

Yuhan Chemical Sustainability Guidelines

Yuhan Chemical

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Version history

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Yuhan Chemical Sustainability Guidelines

1. Purpose

- 1.1 Based on Yuhan's core values of trust, integrity, and honesty, we shall conduct business fairly and honestly with all stakeholders, including customers, shareholders of Yuhan, suppliers, and employees.
- 1.2 We aim to contribute to sustainable growth and development worldwide as a global citizen by creating economic value and fulfilling our environmental and social responsibilities.
- 1.3 Recognizing that compliance is a fundamental obligation and a key element of our social responsibility, we go beyond legal compliance.
- 1.4 Through these Guidelines, we aim to promote a common understanding regarding the field of social responsibility and ensure compliance with other agreements and initiatives for social responsibility.
- 1.5 In addition, these Guidelines establish guiding principles for Yuhan Chemical in the areas of governance, human rights, ethics, labor, health and safety and environment, and related management systems.

2. Scope

- 2.1 These Guidelines apply to all of our manufacturing plants (Ansan and Hwaseong) and all employees who work for us. In addition, we follow **sustainable purchasing policies** with regard to suppliers who are partners of Yuhan Chemical in accordance with the **Supply (Purchase) Management Guidelines**.
- 2.2 These Guidelines are written with the goal of implementing ESG (Environmental, Social and Governance) management and Corporate Social Responsibility with regard to the overall management in addition to compliance management of Yuhan Chemical, and address the **Sustainable Development Goals (SDGs), a common goal of the United Nations and the international community**, and the scope of application encompasses the following areas of **Yuhan**.
- 2.2.1 Organization governance
- 2.2.2 Human rights, labor (including safety and health)
- 2.2.3 Environment
- 2.2.4 Process operations
- 2.2.5 Consumer issues

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2.2.6 Community engagement and development

2.3 In applying these Guidelines, Yuhan Chemical shall consider social, environmental, legal, cultural, political, and organizational diversity, as well as differences in economic conditions, consistent with evolving international codes of conduct.

2.4 Elements of social responsibility are subject to change as they reflect the expectations of society at a particular time. In line with the changes in society's interests, communities' expectations regarding Yuhan Chemical may also change, and Yuhan Chemical must evolve continually to reflect the changing demands.

3. Terminology and Definitions

The terms and definitions used in these Guidelines are in accordance with KS A ISO 26000:2010 and apply only to the sustainable management guidelines and their related content. Terms may be similar to those used in applicable laws and regulations and internal company guidelines.

3.1 Description of accountability

Being able to answer for decisions and activities to the organization's governing bodies, legal authorities, and the broader stakeholders of the organization

3.2 Consumer

Individuals in the general public who purchase or use property, products, or services for personal purposes

3.3 Customer

Organizations or members of the public who purchase property, products, or services for commercial, personal, or public purposes

3.4 Due diligence

A comprehensive and proactive process of identifying the actual and potential negative social, environmental, and economic impacts of an organization's decisions and activities throughout the life cycle of a project or organizational activity, with the goal of avoiding and mitigating negative impacts

3.5 Employee

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Individuals in a relationship that is recognized as an "employment relationship" under national law or practice

3.6 Environment

The surrounding natural environment in which the organization operates, including elements such as air, water, land, natural resources, plants, animals, people, external spaces, and their interrelationships

3.7 Ethical behavior

Conduct that is consistent with principles recognized as right or good behavior in the context of a particular situation and consistent with international norms of conduct

3.8 Gender equality

Equal treatment of men and women

3.9 Impact of an organization

Positive or negative changes to society, the economy, or the environment that occur, in whole or in part, on account of an organization's past and present decisions and activities

3.10 Initiative for social responsibility

Programs or activities that clearly contribute to achieving specific goals related to social responsibility

3.11 International norms of behavior

Expectations of socially responsible organizational behavior derived from customary international law, generally accepted principles of international law, or universally or nearly universally recognized intergovernmental agreements

3.12 Organization

An entity or group of people and facilities with responsibilities, authorities, relationships, and identifiable goals

3.13 Organizational governance

The system based on which an organization makes and executes decisions in pursuit of its goals

