

Hanmi Pharm employees regard ethical management as being the company's top priority value, and are achieving the highest growth through active participation and continuous practice to that end.

By practicing ethical management, we are building trust with our stakeholders, securing sustainability, and working hard to become an outstanding and exemplary global Hanmi Group as demanded by the present times.

Strengthen Ethical Management and Compliance Management

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Hanmi Pharm's CEO expresses our powerful commitment to voluntary compliance both internally and externally (New Year's Address, Voluntary Compliance Day, ethical management newsletter, meetings, etc.), thus laying the foundation for reflecting strict compliance with the laws related to fair trade as a key element of our management policy. The voluntary compliance manager regularly provides updates on CP operations and performance to the CEO and the board of directors. The Compliance Team, as the dedicated department for CP, produces and distributes the Voluntary Compliance Manual (fair trade-related laws, in-house CP regulations, etc.) and enables employees to access it anytime and apply it to their duties to ensure that there are no fair trade violations. Meanwhile, the CP Management Committee, which is chaired by the voluntary compliance manager and includes among its members the head of the department dedicated to CP and the heads of departments with a high risk of legal violations related to fair trade, identifies risks that could lead to legal violations related to fair trade, and discusses and implements remedial measures to prevent unnecessary losses in business management. Furthermore, to promote ethical management and strengthen employees' commitment, we continuously reward excellent implementers, penalize violators, and conduct CP events.

Ethical Management & Compliance Management operating organization



Hanmi Pharm's CP Grade

The voluntary compliance manager and department dedicated to CP (Compliance Team) are responsible for establishing and operating the basic procedures and regulations, such as the company's Code of Ethics and fair tradelated laws, and assists employees in applying and internalizing them in their everyday duties. The Fair Trade Committee evaluates businesses that operate CP according to specific standards and assigns them a grade, thus encouraging faithful CP operations by providing differentiated incentives to excellent practitioners of CP. The CP grading system calculates the grade of companies (i.e. those that implemented CP more than 1 year previously and applied for an evaluation) based on their operating performance. Hanmi Pharm achieved the top grade, 'AAA', in 2020, 2022, and 2023 after first participating in the CP grade evaluation in 2013, becoming the first domestic company to maintain this grade for five years.



Year	Grade	Applied period
2013	BBB	Jan. 1, 2014-Dec. 31, 2014
2014	A	Jan. 1, 2015-Dec. 31, 2015
2015, 17, 19	AA	Jan. 1, 2016-Dec. 31, 2020
2020, 22, 23	AAA	Jan. 1, 2021-Dec. 31, 2025



Hanmi Pharm's Ethical, Compliance Management Awards

Hanmi Pharm is an outstanding company that is widely recognized for its ethical management based on fair trade, coexistence, and mutual prosperity, and has received various commendations from government institutions for promoting a culture of CP. Notably, in 2023, the company was recognized for its outstanding performance in various areas, including its concerted efforts to conduct regular employee training, operate an online anonymous 'whistleblowing channel', prevent and address unfair practices, improve communication through a biannual offline mentoring program for suppliers, and provide CP training for its suppliers. As a result, the company was awarded the Prime Minister's commendation. Hanmi Pharm will endeavor to earn the public's trust by consistently practicing ethical management.



Year	Award history	Year	Award history
2016	Presidential Citation	2020	Commendation by the Chairperson of the Korea air Trade Commission
2017	Commendation by the Chairperson of the Korea Fair Trade Commission	2021	Commendation by the Chairperson of the Korea Fair Trade Commission Commendation by the Ministry of Health and Welfare
2018	Commendation by the Ministry of Health and Welfare	2023	Commendation by the Prime Minister
2019	Commendation by the Minister of Food and Drug Safety		



Operation of the Top-level CP Program

In 2007, Hanmi Pharm voluntarily introduced the Compliance Program (hereinafter, CP) in order to comply with the fair trade laws for the first time in pharmaceutical industry. Hanmi Pharm has fulfilled the eight conditions for implementing the CP required in the 'Regulations on Operating the Fair Trade Voluntary Compliance Program' (hereinafter, CP regulations) and continues to enhance this program annually.

