up measures</b>	Sexual harassment	cases	0	0	0
	Bullying in the workplace	cases	0	1	0
	Misuse of corporate credit card	cases	0	0	0
	Total	cases	0	1	0
<b>Dismissal</b>	Sexual harassment	cases	0	0	0
	Bullying in the workplace	cases	0	1	0
	Misuse of corporate credit card	cases	0	1 <sup>4)</sup>	0
	Total	cases	0	2	0

1) Cases followed up internally rather than being referred to the Human Resources Committee

2) Cases dismissed after being determined as false

3) Disciplinary measures and department transfer were conducted.

4) Evidence was requested.

#### Reporting Scope and Criteria

\* Daewoong Co., Ltd. and Daewoong Pharmaceutical Co., Ltd. combined

\* As of the end of December 2022

Classification		Unit	2020	2021	2022
<b>Corruption Risk Assessment</b>					
<b>Sites where Corruption risk assessment was conducted</b>	Number of sites <sup>1)</sup>	sites	87	93	116
	Percentage of sites	%	81	77	79

1) Corruption risk assessment is implemented by team unit, and the number of sites means the number of departments (excluding overseas branches).

Violation of Law and Compliance						
Cases where fine or penalty were incurred			Cases	1	9	2
Fine amount and number of cases	Unfair trade practices such as anti-competitive behavior	Number of cases	Cases	0	1 <sup>1)</sup>	0
		Fine	KRW 100 mn	0	21.5	0
	Domestic marketing activities-related violation (advertising violation)	Number of cases	Cases	0	3 <sup>2)</sup>	2 <sup>3)</sup>
		Fine	KRW 100 mn	0	0.24	0
	Violation of customer privacy	Number of cases	Cases	0	0	0
		Fine	KRW 100 mn	0	0	0
	Violation of product information provision	Number of cases	Cases	0	0	0
		Fine	KRW 100 mn	0	0	0
	Violation of counterfeit goods-related regulations	Number of cases	Cases	0	0	0
		Fine	KRW 100 mn	0	0	0
	Corruption and bribery	Number of cases	Cases	0	1 <sup>4)</sup>	0
		Fine	KRW 100 mn	0	0.02	0
	Other regulation violations	Number of cases	Cases	1	4 <sup>5)</sup>	1
		Fine	KRW 100 mn	0	4.55	0

1) 1 case: Fine imposed by the Fair Trade Commission due to patent infringement

2) 3 cases: Fine imposed by the Ministry of Food and Drug Safety due to exaggerated advertisement

3) 2 cases: Responsible marketing-related suspension of advertising service by the Ministry of Food and Drug Safety

4) 1 case: Bribery

5) 4 cases: Fine imposed by the Ministry of Food and Drug Safety due to neglect of consignment management.

\* Administrative measures were conducted due to violations of other affiliate (HanAll Pharma) by the regional office of food and drug safety in Daejeon and manufacturers of the pharmaceuticals under the Pharmaceutical Affairs Act (1 case in 2021, with KRW 430 million incurred as penalty).

## SASB | Biotechnology & Pharmaceuticals

### Accounting Metrics

#### Safety of Clinical Trial Participants

**HC-BP-210a.1** Discussion, by world region, of management process for ensuring quality and safety during clinical trials

All clinical trials of Daewoong Pharmaceutical comply with domestic and international ethical regulations and prioritize the safety of clinical trial participants. Furthermore, the company ensures transparency in clinical trials by collecting all data related to clinical approval and reporting to regulatory agencies such as the Ministry of Food and Drug Safety and US FDA, and in the event where adverse reactions occur during the clinical process, the company shares its findings with the Ministry of Food and Drug Safety. In order to promote diversity, Daewoong Pharmaceutical collects participant data such as race, ethnicity, age, and gender, and conducts clinical trials not only in Korea but in many countries abroad.

**HC-BP-201a.2** Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)

There have been no VAI and OAI cases in the past three years.

**HC-BP-210a.3** Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries

There has been no monetary loss due to legal proceedings related to clinical trials in developing countries in the past three years.