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- 3.14 Principle
The underlying rationale for a decision or action
- 3.15 Product
An item or substance that an organization offers for sale or an item or substance that is part of a service provided by the organization
- 3.16 Service
An organization's activities to meet a demand or need
- 3.17 Social dialogue
Negotiations, consultations, or simple exchange of information between or among representatives of governments, employers, and workers on matters of common interest related to economic and social policy
- 3.18 Social Responsibility
Accountability for the impact of an organization's decisions and activities on society and the environment, realized through transparent and ethical behavior, with the following attributes:
- 3.18.1 Contribute to sustainable development, including the health and well-being of society,
 - 3.18.2 Consider stakeholders' expectations,
 - 3.18.3 Comply with applicable laws and uphold international codes of conduct, and
 - 3.18.4 The value of social responsibility is integrated across the organization and executed in the context of organizational relationships.
- 3.19 Sphere of influence
The extent/degree of an organization's political, contractual, economic, or other relationships that have the ability to influence the decisions or activities of individuals or organizations
- 3.20 Stakeholder
An individual or group with a stake in an organization's decisions or activities
- 3.21 Stakeholder engagement
Activities undertaken to create opportunities for dialogue between an organization and one or more categories of stakeholders for the purpose of providing an informed basis for organizational decisions

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- 3.22 Supply chain
A set of entities and activities that provide products or services to an organization
- 3.23 Sustainable development
Development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs
- 3.24 Transparency
Openness to decisions and activities that have social, economic, and environmental impacts and a willingness to communicate them in a clear, accurate, timely, honest, and complete manner
- 3.25 Value chain
A set of activities or parties exchanging value in the form of products or services
- 3.26 Vulnerable group
A group of individuals who share one or more characteristics that contribute to their lack of means to realize their rights or enjoy equal opportunities on account of the underlying discrimination or adverse social, economic, cultural, political, or health conditions
- 3.27 Worker
Anyone who works, whether as an employee or in a self-employed capacity

4. Company Summary**4.1 General Information**

Yuhan Chemical Inc. is a raw material pharmaceutical manufacturing facility located in Gyeonggi-do, South Korea (Ansan, Hwaseong), with the specific address and information as follows.

	Yuhan Chemical (Ansan)	Yuhan Chemical (Hwaseong)
Address	45, Jiwon-ro, Danwon-gu, Ansan-si, Gyeonggi-do, Republic of Korea (Zip: 15619)	162, Cheongwonsandan 8-gil, Mado-myeon, Hwaseong-si, Gyeonggi-do, Republic of Korea (Zip: 18543)
GPS	37°18' 33.3"n, 126°44' 56.3"e	37°10' 06.0"n, 126°45' 42.4"e
FEI	3004015296	3008853591

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Yuhan Chemical is a company that embodies the sublime entrepreneurial spirit of the late Dr. New Ilhan, a true businessman who is revered as an educational visionary, patriotic independence fighter, and dedicated social worker.

Established in 1980, Yuhan Chemical expanded subsequently into a blue-chip pharmaceutical company that supplies world-class raw materials to domestic and foreign pharmaceutical companies through continuous development.

The GMP manufacturing facilities and quality management system established by Yuhan Chemical have been certified to meet the manufacturing standards of advanced pharmaceutical regulatory agencies such as MFDS of Korea, FDA of the United States, EDQM of Europe, and PMDA of Japan.

In order to enhance the value of our customers, we have been striving continuously to establish the latest IT-based quality management system, and as part of the sustainable management system, which is crucial to corporate management in the 21st century, we have been continuously managing not only safety and environment but also social responsibility.

Upholding the spirit of "**honesty and integrity**", Yuhan Chemical strives for excellence and innovation in every moment, and works relentlessly to pursue growth as a company that not only contributes to the healthy life of mankind, but also develops into an advanced pharmaceutical company globally.

4.2 Corporate Philosophy

4.2.1 Producing quality medicines

- ① Contributing to the improvement of people's health through the production of superior raw materials for pharmaceuticals

Inheriting the founding philosophy of the late Dr. New Ilhan, "Only a healthy people can regain their lost sovereignty," we contribute to the health and happiness of the people and strive tirelessly to improve human health.

- ② Contributing to the country's economic development through faithful tax payments

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We contribute to the development of the national economy by realizing the philosophy of our founder, "Taxation is the most basic of corporate social responsibility, and the wealth accumulated through business activities must be returned through sincere taxation, which is the basis for national development."

③ Contributing to social good through corporate social responsibility

By practicing the founder's conviction that "profits earned by a company should be returned to the society that nurtured the Company," we contribute to the promotion of social welfare by returning profits earned through our business activities to society and fulfilling our corporate social responsibility and role.