Preparation and enforcement of the CP standards and procedures	All affiliated employees must fully familiarize themselves with fair trade-related legal matters related to performing their duties, and must prepare and enforce the required standards and procedures for practicing them.
CEO's commitment to voluntary compliance and support	The CEO must openly express the company's voluntary commitment to, and policy for complying with, fair trade laws and regulations and actively support the operation of the CP.
Appointment of a voluntary compliance manager in charge of CP operation	The highest governing body, such as the BoD, must appoint a voluntary compliance manager within the organization, and assign responsibilities to the voluntary compliance manager to ensure effective implementation of the CP.
Production and utilization of the Voluntary Compliance Manual	The voluntary compliance manual must be prepared under the responsibility of the voluntary compliance manager, and should include fair trade-related regulations, CP standards and procedures, etc. The manual should be produced in the form of a document or an electronic file that can be easily accessed and used by all employees.
Continuous and systematic voluntary compliance training	Periodic training on CP standards and procedures and compliance with fair trade related regulations should be provided for the employees of departments where there is a high possibility of violations of fair trade laws and regulations, such as the CEO, purchasing & sales departments, etc.
Internal monitoring systems	A reasonably planned monitoring and audit system must be established and operated for the prevention or early detection of illegal acts. Monitoring and audit results must be periodically reported (at least more than twice a year) to the highest governing body, such as the BoD.
Sanctions on employees who violate fair trade regulations	Company regulations stipulating disciplinary actions corresponding to the degree of severity of violations must be prepared and applied accordingly to employees who violate fair trade laws and regulations. The company must respond actively in the event that a legal violation by an employee is discovered and prevent the possibility of similar acts recurring in the future.
Evaluation of effectiveness and improvement measures	The company must periodically check and evaluate the CP standards, procedures, and operations so that the CP can be implemented effectively, and carry out measures for improvement accordingly.

Compliance Training

Hanmi Pharm is concentrating on systematizing the CP training and strengthening the training for each class. We conduct monthly training sessions for the employees of the domestic HQ (sales/marketing) and provide customized training based on duty, class, region, and year. We also provide training on the fair trade laws, the latest trends, and the results of the CP monitoring for the Talent Committee executives (CEO, major departmental executives) and members of the CP Management Committee (i.e. the heads of departments with a high likelihood of committing legal violations). We are also striving to enhance our CP capacity by providing additional training for individuals who have violated the CP policies, missed periodic training, or scored poorly in the CP tests. In addition, we provide training on the importance of CP for the CEOs and working-level employees within our affiliates, subsidiaries, and suppliers. To improve the expertise of the Compliance Team, we provide regular training opportunities through external specialized organizations.

Training Name	Classification	No. of training sessions	Cumulative no. of trained persons
	Periodic training for domestic business divisions	11	7,224
	Training for the managers of domestic business divisions	6	354
	Training for affiliates (subsidiaries)	5	426
	New Employee Training	9	298
	CP Competency Enhancement Training	4	135
	CP Management Committee training	6	109
	Talent Committee training	12	109
	Marketing training	7	192
	On-site training / Training by year	21	364
	Training for suppliers	2	104
	ISO 37001-related training	1	79
	Internal accounting management system training	3	75
	Training on legal affairs	1	2,340
Cumulative total		88	11,809

- OUR COMPANY +
- SPECIAL TOPIC +
- ESG MANAGEMENT +
- ENVIRONMENT +
- SOCIAL +
- GOVERNANCE -
- Governance Structure
- Risk Management
- Ethical, Compliance Management
- ESG FACT BOOK +
- APPENDIX +
- ESG POLICIES +

Management of Risk Assessment by Department

Hanmi Pharm received the Anti-Bribery Management System (ABMS, ISO 37001) certification for the first time in the pharmaceutical industry in 2017, and the certification is validated by annual follow-up audits and renewal audits every three years.

The effects of introducing the ISO 37001 system are as follows.

First, we can announce that our organization is equipped with a powerful anti-bribery system.

Second, risks are reduced by spreading the anti-bribery culture.

Third, we can prevent losses incurred by bribery, entertainment, and wining & dining.

Fourth, the risks of temptation, demands, and coercion from stakeholders to commit bribery are reduced.

Fifth, our credibility is increased by fulfilling our responsibilities regarding global standards.