#### Access to Medicine

**HC-BP-240a.1** Description of actions and initiatives to promote access to healthcare products for priority diseases and in priority countries as defined by the Access to Medicine Index (ATMI)

Daewoong Pharmaceutical developed Fexuclue, a treatment for gastroesophageal reflux disease, and Envlo, a treatment for Type 2 diabetes, a noncommunicable disease (NCD) that's listed as a priority disease in the ATMI. Through Fexuclue, Daewoong Pharmaceutical has completed technology export contracts with 15 countries, including Latin American countries that fall under the developing countries specified in the ATMI as areas with zero access to medicine, and Envlo is also being pushed forth in the technology export contracts of various countries. The company strives to implement social responsibility as a pharmaceutical company that provides equal access to medicine and have launched Fexuclue to over 100 countries worldwide and Envlo in over 70 countries.

**HC-BP-240a.2** List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Program (PQP)

No products have been registered in the past three years.

#### Affordability & Pricing

**HC-BP-240b.1** Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period

Related lawsuits have not occurred in the past three years.

**HC-BP-240b.2 / HC-BP-240b.3** Percentage change in list price/average list price and average net price/ net price of product with largest increase compared to previous year

Classification	Unit	2020	2021	2022
Wholesale supply price*	In-house item	%	9.0	9.0
	Introduced item	%	8.2	8.0
				7.6

\* The table is divided into in-house item and introduced item (co-promotion item) to classify supply prices, and discount is applied from the standard price and reflects the average distribution margin in the same industry.



## SASB | Biotechnology & Pharmaceuticals

### Accounting Metrics

#### Drug Safety

List of products listed in the U.S. Food and Drug Administration's (FDA) MedWatch\* Safety Alerts for Human Medical Products database

Daewoong Pharmaceutical reports to MedWatch all adverse event-related information regarding its products that are registered on MedWatch. As of February 9th, 2023, products registered on Med-Watch are Meropenem 500mg/20ml and 1g/30ml.

\* FDA Adverse Event Reporting System, a drug safety surveillance system that reports drug adverse events or incidents

#### HC-BP-250a.2 Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System

The FDA Adverse Event Reporting System has not reported a fatality associated with a product in the past 3 years.

#### HC-BP-250a.3 Number of recalls issued, total units recalled

The number of demands for recall and units recalled has been 0 for the past 3 years.

#### HC-BP-250a.4 Total amount of product accepted for takeback, reuse, or disposal

No takeback, reuse, or disposal of our products have occurred in the past 3 years.

#### HC-BP-250a.5 Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type

No enforcement actions were taken in response to violations in the past 3 years.

#### Counterfeit Medicines

#### HC-BP-260a.1 Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting

Daewoong Pharmaceutical places great importance on product quality, safety, and reliability. Complying to CGMP and MFDS' Pharmaceutical Affairs Act, Daewoong Pharmaceutical reviews the traceability of the materials used during production in the supply chain in accordance with the "Regulation on Manufacturing and Quality Control of Pharmaceuticals" and established a record system based on the batch number of each item. All products that are supplied to the market are assigned serial numbers via 2D barcodes starting from the packaging/shipping stage of the product and managed accordingly. Daewoong Pharmaceutical is developing a system that can track the distribution network of its products according to the lot number for each packaging unit.

#### HC-BP-260a.2 Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit product

If a consumer requests confirmation on whether a health product purchased via internet is counterfeit or not, the company checks to see if the product was shipped by Daewoong Pharmaceutical (manufacturer's serial number, serial number) and notifies the consumer of the results.

When it is identified as a counterfeit product, we share it with the relevant department (marketing, etc.) and check the products kept in distributors are counterfeits, and then take additional measures. Furthermore, we are handling it individually receiving via email or phone calls through the online Sinmungo (official website) system.

#### HC-BP-260a.3 Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products

Actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products have not occurred in the past 3 years.

## SASB | Biotechnology & Pharmaceuticals

### Accounting Metrics

#### Ethical Marketing

HC-BP270a.1 Total amount of monetary losses as a result of legal proceedings associated with false marketing claims.

Classification	Unit	2020	2021	2022
Amount of monetary losses	KRW mn	0	24.4*	0

\* In case of advertising the OTC medicine "Impactamin Power A-Plus Tablet," a fine was incurred for advertising unreported efficiency and effects. The company removed all related advertisements, improved marketing processes, and conducted training on related content.

