

The various performance achievements of Hanmi Pharm, the established leader in the domestic pharmaceutical industry, are the result of our efforts to secure our main growth engine through investment in R&D, and the interest and support of all of our stakeholders including customers, suppliers, and local communities. Hanmi Pharm is making efforts to contribute to the positive growth of Korean society and to realize mutual growth by establishing advanced win-win management. Thus, Hanmi Pharm will fulfill its roles and responsibilities as a valued member of civil society.

## Supply Chain Management System

Supply Chain Management Regulations ▶

While uncertainty in the global supply chain is growing, Hanmi Pharm regards mutual growth as being at the heart of its supply chain management under the following motto: "The competitiveness of our suppliers is the competitiveness of Hanmi Pharm!"

Hanmi Pharm has enacted the four principles of fair trade and our code of ethics for purchasing with the aim of engaging in and promoting fair and ethical transactions. Notably, we are working hard to promote sustainable supply chain management by enacting supply chain management regulations and establishing a green purchasing policy.

Since 2023, Hanmi Pharm has established an ESG inspection system for our supply chain by identifying and assessing negative impacts on human rights and the environment to secure sustainable supply chain management. Hanmi Pharm also endeavors to identify potential adverse impacts on human rights and the environment of suppliers with which it has established solid business relationships, and periodically inspects and manages their ESG performance.

Hanmi Pharm will realize mutual growth with its suppliers, expand supply chain management to include all suppliers in the value chain, and strengthen the ESG inspection system to realize sustainable supply chain management.

## The Principles of Supply Chain Management

Hanmi Pharm has enacted and shared its four major principles for fair trade and its code of ethics for purchasing with its suppliers in order to prevent unfair practices and guarantee fair supply chain management. Hanmi Pharm manages its suppliers according to sound principles of supply chain management, such as compliance with the Supplier's Code of Conduct and ESG, while the CEO oversees the management and operation of the supply chain.

### Hanmi Pharm's 4 Major Principles of Fair Trade

4 Major Fair Trade Rules ▶

- |   |   |   |  |
|---|---|---|--|
| 1 | Signing appropriate contracts for win-win cooperation | 2 | Fair selection & operation of suppliers                            |
| 3 | Issue & file appropriate documentation                | 4 | Prevent unfair trade by operating an internal nomination committee |

### Code of Ethics on Purchasing

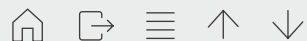
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|----|--|
| 1  | Employees shall only consider the profit and interest of the company when trading with a supplier.   |
| 2  | Employees shall not engage in any act of collusion that may affect decision making when engaging in purchasing activities with a supplier.   |
| 3  | The selection and registration of a customer shall proceed in a rational manner and shall be based on objective and impartial evaluation standards.  |
| 4  | Trading shall be based on the principle of fair competition, while the exploitation of personal connections is strictly prohibited.  |
| 5  | Employees shall not accept unauthorized entertainment or personal gifts of any kind from suppliers or clients.   |
| 6  | Employees shall not engage in unfair behavior in any way that takes advantage of our superior position and authority when trading with a supplier.   |
| 7  | Employees shall never disclose important information about our company to a third party.   |
| 8  | Employees shall not make false reports and shall always respect the principle of transparency in all purchasing activities.  |
| 9  | Employees shall remind their counterparts that if a company is found to have given a personal gift to, or hosted, a member of our company, all transactions with them will be suspended immediately. |
| 10 | If any of the above principles is violated, the employee concerned shall readily accept any punishment imposed by the company.   |

- OUR COMPANY +
- SPECIAL TOPIC +
- ESG MANAGEMENT +
- ENVIRONMENT +
- SOCIAL -**
  - Human Rights Management
  - Human Capital Management
  - Welfare & Culture
  - Health & Safety
  - ▶ Sustainable Supply Chain Management
  - Pharmaceutical Safety and Responsible Marketing
  - Personal Information Protection & Security
  - Social Contributions
- GOVERNANCE +
- ESG FACT BOOK +
- APPENDIX +
- ESG POLICIES +