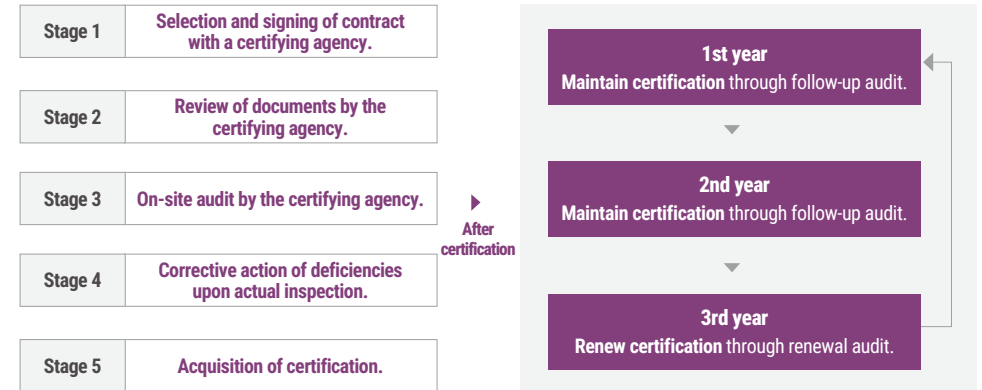
Sixth, objective verification and improvement of system deficiencies is made through audits by a verified certifying agency.

In addition, Hanmi Pharm assesses the risks of each department, and establishes and inspects measures taken to mitigate risks in order to improve the ethical management system.

In 2023, we assessed potential risks for each work unit by conducting individual interviews at all departments and took measures to improve any deficiencies. Especially, we have created the HLC (Hanmi's Fraud Tree – Law – Code) matrix to help employees easily understand risks, and have improved its distribution and management system.

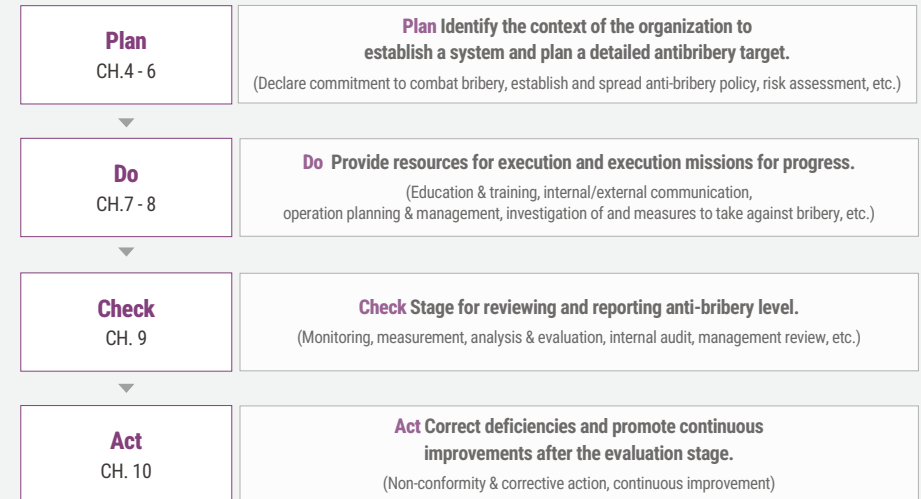
Classification		2019	2020	2021	2022	2023
Anti-Bribery prior action	Business site subject to corruption risk assessment	All business sites - Head Office, Paltan Smart Plant, Pyeongtaek Bio Plant, R&D Center				
	Risk assessment ratio	100%				

ISO 37001 Certification Process



Major Details of ISO 37001

CH. 1 (Scope), CH. 2 (Normative references), CH. 3 (Terms and definitions), CH. 4 (Context of the organization), CH. 5 (Leadership), CH. 6 (Planning), CH. 7(Support), CH. 8 (Operation), CH. 9 (Performance evaluation), CH. 10 (Improvement).



- OUR COMPANY +
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- Governance Structure
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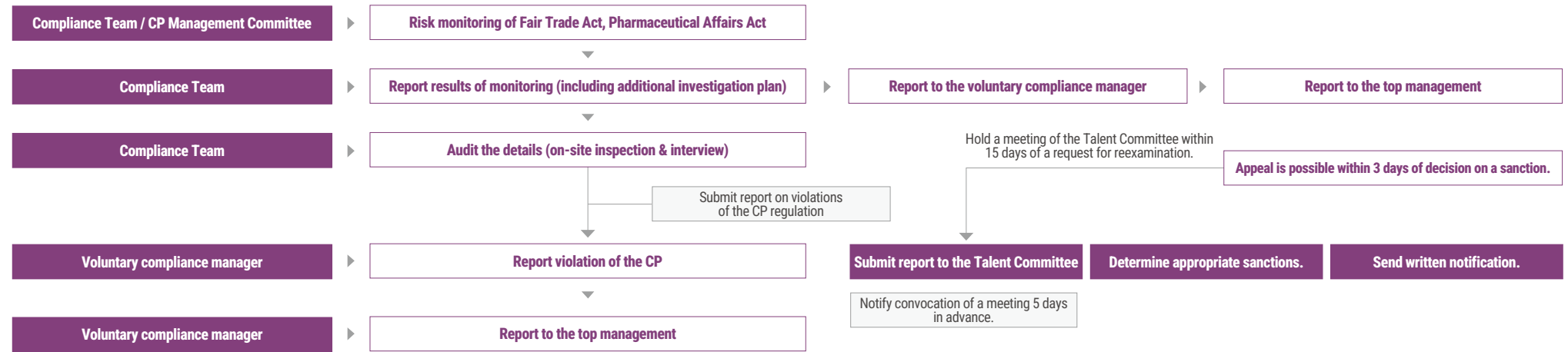
- ESG FACT BOOK +
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Sanctions on Employees Who Violate Fair Trade Regulations