HC-BP-270a.2 Off-Label Description of code of ethics governing promotion of off-label use of products

The CP regulation clearly stipulates the section on "exaggerated advertising," and all materials used by employees are systematically controlled, allowing the use of only approved materials\*.

\* Materials that have been reviewed by the monitoring department's marketing activity

#### Employee Recruitment, Development & Retention

HC-BP-330a.1 Discussion of talent recruitment and retention efforts for scientists and research and development personnel

Daewoong Pharmaceutical maintains close communication with major universities and graduate school laboratories to recruit talent and maintain R&D personnel and makes an effort to attract specialists. Through the connection between the University of Indonesia and Daewoong Life Science Research Institute, the company operates domestic training programs for master's and doctoral degrees. The company conducts training centered around UI and ITB, the top 2 universities in Indonesia, and hires outstanding talents once the program ends. In addition, support for the KASBP\* symposium and networks are maintained. Through the support of the relevant symposium, Daewoong Pharmaceutical is able to continue networking with scientists and identify the development of new drugs, which in turn, strengthens the company's research competitiveness, allowing for the recruitment of excellent talents who have completed a doctoral or post-doctoral program at an American university.

Classification	Unit	2020	2021	2022
R&D workforce	Person(s)	354	417	482

\* NGO that was established in May 2001, it is an association for Korean scientists who are working in bio or pharmaceutical companies in the US.

HC-BP-330a.2 Voluntary and involuntary turnover rate for executives/senior managers, mid-level managers, professionals, and all others

Classification	Unit	2020	2021	2022
Voluntary turnover rate (total)	%	100	100	100
(a) Executives/ Senior managers	%	7	6	6
(b) Mid-level managers	%	15	16	11
(c) Professionals	%	0	1	2
(d) All others	%	78	77	81
Involuntary turnover rate* (total)	%	100	100	100
(a) Executives/ Senior managers	%	18	-	-
(b) Mid-level managers	%	-	-	-
(c) Professionals	%	-	-	-
(d) All others	%	82	100	100

\* Regular retirement, termination of contract

#### Supply Chain Management

HC-BP-430a.1 Rx-360 Percentage of entity's facilities and Tier 1 suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients

In the past three years, no entity's facilities and Tier 1 suppliers' facilities participated in the Rx-360\* International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients.

\* NGO international consortium that handles public health issues and patient safety and related pharmaceuticals and medical devices supply chain.

#### Business Ethics

HC-BP-510a.1 Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery

Classification	Unit	2020	2021	2022
The amount of monetary losses	KRW mn	0	2.25*	0

\* Fined for providing illegal kickbacks to medical personnel

HC-BP-510a.2 Description of code of ethics governing interactions with healthcare professionals

Daewoong Pharmaceutical has established and operates CP SOP, a regulation on fair competition and detailed standards on transactions for pharmaceutical and medical devices.

## ESG-Related Policy Statement

	Main Policy	Link
Environment	Environmental Safety and Health Policy	Daewoong Pharmaceutical > EHS Management > EHS Management (daewoong.co.kr)
	Purchasing Code of Ethics	Daewoong Pharmaceutical > Win-Win Management > Compliance Program (daewoong.co.kr)
	4 Guidelines for Win-Win Partnership	Daewoong Pharmaceutical > Win-Win Management > Compliance Program (daewoong.co.kr)
Society	Human Right Management Principles	Daewoong Pharmaceutical > Talent-focused Management > Human Right Management (daewoong.co.kr)
	Human Rights Management Code	Daewoong Pharmaceutical > Talent-focused Management > Human Right Management (daewoong.co.kr)
	CP Operation Guideline	Daewoong Pharmaceutical > Win-Win Management > Compliance Program > Compliance Program (daewoong.co.kr)
Governance	Code of Ethics	Daewoong Pharmaceutical > Ethical Management > Daewoong Pharmaceutical Code of Ethics > Code of Ethics (daewoong.co.kr)
	Rule of Conduct	Daewoong Pharmaceutical > Ethical Management > Daewoong Pharmaceutical Code of Ethics > Rule of conduct (daewoong.co.kr)
	Code of Conduct	Daewoong Pharmaceutical > Ethical Management > Daewoong Pharmaceutical Code of Ethics > Practice Results (daewoong.co.kr)
	Anti-bribery Policy	Daewoong Pharmaceutical > Ethical Management > Anti-bribery Management System > Anti-bribery Policy (daewoong.co.kr)
	Board of Directors, the Article of Incorporation	Daewoong Pharmaceutical > Governance > Article of Incorporation (daewoong.co.kr)
	Board of Directors Operating Regulations	Board of Directors Matters to Be Considered (daewoong.co.kr)
	Affiliate Transactions Committee Regulations	Investment_03.pdf (daewoong.co.kr)
	Personnel and Compensation Committee Regulations	Investment_04.pdf (daewoong.co.kr)