4.2.2 Core Values

① Progress & Integrity



- a. Yuhan Chemical is a wholly-owned subsidiary of Yuhan, and like Yuhan, we practice honesty and integrity as our core values.
- b. The words "Progress" and "Integrity" are engraved on the blue willow tree, the symbol of Yuhan's corporate culture, and reflect the entrepreneurial spirit of its founder, the late Dr. New Ilhan. Based on its core values of Progress and Integrity, Yuhan Chemical upholds sincerity and honesty, practices fairness and transparency, and strives to become a better company every moment through constant pursuit of challenge and innovation.

4.3 Other company details and company-related information shall be disclosed on the Company website, in the corporate disclosure information section of the parent company, Yuhan, and in the Company's management documents.

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5. Principles of Social Responsibility that Yuhan Chemical Adheres to and Pursues**5.1 General**

- 5.1.1 These guidelines aim to establish the sustainable management guidelines, policies, and policies of Yuhan Chemical with reference to the requirements for social responsibility set forth in ISO 26000, and to establish and implement responsibilities and authorities for major business activities related to sustainable management.
- 5.1.2 Even when the circumstances are difficult, you should do your best to act in accordance with international standards, guidelines, and rules of conduct that follow universally accepted principles of right or good behavior.
- 5.1.3 Consider social, environmental, legal, cultural, political, and organizational diversity, as well as differences in economic conditions, while adhering to national and international codes of conduct.

5.2 Seven Principles of Yuhan Chemical Inc.

- 5.2.1 When organizations within Yuhan consider and implement social responsibility, the ultimate goal is to maximize our contribution to sustainable development. Within the scope of this goal, there is no definitive list of principles for social responsibility, but our organizations shall respect the following seven principles.

① Accountability

Principle: Yuhan Chemical shall be held accountable for their social, economic, and environmental impacts.

- a. In accordance with this Principle, Yuhan Chemical must receive appropriate surveillance and accept the obligation to respond to this surveillance.
- b. Accountability includes the obligation of the management to be answerable to the interests that control the organization, as well as the obligation of the organization to be answerable to legal authorities for laws and regulations.
- c. The responsibility to account for the overall impact of our decisions and activities on society and the environment generally means that we are required to answer not only to society, but also to those affected by our decisions and activities, depending on the nature of the impact and the surrounding circumstances.
- d. Accountability also includes accepting the responsibility for taking appropriate action to remedy a wrong when it occurs, and for taking measures to prevent the wrong from happening again.
- e. We endeavor to be accountable for the following:
 - The impact of the organization's decisions and activities on society, the environment, and the economy, especially significantly negative consequences; and

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- Actions taken to prevent recurrence of the unintended and unanticipated adverse impact.
- ② Transparency
- Principle: Yuhan Chemical shall be transparent in its decision-making and activities that impact society and the environment.
- a. We shall disclose the policies, decisions and activities that we pursue in a clear, accurate and complete manner, in a reasonable and sufficient manner, including known and possible impacts on society and the environment and our responsibility thereof.
 - b. This information shall be readily available, directly accessible and understandable to those who have been, or are likely to be, significantly affected by Yuhan Chemical.
 - c. This information shall be timely, factual, and presented in a clear and objective manner so that each stakeholder can accurately assess the impact of Yuhan Chemical' decisions and activities on their interests.
 - d. Application of the Transparency Principles does not require the disclosure of proprietary information, nor does it include providing information that is confidential or likely to violate legal, commercial, security, or personal privacy obligations.
- ③ Ethical (moral principles) behavior
- Principle: Yuhan Chemical shall act ethically.
- a. Our behavior shall be based on the values of honesty, equity, and integrity. These values represent a commitment to care for people, animals, and the environment and to address the impact of our activities and decisions on the interests of our stakeholders.
 - b. Yuhan Chemical actively promotes ethical behavior by the following actions:
 - Articulate the core values and principles of Yuhan Chemical.
 - Develop and use a governance structure that supports the promotion of ethical behavior in Yuhan Chemical's decision-making and interactions with other organizations.
 - Adopt and apply standards of ethical behavior that are appropriate to the purposes and activities of Yuhan Chemical and consistent with the principles described in these Guidelines.
 - Encourage and promote adherence to the standards of ethical behavior at Yuhan Chemical.
 - Define and communicate the standards of our governance structure and ethical

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behavior expected of our employees, suppliers, contractors, and, where applicable, owners and managers, especially those who have the opportunity to significantly influence our values, culture, authenticity, strategy and operations, and those who act for us, while preserving local cultural identity.