Hanmi Pharm imposes sanctions on employees who violate fair trade laws and the in-company CP regulations according to the 'Rules of employment' and the 'guidelines on sanctions and rewards for employees.' This reflects the CEO's firm commitment to practice voluntary compliance and Hanmi Pharm's stance that violations will never be tolerated. Sanctions are imposed on employees according to the Talent Committee's sanction process, and all sanctions are documented. If a violation is minor and can be corrected immediately, we take corrective and preventive measures (training, etc.). In addition, sanctions for violating company regulations are not limited to an internal system, as we disclose issues found through regular monitoring and impose legitimate sanctions. For occupational groups with a high likelihood of violating fair trade laws, we have established clear standards on sanctions in order to enhance transparency and ensure consistent legal sanctions. We will continue with our efforts to prevent violations by providing training to each department after identifying violations through various monitoring channels such as monthly monitoring, special audits, and whistle-blowing, and by taking the most appropriate HR sanctions.

Talent Committee Sanction Process



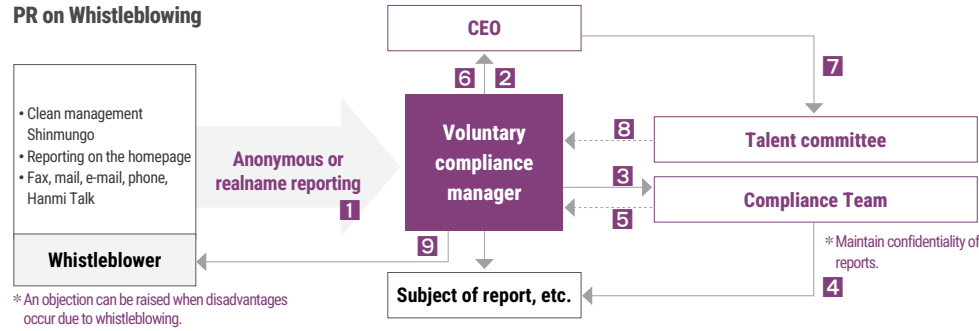
Status of Employee Sanctions and Incentives

Classification	Risks	2019	2020	2021	2022	2023
HR Sanctions	No. of personnel sanctioned for violations of the internal regulations	15 persons	69 persons	16 persons	15 persons	2 persons
Incentive	No. of personnel	4 "top" persons / 16 "excellent" persons	4 "top" persons / 16 "excellent" persons	4 "top" persons / 16 "excellent" persons	4 "top" persons / 16 "excellent" persons Awards for 30 persons	4 "top" persons / 14 "excellent" persons Awards for 50 persons
	Excellent organization	12 teams	12 teams	12 teams	12 teams	12 areas

Reporting and Processing of Internal & External Violations

Hanmi Pharm has established separate regulations and guidelines for whistleblowing. These include regulations for the whistleblowing system, operational guidelines for reporting compliance violations, and operational guidelines for the voluntary reporting of any bribes and gifts received. The purpose of these regulations is to facilitate the early detection of violations of the Fair Trade Act, Pharmaceutical Affairs Act, Subcontracting Act, and Fair Competition Code, as well as the in-company CP operation regulations, all of which are crucial to the biopharmaceutical industry. Additionally, these regulations aim to protect whistleblowers. Whistleblowing is possible for employees as well as all stakeholders, without any limitations on access. This can be done through various channels such as reporting via the company's Intranet (CES), QR code reporting via the in-company ethical management newsletter, and reporting via the company website. All reports can be made anonymously. The voluntary compliance manager directly checks any reports received and reports them to the CEO if necessary. If an investigation is necessary, the Compliance Team conducts an investigation and submits the results to the Talent Committee, which ensures that the appropriate sanctions and measures are taken. We offer training and public relations to inform employees about our whistleblowing channels. To protect the confidentiality of whistleblowers, we have formed a small investigation team within the Compliance Team, and we ensure that the latter operates independently to guarantee the fair processing of reports.