## Honors

Certification and Awarding Bodies	Description
GPTW	Awarded Best Workplaces certification in 2022
Ministry of Health and Welfare	Best Family Friendly Management certification
Korean Standards Association	Awarded the silver prize in the smart factory at Korea Convention Quality Control Circles
Co-hosted by Chosunbiz-FnGuide	Awarded the grand prize in 2022 THE ESG Social Field, Community sectors
Korea Public Relations Association	Awarded the grand prize in the international PR sector at the 2022 Korean PR Association Awards for the Indonesian social contribution campaign, "SAY PAIN!"
Korea Economic Daily	Awarded the grand prize in the ESG sector at the 2022 Social Contribution Company Awards
Ministry of Health and Welfare	Awarded the Minister prize at the 2022 Social Contribution Awards
Korea Occupational Safety and Health Agency	Hyangnam Plant awarded the grand prize at the 2022 Workplace Health Management Best Practice Presentation Competition
Chosun Ilbo	Ursa awarded 1st place in the functional improvement category at the Best Brand by Consumer Recommendation
Korea Drug Research Association	New drug Fexuclue awarded the grand prize in the new drug development category at the Korea New Drug Development Awards

## UN SDGs

Daewoong Pharmaceutical participates in the UN SDGs (Sustainable Development Goals) and as a global company, fulfills its social and environmental responsibilities by carrying out activities connected to the 14 goals.

Goal	Business Direction	Main Activities	Reference Page
	Contribution to community coexistence and development, and job creation in the community	<ul style="list-style-type: none"> <li>Provide business-centered and member participation-centered social contributions (Barrier-free playgrounds, Walk for Hope campaign, barrier-free)</li> </ul>	66, 67
	Provision of medicines that contribute to human health, prevention of drug abuses, and implementation of social contribution activities related to health and diseases.	<ul style="list-style-type: none"> <li>Develop new drugs for the treatment of incurable diseases such as autoimmune diseases and idiopathic pulmonary fibrosis</li> <li>Develop drugs through purely domestic R&amp;D work for the treatment of gastroesophageal reflux disease, which is becoming more common as a chronic disease</li> <li>Donate medicine</li> </ul>	25, 26, 66
	Expansion of employee occupational training and ESG-related training, and implementation of social contribution activities.	<ul style="list-style-type: none"> <li>Conduct general training (DABA, external training, cyber training center and Achievement Gap Reduction Program)</li> <li>Conduct specialized training (customer satisfaction, compliance, product stability related)</li> </ul>	35, 50, 55
	Increase in female executive rate, fostering of the female workforce, and implementation of practices preventing sexism	<ul style="list-style-type: none"> <li>Expand the female workforce in the STEM (science and technology) field</li> <li>Conduct human rights training</li> </ul>	54, 57
	Water resources management and water pollutant management	<ul style="list-style-type: none"> <li>Set a reuse rate goal (5%)</li> <li>Install in-house water-saving devices</li> </ul>	41
	Increase in energy efficiency, conversion to renewable energy, and introduction of eco-friendly transport vehicles	<ul style="list-style-type: none"> <li>Participate in DR business</li> <li>Increase EV charging stations for employees and external visitors</li> <li>Expand the installation of solar power generation facilities</li> </ul>	39, 41
	Increase in regular employee rate, enforcement of occupational safety and health management and work and life balance, and reduction in the salary gaps between genders	<ul style="list-style-type: none"> <li>Conduct health checkups for employees, perform job stress management, and operate the Heallience Exercise Center with specialists</li> <li>Establish a "don't ask" culture for leave requests</li> <li>Operate a job-based wage system that rewards employees based on their capabilities and performance after joining the company</li> <li>Promote eco-friendly management through ISO 45001 certification and maintenance</li> </ul>	34~36, 55, 59~63
	Expansion of new drugs development and R&D investment, establishment of the basis of sustainable management, and increase in resource efficiency	<ul style="list-style-type: none"> <li>Bolster R&amp;D capabilities through open innovation and cooperation</li> <li>Bolster concentration of R&amp;D</li> <li>Bolster new drugs competitiveness through open evaluation</li> </ul>	23~28, 81