- Ensure that conflicts of interest that lead to unethical behaviors are prevented or resolved throughout Yuhan Chemical.
- Establish and maintain a system of oversight and controls to monitor, support, and enforce ethical behavior.
- Establish and maintain a system that facilitates the reporting of unethical behaviors without fear of retaliation.
- Recognize and respond to situations where local laws and regulations do not exist or conflict with universally recognized standards of ethical behavior.
- Adopt and apply internationally recognized standards of ethical conduct when conducting clinical trials with human subjects.
- Respect animal welfare, including providing quality conditions for animals to live, breed and produce, as well as for their transportation and utilization, where it affects their life and survival.

④ Respect stakeholder interests

Principle: Yuhan Chemical shall respect, consider, and respond to stakeholder interests.

- a. While an organization's objectives may be governed by the interests of its owners, members, customers, or local residents, other individuals or groups may also have rights, claims, or specific interests that the organization should consider. Collectively, these individuals or groups may constitute the organization's stakeholders.
- b. Yuhan Chemical shall identify its stakeholders, recognize their interests as well as their legal rights, pay due attention to them, and respond to the interests and views expressed by them.

Where necessary, stakeholders should be involved in Yuhan Chemical's management decision-making process, and stakeholder assessments should be considered.

⑤ Respect the rule of law

Principle: Yuhan Chemical shall accept that respect for the rule of law is mandatory.

- a. Comply with legal requirements in all jurisdictions in which the organization operates, even if the laws and regulations are not enforced properly.
- b. Ensure that relationships and activities are intended and in compliance with applicable

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legal frameworks.

- c. Make sure to verify the Company's legal obligations.
- d. Periodically review the Company's compliance with applicable laws and regulations.

⑥ Respecting international codes of conduct

Principle: Yuhan Chemical is committed to the rule of law and respects the International Code of Conduct.

- a. Where laws or their implementation in a country where Yuhan Chemical operates do not provide adequate environmental or social safeguards, Yuhan shall endeavor to respect, at a minimum, the International Code of Conduct.
- b. In countries where a law or the implementation of a law conflicts with the International Code of Conduct, Yuhan Chemical shall endeavor to respect the International Code of Conduct to the fullest extent possible.
- c. In situations where a law or the enforcement of a law conflicts with the International Code of Conduct and failure to comply with the International Code of Conduct could have significant consequences, Yuhan Chemical shall, where practicable and appropriate, review the nature of its relationships and activities within the applicable jurisdiction.
- d. Yuhan Chemical shall consider legitimate opportunities and formal procedures to influence relevant organizations and authorities to resolve such conflicts.
- e. Yuhan Chemical shall avoid association/complicity with the activities of other organizations that do not comply with the International Code of Conduct.

⑦ Respect for human rights

Principle: Yuhan Chemical shall respect human rights and recognize their importance and universality.

- a. Yuhan Chemical shall respect and, to the extent possible, promote the rights set forth in the International Bill of Human Rights.
- b. Yuhan Chemical respects the universality of these rights, that is, we acknowledge that human rights should be applicable in all countries, cultures, and situations without exception.
- c. In situations where human rights are not protected, we shall take steps to respect them and avoid taking advantage of unfair conditions.
- d. In situations where the law or its implementation does not protect human rights adequately, the principle of respect for international norms of behavior shall be upheld.

Yuhan Chemical Sustainability Guidelines**5.3 Recognition of Social Responsibility in Yuhan Chemical Inc.**

- 5.3.1 When it comes to social responsibility, Yuhan Chemical understands the relationship between Yuhan Chemical and society, the relationship between Yuhan Chemical and its stakeholders, and the relationship between stakeholders and society.
- 5.3.2 To ensure that Yuhan Chemical fulfills its social responsibilities, principles of social responsibility are embedded in the core topics of organizational governance, human rights, labor, environment, process operations, consumer issues, and community engagement and development.

6. Our Core Social Responsibility Topics and Detailed Guidelines**6.1 General Requirements**

- 6.1.1 To define the scope of our corporate social responsibility and to identify and prioritize relevant issues, we address the key issues of organizational governance, human rights, labor, safety and health, environment, process operations, consumer issues, and community engagement and development.
- 6.1.2 Given that social responsibility is dynamic and reflects the evolution of social, environmental, and economic concerns, we recognize that additional issues may emerge in the future. While short- and long-term goals shall be considered when assessing the relevance of an issue, there is no predetermined order in which we will address key topics and issues. The order may vary depending on the specific circumstances of Yuhan Chemical.
- 6.1.3 Organizational governance shall look at key topics holistically, in the sense that the organization should consider all key topics and issues and their interdependencies rather than focusing on a single issue. The organization should recognize that efforts to address one issue may involve reconciling tradeoffs with other issues. Specific improvements targeting a particular issue should not have a detrimental impact on other issues, or have a detrimental impact on the life cycle of the organization's products or services, stakeholders, or the value chain.

