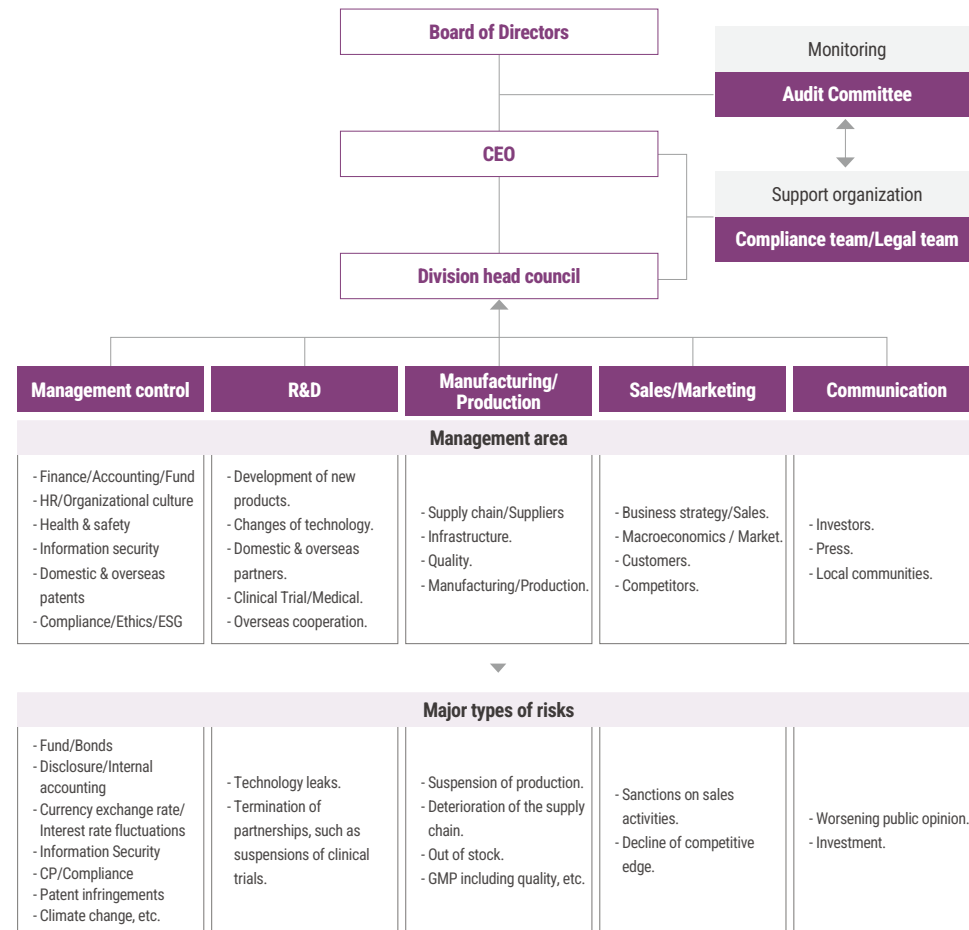


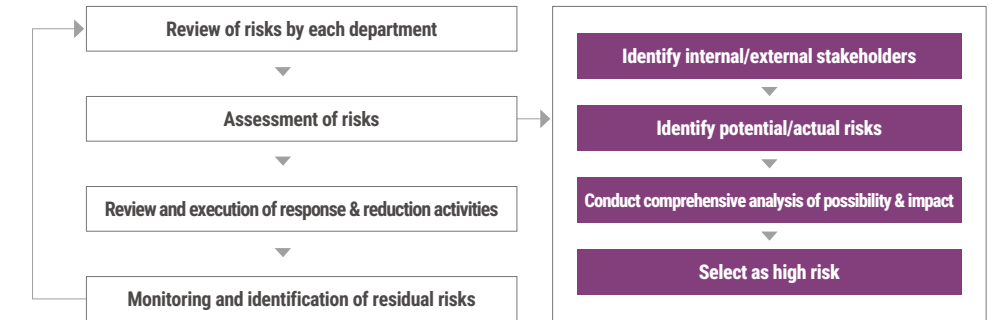
Risk Management

Risk Management System

Hanmi Pharm operates an integrated risk management system that reflects the nature of our business and our strategies for preventing and managing potential risks across all of the company's business processes. Regarding the risks for each sector, a dedicated organization for each area reviews and executes risk identification, assessment, and countermeasures. The division head council oversees and manages company-wide risks such as actual and potential risks that may arise during the conduct of company business.