Goal	Business Direction	Main Activities	Reference Page
	Expansion in the employment of the disabled and minorities, anti-discrimination for employees, and the guarantee of rights for females	<ul style="list-style-type: none"> <li>Perform equal and fair performance evaluation regardless of age, race, or gender</li> <li>Operate in-house daycare center and Bear Mart for employment of the disabled</li> <li>Awarded Best Workplaces certification and Best Family Friendly Management certification</li> </ul>	34~36, 56
	Investment in public infrastructure in the community, reduction of air pollutants, and the establishment of a disaster response system	<ul style="list-style-type: none"> <li>Manage within air pollutant permission standard</li> <li>Build barrier-free playground (1~3 places)</li> <li>Establish an emergency response system and conduct response training</li> </ul>	42, 43, 61, 67
	Minimization of hazardous materials and pollutant emissions, waste reduction by recycling and reusing, and eco-friendly packaging	<ul style="list-style-type: none"> <li>Calculate and manage input and output resources such as water and wastewater, waste, and raw and subsidiary materials in a timely manner</li> <li>Establish a plan to develop and purchase eco-friendly materials with business partners (establish an annual development plan)</li> <li>Promote eco-friendly packaging</li> </ul>	39, 41, 42, 44, 45
	Awareness of climate change risk/opportunities, establishment of response strategies, and GHG management and reduction	<ul style="list-style-type: none"> <li>Promote eco-friendly management through ISO 14001 certification and maintenance</li> <li>Manage domestic office buildings and worksites by calculating Scope 1 and 2 emissions and setting annual targets</li> <li>Develop eco-friendly drug materials</li> </ul>	39, 40, 44
	Ecosystem conservation activities and biodiversity protection	<ul style="list-style-type: none"> <li>Conduct activities to purify nearby rivers through the voluntary participation of employees in the worksite, government, and nearby pharmaceutical companies</li> </ul>	43
	Establishment of human rights management, anti-bribery and ethical management, and an anti-discrimination and diversity-related system	<ul style="list-style-type: none"> <li>Establish human rights management principles and human rights codes and implement human rights education</li> <li>Operate a complaint-handling process that guarantees anonymity</li> <li>Promote anti-bribery management through ISO37001 certification and maintenance</li> <li>Establish an operating system to promote CP compliance for sales agencies</li> <li>Improve system and education to establish a CP compliance culture centered on the CEO</li> <li>Perform equal and fair performance evaluation regardless of age, race, or gender.</li> <li>Promote information protection and personal information protection through simultaneous certification of ISO27001 and ISO27701</li> </ul>	34, 50, 51, 57, 75

## GRI Standards Index

- [Statement of use] Daewoong Pharmaceutical reported the ESG performance information in the period of January 1st to December 31 2022 in accordance with GRI Standards.
- [GRI 1 used] GRI 1: Foundation 2021
- [Applicable GRI Sector Standard(s)] : Not applicable.