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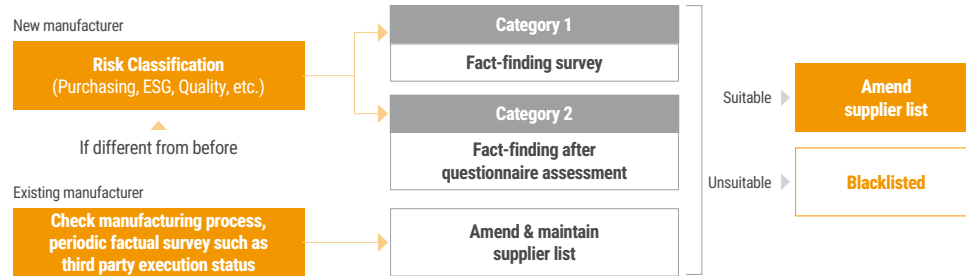
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## Responsible Supply Chain Management

Hanmi Pharm, as a company that produces medicines directly related to life and death, pays very close attention to discovering and selecting suppliers that satisfy strict standards in order to supply medicines of the highest quality. Hanmi Pharm has enacted and is following the supply chain management regulations to manage and evaluate all suppliers of raw materials, semi-finished products, finished products or services so as to provide excellent, quality-guaranteed medicines to our customers.

### Supplier Evaluation & Management Procedure



<b>Purchasing</b>	Audit and assessment based on purchasing inspection items (price, credit, quality, delivery, etc.)
<b>ESG</b>	Audit and assessment based on ESG inspection items (labor/human rights, health/safety, environment, etc.)
<b>Quality</b>	Audit and assessment of suppliers based on quality inspection items (quality/GMP inspection)

### Hanmi Pharm's Suppliers

Classification	Unit	2021	2022	2023
All suppliers	EA	1,079	1,005	1,040
New suppliers		120	128	124
Total purchase amount	KRW 100 mil.	2,058	2,074	2,255

### Beijing Hanmi Pharm's Suppliers

Classification	Unit	2021	2022	2023
Total no. of suppliers	EA	139	147	168
New suppliers		9	11	22
Total purchase amount	CNY 1,000	274,960	361,059	485,675

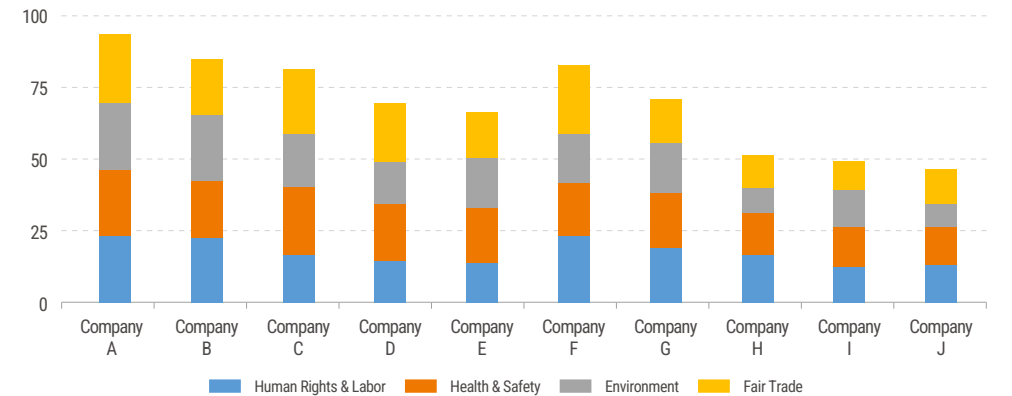
### Establishment of the ESG Inspection System for Suppliers

Hanmi Pharm Supplier's Code of Conduct

Hanmi Pharm conducts ESG self-inspections of suppliers to identify and improve potential ESG risks within the supply chain. Accordingly, we have independently developed 53 indicators in 4 areas (human rights/labor, health/safety, environment, ethics/fair trade) by referring to the PSCI (Pharmaceutical Supply Chain Initiative) and K-ESG guidelines based on the Code of Conduct for suppliers. We plan to update the assessment items and indexes by referring to domestic and overseas supply chain ESG guidelines and current laws, and will continuously strengthen our sustainable supply chain management, including assessment, inspection, improvement, etc.

### Results of ESG Self-Diagnosis of Suppliers in 2023

The results of the ESG self-inspections of a total of 10 major suppliers of raw materials and sub-materials showed that four suppliers (40%) derived excellent results, while two suppliers (20%) needed to be closely observed. In addition, among 4 sectors, the environmental sector has been identified as needing management and support in the future. Hanmi Pharm will continuously monitor those areas needing management and support to check the implementation of improvements to suppliers' risks.