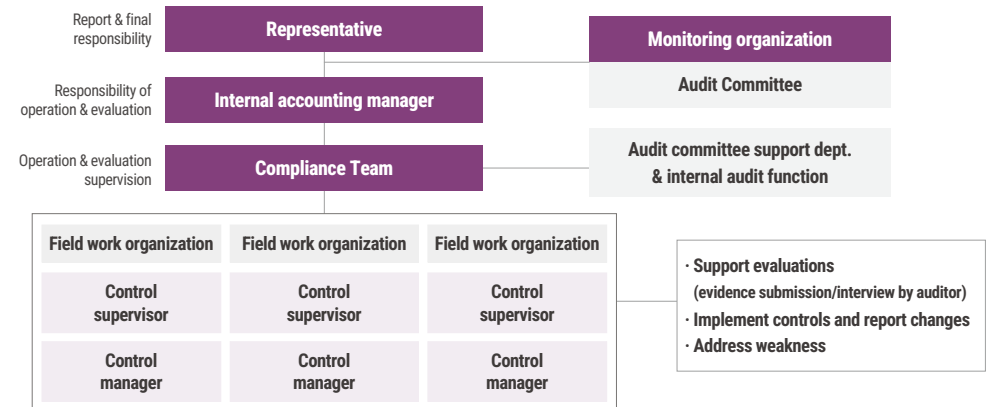


Risk Management Procedure



Internal Accounting Management System

Since January 2020, Hanmi Pharm has been strengthening and running an internal accounting management system designed to enhance transparency in the reporting of its accounting and effective risk management regarding financial reporting. The internal control system is stipulated and operated according to Hanmi Pharm's internal regulations on the internal accounting management system. The CEO and the chairman of the audit committee attend the board meetings and regular general meetings of shareholders according to the internal accounting management regulations and report the operational status of the internal accounting management system. They also prepare reports on the operational status of the internal accounting management system and evaluation reports, and disclose them by attaching them to business reports along with the audit opinions of an auditor and the internal accounting management regulations.



The roles and responsibilities of the internal accounting management function, including field work organization and linked performance evaluation measures, are specified in the internal accounting management guidelines.

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

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Tax Risk Management

Hanmi Pharm complies with the national laws and regulations, reports its taxes, and faithfully fulfills its fiduciary duties to ensure transparent and fair tax practices. In addition, when the tax authorities request an investigation and evidential materials, we provide such materials quickly and transparently.

Tax Risk Management Activities

Hanmi Pharm's View of Taxation ▶

Hanmi Pharm reviews its tax risks internally and externally to prevent tax risks that may occur during business activities. We frequently consult with experts by receiving reviews and seeking advice on significant tax issues that may arise during our business activities. Especially, for domestic transactions, we maintain fair prices for all transactions with third parties and special related parties according to relevant laws. In the case of global business transactions, we strive to prevent international tax risks according to the previous price guidelines of the OECD based on advice from experts. In addition, we appoint a person in charge of tax affairs within the company. Thus, we manage tax risks beforehand by having our person in charge review and analyze all amendments that are made to the tax laws every year.

*Management principles	<ol style="list-style-type: none"> 1. Compliance with national laws. 2. Prompt and transparent provision of materials to the tax authorities. 3. Review and analysis of tax risks internally and externally beforehand. 4. Compliance with normal prices when engaging in transactions with special interested parties. 5. Management of international tax risks according to the previous price guidelines of the OECD.
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Tax Risk Assessment

Hanmi Pharm is doing its best to fulfill its social responsibilities based on the transparent and justified act of paying taxes by having external experts and the internal person in charge of tax affairs manage internal and external tax risks. We review tax risks related to important business matters such as transactions of goods and services, acquisitions of stock, international transactions, promotion of new businesses, and changes in the transaction structure beforehand, and reflect the results of the review when making a final decision.

Accounts Receivable Risk Management

Hanmi Pharm manages accounts receivable risks to ensure the smooth operation of cashflow through the stable collection of receivables.