GRI Standard	Disclosure	Page	Note
General Disclosure			
GRI 2: General Disclosure 2021	2-1	Organizational details	5, 14
	2-2	Entities included in the organization's sustainability reporting	106
	2-3	Report period, frequency and contact point	106
	2-4	Restatements of information	-
	2-5	External assurance	104, 105
	2-6	Activities, value chain and other business relationships	5, 65, 91
	2-7	Employees	86, 87
	2-8	Workers who are not employees	86, 87
	2-9	Governance structure and composition	69, 71
	2-10	Nomination and selection of the highest governance body	70, 72
	2-11	Chair of the highest governance body	69, 71
	2-12	Role of the highest governance body in overseeing the management of impacts	16, 69, 71
	2-13	Delegation of responsibility for managing impacts	16, 58, 77
	2-14	Role of the highest governance body in sustainability reporting	4, 16
	2-15	Conflicts of interest	69, 71
	2-16	Communication of critical concerns	20, 59, 90
	2-17	Collective knowledge of the highest governance body	69, 71
	2-18	Evaluation of the performance of the highest governance body	70, 72
	2-19	Remuneration policies	70, 72
	2-20	Process to determine remuneration	70, 72
	2-21	Annual total compensation ratio	92, 93
	2-22	Statement on sustainable development strategy	4
	2-23	Policy commitments	98
	2-24	Embedding policy commitments	23, 29, 33
	2-25	Processes to remediate negative impacts	57
	2-26	Mechanisms for seeking advice and raising concerns	57, 75
	2-27	Compliance with laws and regulations	89, 90, 94



## GRI Standards Index

GRI Standard	Disclosure	Indicators	Page	Note
GRI 2: General Disclosure 2021	2-28	Membership associations	-	The Organization of Consumer Affairs Professionals in Business, etc.
	2-29	Approach to stakeholder engagement	20	
	2-30	Collective bargaining agreements	57	
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GRI 3: Material Topics 2021	3-1	Process to determine material topics	17	
	3-2	List of material topics	17	
	3-3	Management of material topics	18, 19	
[Material Topics] R&D and Innovation (development of drugs in consideration of social value)				
GRI 3: Material Topics 2021	3-3	Management of material topics	19, 23	
GRI 201 : Economic Performance	201-1	Direct economic value generated and distributed	80, 81	
	201-4	Financial assistance received from government	82	
Internal Indicator	-	The possession of intellectual property	82	
[Material Topics] Drug Safety and Quality				
GRI 3: Material Topics 2021	3-3	Management of material topics	18, 29	
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	30~32	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	94	No violations
[Material Topic] Securing Talent and Improving Organizational Culture				
GRI 3: Material Topics 2021	3-3	Management of material topics	18, 33	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	34~36, 54, 55	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	88	
	404-3	Percentage of employees receiving regular performance and career development reviews	35, 54	Implemented for all regular employee

## GRI Standards Index

GRI Standard	Disclosure	Indicators	Page	Note
Climate Change Response				
GRI 3: Material Topics 2021	3-3	Management of material topics	18	
GRI 302: Energy	302-1	Energy consumption within the organization	83	
	302-3	Energy intensity	83	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	83	
	305-2	Energy indirect (Scope 2) GHG emissions	83	
Human Rights				
GRI 3: Material Topics 2021	3-3	Management of material topics	18	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	69, 71	
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GRI 406 : Non-Discrimination	406-2	Incidents of discrimination and corrective actions taken	94	
Reinforcing ethical management for the medical industry				
GRI 3: Material Topics 2021	3-3	Management of material topics	18	
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GRI 417: Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	94	
	417-3	Incidents of non-compliance concerning marketing communications	94	
Workplace Safety and Health				
GRI 3: Material Topics 2021	3-3	Management of material topics	19	
GRI 403: Occupational Health & Safety	403-1	Occupational health and safety management system	59	
	403-4	Worker participation, consultation, and communication on occupational health and safety	62	
	403-9	Work-related injuries	89, 90	
Preservation of the environment around the worksite				
GRI 3: Material Topics 2021	3-3	Management of material topics	19	
GRI 305: Emissions	305-7	Nitrogen oxides (NOx), sulfur oxides (Sox), and other significant air emissions	85	

## GRI Standards Index

GRI Standard	Disclosure	Indicators	Page	Note
Eco-friendly pharmaceutical production and packaging				
GRI 3: Material Topics 2021	3-3	Management of material topics	19, 42	
GRI 306: Waste 2020	306-3	Waste generated	84	
Environmental resource management				
GRI 3: Material Topics 2021	3-3	Management of material topics	19, 41	
GRI 303: Water and Effluents 2018	303-5	Water consumption	84	
Sustainability supply chain management				
GRI 414: Supplier Social Assessment	3-3	Management of material topics	18, 64	
	414-1	New suppliers that were screen using social criteria	–	We plan to conduct and manage social impact assessments on business partners, including suppliers, in the future.