PR on Whistleblowing



* An objection can be raised when disadvantages occur due to whistleblowing.

No.	Process	Remarks	No.	Process	Remarks
1	Receive report via various channels.	* Information on the whistleblower is known only to the voluntary compliance manager (selected by the whistleblower).	5	Report the results of the investigation.	
2	Report to the CEO.		6	Report to the CEO.	
3	Order the compliance team to investigate.	* The identity of the investigator is kept secret (anonymity) to prevent external pressure, improper solicitation.	7	Submit report to the Talent Committee.	
4	Audit (recipient of report, etc.)		8	Determine the appropriate punishment.	
			9	Send disciplinary action document and notify results.	* Rewards are limited to real-name informants.

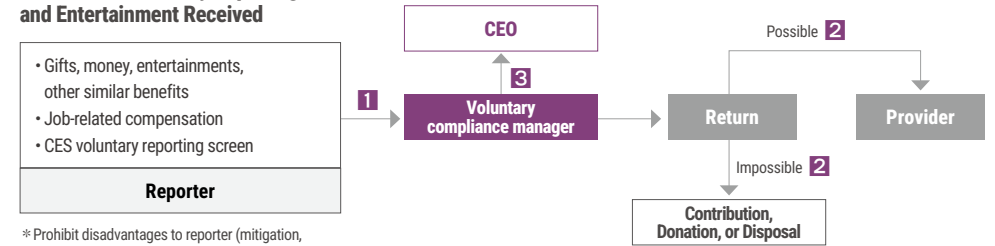
Hanmi Pharm's Whistleblowing Channels

Classification	Clean management / Shinmungo (CES Intranet)	In-company messenger / Hanmi Talk	Clean management newsletter / Ethical management newsletter	Reporting on the company website	Mail, Fax, email	Wire, wireless
Internal/external	Internal		Internal & external	External		
Subject	Employees					
Accessibility	• Accessible at all times (mobile, PC, wire/wireless call, mail/Fax/e-Mail)					
Anonymity	• Completed processing anonymity.					
Whistleblower requirements	• No limitations regarding whistleblower requirements.					
Others	• Clean management newsletter (for employees) PR on whistleblowing and access to the internal system via QR scan (enhanced accessibility). • Clean management newsletter (for parties related to business) PR on whistleblowing and access to the internal system via QR scan (enhanced accessibility). • Voluntary reporting can be made regarding acts related to fair trade violations (voluntary reporting system for bribes and gifts received).					

Voluntary Reporting of Bribes and Entertainments Received

Hanmi Pharm prohibits the acceptance of items of value, gifts, entertainments, or wine & dining (hereinafter 'money & valuables, etc.') in connection with individuals who have a cause-and-effect relationship with our business, and we have established a separate procedure for the voluntary reporting of such violations. This is a measure that we clearly communicate not only to our employees but also to potential payers of bribes (such as subcontractors or individuals with an interest in the company) in order to eliminate the kinds of unethical work-related requests that used regularly to be made under the table, thus revealing the company's strong commitment to ensuring voluntary compliance. Voluntary reporting can be submitted to the voluntary compliance manager or through the 'Voluntary Reporting of Bribes and Gifts Received' page on the company's Intranet (Cyber CP Zone within the CES). The recipient of bribes must immediately return the bribes received. (If they cannot be returned, the recipient must follow the procedure outlined in the 'guidelines for the voluntary reporting of bribes and entertainment received'). Then, the voluntary compliance manager will notify the provider about how the bribes will be processed in order to prevent any recurrence. If a person who has accepted bribes voluntarily reports the fact, we ensure that the sanctions for the violation are reduced or, in some cases, we exempt the person concerned from sanctions.

Process for Voluntary Reporting of Bribes and Entertainment Received



* Prohibit disadvantages to reporter (mitigation, exemption when sanctions are needed)

No.	Process	Remarks
1	Voluntary reporting of gifts and bribes.	Regulation prohibiting disadvantages to reporter
2	Check whether gifts, etc. can be returned (Return to provider or contribute/donate).	Dispose of gift, etc. if contribution or donation is not possible.
3	Report the processing results	

Results of internal reporting and treatment of Hanmi Pharm

Classification	Unit	2019	2020	2021	2022	2023
Whistleblowing	cases	6	4	7	2	0
Action, such as HR sanctions	cases	6	4	7	2	0
No. of sanctioned personnel	persons	5	2	3	2	0