6.2 Organization Governance

- 6.2.1 Organizational governance is the system by which Yuhan Chemical makes decisions and implements those decisions in pursuit of the organization's goals. Organizational governance is a core function of any organization because it is the framework for decision-making within the organization.
- 6.2.2 Organizational governance is the single most important factor in holding organizations accountable for the impact of their decisions and activities and integrating social

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responsibility throughout the organization and its relationships.

6.2.3 Effective governance should be based on the integration of social responsibility principles into decision-making and execution.

6.2.4 The decision-making process and structure of the Yuhan Chemical organization shall involve the following:

- ① Develop strategies, goals, and objectives that reflect the organization's commitment to social responsibility;
- ② Hold executives responsible and accountable;
- ③ Create and foster an environment and culture where social responsibility principles are practiced;
- ④ Create a system of economic and non-economic incentives related to social responsibility performance;
- ⑤ Efficient use of financial, natural, and human resources;
- ⑥ Promote fair opportunities for underrepresented groups (including women and racial and ethnic minority groups) to occupy senior positions in the organization;
- ⑦ Balance the needs of the organization and its stakeholders, including immediate needs and the needs of future generations;
- ⑧ Establish a two-way communication process with the organization's stakeholders with whom Yuhan Chemical negotiates to identify areas of agreement and disagreement and resolve any conflicts that may arise;
- ⑨ Encourage employees at all levels to participate effectively in the organization's social responsibility efforts;
- ⑩ Balance the level of authority, responsibility, and competency of people making decisions on behalf of the organization;
- ⑪ Record the implementation of decisions to ensure that decisions are made in a socially responsible manner and to establish accountability for the results of the organization's decisions and activities, whether positive or negative; and
- ⑫ Review and evaluate the organization's governance processes regularly, adjusting processes based on findings from the review and communicating changes across the organization.

6.2.5 In order to maintain business continuity and to promote continuous improvement and compliance with these Principles, Yuhan Chemical shall use the following management system at the organizational governance level. Elements of the management system shall include:

- ① Commitment and accountability

Yuhan Chemical shall demonstrate its commitment to the concepts described in this

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document by assigning appropriate resources and involving senior leadership.

② Legal and customer requirements

Yuhan Chemical shall identify and comply with applicable laws, regulations, standards and relevant customer requirements.

③ Risk management

Yuhan Chemical shall have systematic procedures (mechanisms) to determine and manage risks in all areas covered by this principle.

④ Documentation

Yuhan Chemical shall maintain the documentation necessary to demonstrate its compliance with these principles and the applicable regulations.

⑤ Training and competencies

Yuhan Chemical shall establish a training program to ensure that management and workers have the appropriate level of knowledge, skills and abilities to meet the expectations of this Principle.

⑥ Continuous improvement

Yuhan Chemical shall improve its management system continuously by setting performance targets, implementing action plans, and taking necessary corrective actions for any deficiencies identified through internal and external evaluations, audits, and management reviews.

⑦ Identify concerns

All workers shall be encouraged to report concerns, illegal activities, or violations of these principles in the workplace without intimidation, harassment, or actual threat of retaliation, and if necessary, Yuhan Chemical shall investigate and take corrective action.

⑧ Communication

Yuhan Chemical shall have in place an effective system to communicate these principles to its workers, contractors and suppliers.

6.3 Human Rights, Labor Practices

6.3.1 Yuhan Chemical is committed to human rights management to realize social value in all business activities.

Principles and policies related to human rights are applicable to all stakeholders, including employees, suppliers, customers, and local communities.

6.3.2 Yuhan Chemical defines its responsibility to respect human rights and implements human rights management as follows.

① We support and comply with international standards and norms, such as the United

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Nations Universal Declaration of Human Rights.