## Third-party Assurance Statement(1/2)

Dear Management and Stakeholders of DAEWOONG PHARMACEUTICAL CO., LTD

### Introduction

The Korean Standards Association (“KSA”) was commissioned by DAEWOONG PHARMACEUTICAL CO., LTD (“DAEWOONG PHARMACEUTICAL”) to perform a third-party Assurance Engagement of ‘DAEWOONG PHARMACEUTICAL SUSTAINABILITY REPORT 2023’ (the “Report”). KSA presents independent opinions as follows as a result of feasibility of the data contained in this Report. DAEWOONG PHARMACEUTICAL has sole responsibility for content and performance contained in this Report.

### Independence

As an independent assurance agency, KSA does not have any kinds of commercial interest in businesses of DAEWOONG PHARMACEUTICAL apart from undertaking a third-party assurance on the Report. We have no other contract with DAEWOONG PHARMACEUTICAL that may undermine credibility and integrity as an independent assurance agency.

### Assurance Standards and Level

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Moderate Level assurance. We checked the four principles of inclusivity, materiality, responsiveness and impact in combination with information credibility of the Report. We also reviewed Universal Standard and Topic Specific Standard whether the Report content was created in accordance with the GRI Standards.

### Assurance Type and Scope

Assurance Provider performed Type2 assurance that assessed compliance with four principles of AA1000AP (AccountAbility Principles) 2018, as well as the accuracy and reliability of performance information contained in the report.

#### Topic-specific Standards

**Economic** : 201-1, 201-4, 205-3, 206-1

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

**Social** : 401-2, 403-1, 403-4, 403-9, 404-3, 414-1, 416-1, 416-2, 417-2, 417-3

The assurance scope is from January 1 2022 to December 31 2022 and the assurance focused on systems and activities including policies and goals, businesses and programs, standards, and achievements of the Company's sustainability management. While the company's environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.

### Assurance Methodology

We used the following methods to gather information, documents and evidence with respect to the assurance scope.

- Confirmation of DAEWOONG PHARMACEUTICAL's stakeholder participation and materiality assessment process by sustainability expert.
- Analyses of articles related to DAEWOONG PHARMACEUTICAL's sustainability management published by domestic media outlets
- Review of the consistency between the financial performance data and the company's audit report/publicly announced data by Certified Public Accountant.
- Verification of consistency between environmental information disclosure data and information provided by an environmental specialist.
- Examination of internal documents and basic materials

### Assurance Results and Opinions

KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the Report content if deemed necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, we present our opinions of the DAEWOONG PHARMACEUTICAL SUSTAINABILITY REPORT 2023 as follows.

## Third-party Verification Statement(2/2)

### Inclusivity

- Has DAEWOONG PHARMACEUTICAL engaged its stakeholders in strategically responding to sustainability?

KSA believe DAEWOONG PHARMACEUTICAL is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. DAEWOONG PHARMACEUTICAL has selected stakeholders including government and related associations, organization, employees, corporate customers, individuals, partner companies, local communities and NGOs to receive diverse feedbacks and opinions.

### Materiality

- Has DAEWOONG PHARMACEUTICAL included material information in the Report to help stakeholders make informed decisions?

We are not aware of any significant omissions or exclusions of data that is material to stakeholders. We verified that DAEWOONG PHARMACEUTICAL conducted materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.

### Responsiveness

- Has DAEWOONG PHARMACEUTICAL appropriately responded to stakeholder requirements and interest in this Report?

We verified that DAEWOONG PHARMACEUTICAL responded stakeholders' needs and interests through reflecting stakeholders' opinions in the Report. We are not aware of any evidence that DAEWOONG PHARMACEUTICAL's response to significant issues of stakeholders was reported inappropriately.

### Impact

- Has DAEWOONG PHARMACEUTICAL appropriately monitored its impact on the stakeholders?

We verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

### Reliability and quality of specified performance information

- Has DAEWOONG PHARMACEUTICAL CO., LTD appropriately collected and disclosed specified performance information based on reliable process

The assurance provider performed a reliability assurance of the sustainability performance information on the subject of Type 2 assurance. To assure this information, interviews were conducted with relevant personnel, and it was determined that the performance information disclosed in the report was collected and disclosed based on a reliable process and evidence. Additionally, no evidence was found indicating that specific sustainability information was inaccurately reported.