Classification	Total score	Partial score	Average	Highest score	Lowest score
Labor/Human Rights	100	25	18.5	24	13
Health & Safety		25	18.5	23.5	13
Environment		25	16.3	23.5	8.5
Ethical/Fair Trade		25	17.6	25	10

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Human Rights Management

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Welfare & Culture

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▶ Sustainable Supply Chain Management

Pharmaceutical Safety and Responsible Marketing

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### Strengthening Supplier's Capabilities

Hanmi Pharm pursues mutual growth with its suppliers by implementing various support policies. We provide various kinds of training support through the Mentorship program for suppliers, such as purchasing based on GMP and ethical management, ESG and supply chain audits, as well as introducing improvements to our payment conditions, securing reliable supplies, signing long-term contracts, signing contracts that prioritize new products, and operating the supplier suggestion system. Furthermore, we have established various communication channels and are communicating with our suppliers in order to promote effective and substantive mutual growth.

#### Mentorship Program for Hanmi Pharm Suppliers in 2023

Period	Participating suppliers	Supplier/No. of participants	Major training details
May 24, 2023	Raw material suppliers	37 suppliers (12.9%) / 53 persons	<ul style="list-style-type: none"> <li>ESG management &amp; E.U. supply chain audits.</li> <li>Supply chain audit system &amp; case analysis.</li> <li>Hanmi Pharm's supply chain audit management strategy.</li> <li>Management of suppliers' compliance.</li> </ul>
Nov. 14, 2023	Raw material suppliers	38 suppliers (13.3%) / 57 persons	<ul style="list-style-type: none"> <li>ESG supply chain audit process.</li> <li>Briefing session on the delivery unit price linked system.</li> <li>Introduction of excellent cases of development.</li> <li>Discussions on the supplier compliance strategy.</li> </ul>

※ Total no. of major raw material suppliers in 2023: 286 companies



#### Hanmi Pharm-Supplier Communication Channel

<b>SRM Site</b>	Hanmi Pharm has established the Supplier Relationship Management System (HSRM) to simplify the product and service supply process. We also form mutually beneficial relationships between interested parties by operating a systematic and transparent system, and are identifying and developing strategic supply partners based on an evaluation of suppliers' performance.
<b>Hanmi eguestroom</b>	We operate the e-guestroom, a multilateral communication channel for stakeholders (relevant departments), purchasers, and suppliers, to ensure a fair and efficient work process.
<b>Supplier mentorship</b>	Hanmi Pharm provides supplier mentoring every year to support mutual growth with suppliers
<b>Whistleblowing &amp; Shinmungo</b>	Hanmi Pharm operates a channel for receiving complaints to which grievances such as "gapjil" (Harassment of subordinates by their superiors) on suppliers, workplace bullying, and sexual harassment can be reported through Hanmi Pharm's website.

#### Status of Supplier Support, 2023

Classification	Details	
Training support system	Ethical management	HSRM announcement & regular distribution of training materials
	GMP Training	GMP audit support & offline training
	ESG Training	ESG & supply chain audit, offline training
Improvements to payment conditions	100% cash payment	
Securing of reliable supplies	Advance payment for unbalanced raw material items in order to secure the inventory.	
Long-term contract	Annual automatic extension of contracts with outstanding suppliers.	
Preferential contract for new products	Signing of preferential supply contract for new product/items	
Supplier suggestion system	Review of joint business when a supplier suggests business cooperation.	
Welfare services	Provision of welfare mall services for Hanmi Pharm employees	



#### Hanmi Pharm receives commendation from the Minister of SMEs and Startups as an outstanding company in 'Delivery Payment Linkage System'



Hanmi Pharm was recognized for its contribution to exemplary win-win management with a commendation from the Minister of SMEs and Startups at the '2023 Outstanding Company Linked to Delivery Payment Awards Ceremony' jointly hosted by the Ministry of SMEs and Startups and the Fair Trade Commission.

Hanmi Pharm received high scores for its performance in terms of such evaluation indicators as the "number of participating beneficiary companies", "number of companies that signed linkage agreements", and "efforts to spread the linkage system". Introduced in October 2023, the 'delivery payment linkage system' reflects changes in prices in a supplier's delivery unit cost when raw material prices are raised due to changes in domestic and overseas economic circumstances.