Accounts Receivable Risk Management Activities

Hanmi Pharm manages its accounts receivables through a business manager and the debt management department. We periodically check and manage the sales of the day, income, compliance with the payment conditions for suppliers, management of suppliers' collateral, and the status of account receivables based on a 'debt management system' optimized for our company's business operations. Also, we are doing our utmost to respond preemptively to even the risk of bad debt by frequently identifying the status of our management and business activities with suppliers in cooperation with external credit rating agencies.

Potential Risks

Hanmi Pharm has classified potential risks that may occur across all its business processes into climate change, domestic & overseas macroeconomics, unfair trade, production suspension, and information security risks in order to prevent and manage them more effectively. As such, the department in charge engages in monitoring and response activities according to the type of each risk, while Hanmi Pharm responds to each risk thus identified by applying international standard management systems, thereby enabling the company to operate a risk management system at the global level.

Classification	Risks	Opportunity Factors	Countermeasures
Climate change risks	<ul style="list-style-type: none"> • Strengthened domestic & overseas regulations on reducing greenhouse gas emissions. • Stakeholders' increasing demands to mitigate climate change. • Negative financial impacts of supplying energy, such as the introduction of renewable energy. 	<ul style="list-style-type: none"> • Fulfillment of stakeholders' expectations due to proactive response. • Minimization of midand long-term financial impacts, such as loss of assets from energysaving/ reduction. 	<ul style="list-style-type: none"> • Establish ISO 14001 (Environmental Management System). • Establish the 2030 NDC, 2040 NetZero strategy. • Introduce Cost-Innovations.
Domestic & overseas macro-economic risks	<ul style="list-style-type: none"> • Uncertainty of domestic & overseas business due to changes in the international situation. • Reduction of sales due to global economic downturn. 	<ul style="list-style-type: none"> • Opportunities for expanding export countries and market share. • Opportunities to diversify our business portfolio. 	<ul style="list-style-type: none"> • Diversify the business portfolio. • Expand the global business network.
Unfair trade risks	<ul style="list-style-type: none"> • Violation of the fair competition rules in the pharmaceutical industry. • Increased PR costs due to fierce competition. • Deterioration of brand image and loss of reputation. 	<ul style="list-style-type: none"> • Enhancement of corporate values by strengthening sales. • Reduction of legal expenses by complying with laws. 	<ul style="list-style-type: none"> • Establish ISO 37001 (Anti-Bribery Management System). • Prepare fair trade guidelines. • Conduct employee training, and monitoring. • Operate a whistle-blowing system.
Production suspension risks	<ul style="list-style-type: none"> • Destruction of facilities, and production setbacks due to typhoons, earthquakes, etc. • Negative financial impacts caused by delayed normalization of production. 	<ul style="list-style-type: none"> • Prevention of disasters. • Enhanced competitiveness due to rapid normalization of production. 	<ul style="list-style-type: none"> • Establish ISO 22301 (Business Continuity Management System).
Information security risks	<ul style="list-style-type: none"> • Occurrence of various financial losses, such as R&D key technology leaks, due to IT security errors, personal info leaks, unusable systems, etc. 	<ul style="list-style-type: none"> • Minimization of financial losses due to prevention of leaks of personal information. • Protection of intellectual property rights due to defensive measures taken against cyber-terror. • Stable production and management activities. 	<ul style="list-style-type: none"> • Operate a department dedicated to information security. • Establish ISO 27001 (Information Security Management System).

Risk Management with the Global Standard Management System Certification

Hanmi Pharm classifies risks into six main crisis response areas, i.e. environment, labor, fair trade, information security, disaster, and medical device quality, and into eleven key risks in order to prevent and manage potential risks that may occur across all of the company's business processes. The department in charge assumes full responsibility for managing each type of risk and carries out monitoring and response activities. In particular, Hanmi Pharm responds to each risk identified by applying international standard management systems, thus enabling the company to operate a risk management system at the global level.