### GRI Standards Disclosure

We confirmed that this Report was prepared in accordance with GRI Standards. Based on data DAEWOONG PHARMACEUTICAL provided, we also confirmed a validity of the contents related to *Universal Standards and Topic Standards*.

April 2023  
Myung Soo Kang  
KSA Chairman & CEO



The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, and UN CDM DOE (development operational entity), and as an assurance provider of the Korean government's greenhouse gas energy target management system.



## About this Report

### Report Overview

Daewoong Pharmaceutical publishes its first sustainability report in 2023 to fulfill its corporate social responsibility and ensure transparency by disclosing ESG management strategies and performance to stakeholders. Going forward, the company will publish an annual report to demonstrate transparency in the disclosure of Daewoong Pharmaceutical's ESG activities and performance and actively collect stakeholders' opinions and reflect them in management activities.

### Reporting Period

The reporting period for this report is from Jan. 1, 2022 to Dec. 31, 2022, and it includes data from the first half of 2023 to highlight some significant achievements. Also, it reports data from the last three years for some indicators to display recent trends in quantitative performance.

### Reporting Criteria

This report meets the requirements of GRI (Global Reporting Initiative) Standards 2021, the global reporting guidelines for sustainability reports. The financial information included in the report has been prepared based on Korea International Financial Reporting Standards (K IFRS). In order to reflect key issues suitable for industry characteristics, the report has also considered SASB (Sustainability Accounting Standards Board) standards and UN SDGs.

### Reporting Scope and Criteria

This report covers the ESG performance of all domestic corporations of Daewoong Pharmaceutical Co., Ltd. In the case of environment, safety, and health performance, it includes the data of Daewoong Co., Ltd., Daewoong Pharmaceutical, Daewoong Bio Co., Ltd., an affiliate of Daewoong Co., Ltd., and HanAll Biopharma Co., Ltd., an affiliate of Daewoong Pharmaceutical. The consolidated operating profit is 98.0% for Daewoong Co., Ltd. and 100.0% for Daewoong Pharmaceutical. A detailed description is provided for matters requiring attention in the reporting scope.

### Report Verification

Through the Korean Standards Association, an external independent verification body, the company has improved the reliability of data by third-party verification on the trustworthiness and fairness of the report writing process and content. The verification statement is included in the Appendix.

### Report scope and criteria

Classification	Division	Daewoong Pharmaceutical Co., Ltd.	Holding Company		Affiliates		
			Daewoong Co., Ltd.	Daewoong Bio Co., Ltd.	HanAll Biopharma Co., Ltd.	Daewoong Management Development Institute Co., Ltd. (DMD)	Daewoong Infion (overseas)*
E		O	-	O	O	O	O
S	Employees	O	O	-	O (Partial)	-	-
	General Training	O	O	-	-	-	-
	Safety & Health	O	O	O	O	-	-
G	Governance	O	O	-	-	-	-
	Ethics-Compliance Management	O	O	-	-	-	-
Economy	Finance	O	O	-	-	-	-

\* PT. DAEWOONG INFION

## People Contributed to the Report Preparation

ESG General Manager	Ki-Ho Song
Board of Directors	Hyo-cheol Tak
Intellectual Property Management	Hwa-yeon Lee
Audit	Jeong-ho Seong
IR	Young-joo Lim
Tax	Jeong-ho Seong
R&D	Joon Seok Park
Environmental Management, Environmental Data Management	Dae-yong Kang, Dong-chan Kim, Jong-hyun Lee
Social Contributions	SangYub Lee, Hye-mi Kim
Safety/Health	Ki-seok Heo
Clinical Trial	Hyejung Lee
pharmacovigilance	Jihee Baek
Employees	Sang-jun Park, Se-eun Jeong
Information Security	Chae-min Oh
Supply Chain Management	Heon Lee, Sung-in Hong
Product Safety	Ik-bum Shin, Jang-suk Lee
Customer Satisfaction	Soonju Kim
Management & Planning	Weon kee Kim
Stakeholder Communication	Sang-yeop Lee
Labor Relations Management	Sang-jun Park
Law	Ki-man Yoo
Compliance	Suk-jong Yoo, Ji-seon Ryu



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