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## Spreading ESG Management to Hanmi Group Companies

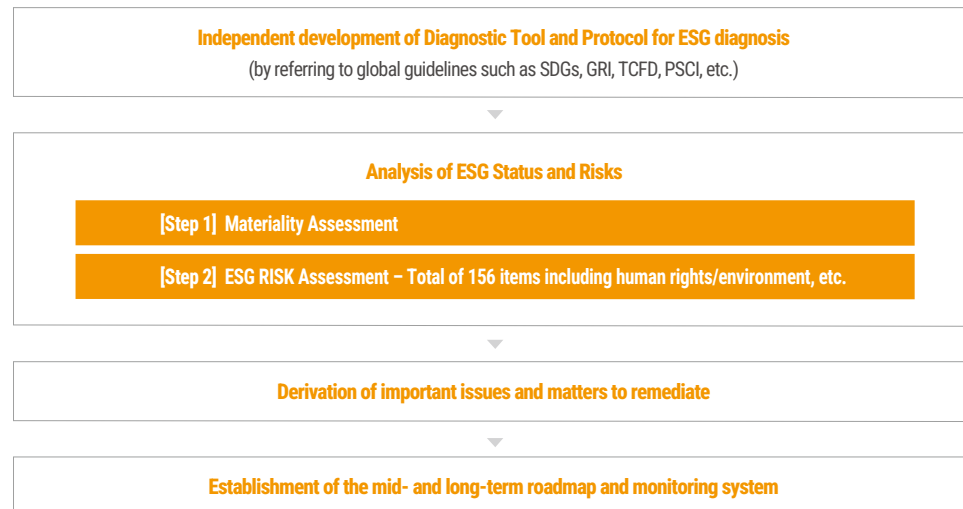
Hanmi Pharm is engaging in policies to spread and enhance ESG management to raise the value (Value-up) of all its business areas.

In 2023, Hanmi Pharm independently developed and began operating an ESG inspection platform to spread ESG management to all its group companies. The ESG inspection platform is a process created by reflecting the characteristics of the biopharmaceutical industry and domestic & overseas guidelines, with a focus on core ESG items such as environment, health/safety, and human rights. It consists of the identification, assessment, improvement and monitoring of ESG risks. In particular, by identifying and improving potential risks related to the environment, human rights, etc. through a checklist consisting of 156 items, we anticipate that this will enhance our global competitiveness.

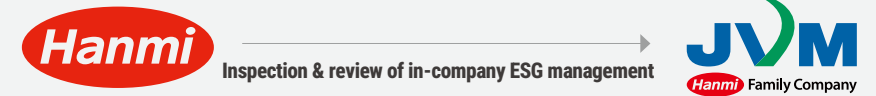
In 2023, as the first step toward spreading ESG to our group companies, Hanmi Pharm conducted an ESG inspection of JVM, an affiliate of Hanmi Group, using our independently-developed ESG inspection platform. As a result of inspecting 4 areas, i.e. labor/human rights, health & safety, environment, and fair trade, we identified 8 potential risks and set up a plan to improve them step-by-step. We also plan to establish and enhance ESG management via periodic monitoring, including inspections of their performance in carrying out required improvements. Furthermore, Hanmi Pharm will expand the ESG support policy to all affiliates within the group and play a leading role in the Korean healthcare industry.

JVM, founded in 1977 and incorporated into Hanmi Group in July 2016, is a cutting-edge medical device manufacturer that provides automation solutions for medicine preparation and pharmaceutical management. JVM is in the process of becoming a top company based on full automation of the medicine preparation and pharmaceutical management of hospitals around the world, and is continuously increasing its R&D investments with the aim of developing innovative new products.

### Hanmi Group ESG Management Support Process



JVM Daegu Head Office



1. Diagnosing ESG management based on due audit guidelines on supply chains such as human rights/labor and the environment, identifying risks, and checking through management indicators.
2. Review the methodology for matters to improve upon, such as system establishment, management processes, etc.

### Results of the JVM ESG Management Diagnosis

The results of the diagnosis of JVM's ESG management show that its performance in the management of health & safety and environmental issues obtained the highest score. We will now move ahead to further enhance the ESG management of the Hanmi Group through continuous monitoring.

Area	No. of items	Partial score	Diagnostic score	Items for Remediation (number)	Improvement schedule
Labor/Human Rights	15	25	22	2	▶ Supplementary items to improve upon in 2024-2025 ▶ ESG information to be disclosed after 2026
Health & Safety	13	25	24	1	
Environment	19	25	24	1	
Ethical/Fair Trade	9	25	14	4	