Hanmi Pharm's ISO (Global Standard Management System) Certifications

Crisis response area	Key risk	Name of certification	Scope of certification	Expiration Date	Details
Environment	<ul style="list-style-type: none"> Environmental Pollution Minimizing Environmental Impact 	ISO 14001	Paltan Smart Plant	Sept. 29, 2023-Sept. 28, 2026	In 2012, Hanmi Pharm adopted ISO 14001 (Environmental Management System) to set a firm direction for its environmental management and minimize the negative effects of environmental pollution caused by its business activities. Hanmi Pharm is making efforts to reduce the environmental contaminants generated during its production processes. <ul style="list-style-type: none"> Enactment and application of environmental manual/procedures/guidelines for controlling water quality, air, waste, chemicals, etc. In addition, the company has established an action plan to reduce the generation of waste and increase recycling in order to directly save energy resources such as electricity, water, LNG, etc.
			Pyeongtaek Bio Plant	Dec. 7, 2023-Dec. 6, 2026	
Human Rights/Labor	<ul style="list-style-type: none"> Industrial safety Health & Safety 	ISO 45001	Paltan Smart Plant	Sept. 23, 2021-Sept. 22, 2024	Hanmi Pharm has made safety its top priority management principle, and has acquired ISO 45001 (Occupational Health and Safety Management Systems), an international standard related to health & safety, at all its domestic business sites to ensure zero disasters. <ul style="list-style-type: none"> Increase in investment in health & safety. Activities aimed at establishing a strong safety culture. Qualified supplier evaluation. Health & safety training.
			Pyeongtaek Bio Plant	Dec. 7, 2023-Dec. 6, 2026	
			R&D Center	Oct. 29, 2021-Oct. 28, 2024	
			Head office	Oct. 29, 2021-Oct. 28, 2024	
Information Security	<ul style="list-style-type: none"> Internal Information Personal Data Leaks Hacking & Viruses 	ISO 27001	Paltan Smart Plant	Dec. 19, 2021-Dec. 18, 2024	Having acquired ISO 27001 (Information Security Management System) in December 2018, Hanmi Pharm is committed to managing and maintaining the certification in order to grow as a trusted global pharmaceutical company by equipping itself with the information security requirements that are essential for a global business, and to protect research information on its independently-developed new drugs. <ul style="list-style-type: none"> Security training, Anti-phishing mail training, newsletters. Workshop & group training for security officers.
			R&D Center		
Fair Trade	<ul style="list-style-type: none"> Unfair Enticement of Customers Corruption 	ISO 37001	Paltan Smart Plant	Nov. 28, 2023-Nov. 27, 2026	Hanmi Pharm has acquired ISO 37001 (Anti-Bribery Management System) so that the company can reasonably control the risk of bribery related to the performance of duties in the entire management system. Hanmi Pharm became the first company in the Korean pharmaceutical industry to introduce the ISO 37001 certification in 2017, since when it has continued to renew compliance with an annual post-certification review. While preventing corrupt acts on the part of employees and improving employees' awareness of ethical management through certification reviews and follow-up audits, the company is gradually expanding the area of anti-bribery management to reduce the risk of legal violations.
			Pyeongtaek Bio Plant		
			R&D Center		
			Head office		
Disaster	<ul style="list-style-type: none"> Production Suspension 	ISO 22301	Paltan Smart Plant	Dec. 13, 2022-Dec. 12, 2025	Hanmi Pharm operates the Business Continuity Management System (BCMS) at all its business sites in order to produce and supply medicines in a stable manner. Through the BCMS, the company is proactively responding to financial and non-financial risks by identifying their impact on business operations and by establishing a system that can secure the resilience of the organization in the event of potential risks and relevant risks. <ul style="list-style-type: none"> In-company mass infection prevention and human resource management Company-wide history management for checking the health of employees and visitors. Raising awareness and preventive measures related to hygiene. Real-time response of emergency response organizations. Efforts to manage a stable supply network, GMP-based Quality Management.
			Pyeongtaek Bio Plant		
			R&D Center		
			Head office		
Quality	<ul style="list-style-type: none"> Medical Device Quality Control 	ISO 13485	Pyeongtaek Bio Plant	Jan. 21, 2023-Jan. 21, 2026	The ISO 13485 (Medical Device Quality Management System) certification is based on the ISO 9001 (Quality Management Systems) standard created by the addition of matters which apply to medical devices in particular. It is defined as an international standard comprising a medical device quality management system related to the design/development, production and sales of medical devices. Through ISO 13485, a company can demonstrate its ability to provide medical devices of consistent quality and prove that the related products consistently satisfy the requirements of customers and regulations. Hanmi Pharm's Pyeongtaek Bio Plant initially acquired the ISO 13485 certification in January 2011, and has maintained it until the present day through periodic external audits. Furthermore, the company continuously verifies that both customers and the regulatory requirements of the plant are satisfied by conducting internal management reviews of medical devices.