- ② We proactively prevent human rights violations and actively seek redress.
- ③ We prohibit any discrimination in employment on the basis of gender, age, race, disability, religion, political affiliation, and place of origin, and respect diversity and take steps to put this principle in action.
- ④ We ensure freedom of association and collective bargaining.
- ⑤ We prohibit child labor, forced labor, and human trafficking, and comply with all labor principles recommended by the International Labor Organization (ILO) and ratified (批准) by the country with respect to health, safety, working hours, etc.
- ⑥ To ensure responsible supply chain management, we treat our suppliers fairly and support them in practicing human rights management.
- ⑦ In circumstances where our business activities may have an impact on local communities, we ensure that the human rights of local people are not violated.
- ⑧ We are committed to customer satisfaction and privacy.

6.3.3 In order to implement human rights management actively, prevent human rights violations in its business operations and mitigate related risks, Yuhan Chemical shall declare human rights labor principles reflecting the above.

6.3.4 To implement human rights management, we comply with international standards and guidelines related to human rights and labor, such as the Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights (UNGPs), the International Labor Organization (ILO), and the OECD Due Diligence Guidance for responsible Business Conduct.

6.3.5 Labor Human Rights Principles Coverage

- ① All employees of Yuhan Chemical are expected to conduct their work in accordance with these Principles of Labor Human Rights.
- ② Employees and all stakeholders of Yuhan Chemical are encouraged to respect these Principles of Labor Human Rights.
- ③ Yuhan Chemical shall periodically review its human rights management procedures and revise its management system to actively reflect social changes.
- ④ In the event that any matter covered by these Human Rights Principles conflicts with local laws and regulations, we will prioritize compliance with local laws and regulations, and may amend these Human Rights Principles to reflect local laws and regulations and industry characteristics, and establish separate detailed policies as necessary.

6.3.6 **Basic Principles of Labor Human Rights**

- ① Article 1 Freely Selected Employment

Yuhan Chemical does not use forced, bonded, or involuntary labor, and no worker shall be

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forced to pay for his or her labor (including labor to pay off debts) or be deprived of freedom of movement.

② Article 2. Non-Discrimination

Yuhan Chemical shall provide a work environment free from discrimination. Employees shall not be discriminated against in employment, including recruitment, hiring, promotion, training, wages, and benefits, on the basis of gender, sexual orientation (homosexuality), race, color, ethnicity, nationality, religion, political affiliation, trade union membership, disability, age, pregnancy, marital status, political views, and other matters related to social status, and shall build an organizational culture based on respect for the diversity of employees.

③ Article 3. Compliance with Wages, Benefits, and Working Conditions

Yuhan Chemical shall pay workers in accordance with applicable wage laws, including minimum wage, overtime, and mandatory benefits, and shall ensure that workers are informed of the basis on which they are compensated in a timely manner for services rendered to Yuhan. We shall also communicate with workers about whether they are required to work overtime and the wages to be paid for such overtime, and ensure that overtime operations are consistent with national and international standards. To this end, we shall comply with the statutory working hours specified in each country in which we operate, and pay all employees reasonable compensation for their work, together with pay-slips. In addition, we shall provide all employees with sufficient training opportunities and an appropriate work environment for job performance in order to develop their capabilities and improve their quality of life.

④ Article 4. Fair and Humane Treatment

Yuhan Chemical shall provide a work environment free of harassment, and harsh and inhuman treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse of workers, and ensure that there is no threat of such treatment. We shall also respect the privacy of all employees and protect their personal information thoroughly, and not subject them to mental or physical coercion, abuse, or unreasonable treatment.

⑤ Article 5. Freedom of Association and Collective Bargaining

Yuhan Chemical respects the labor relations laws of the countries to which these Guiding Principles apply, and provides all employees with ample opportunities for communication. We encourage open communication and direct agreement (participation) with workers to resolve workplace and compensation issues. Yuhan Chemical respects the rights of workers to freely form associations, join or not join labor unions, seek representation, or join workers' councils, as provided by local law. Arrangements shall be made for workers

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to communicate openly with the management about working conditions without threat of retaliation, intimidation or harassment.

⑥ Article 6. Prohibition of Forced and Child Labor

Yuhan Chemical does not use assault, intimidation, confinement, or other violent acts against any of its employees or force them to work against their will. In addition, child labor is prohibited in principle.

⑦ Article VII. Ensuring Occupational Safety and Health

In order to ensure that all employees work in a safe and healthy working environment, Yuhan Chemical shall inspect the facilities, equipment, tools, etc. of the workplace regularly, take appropriate measures to prevent physical and mental risks to workers, and provide support measures for follow-up. Health and safety measures shall be extended to contractors and apprentices.

⑧ Article 8. Protection of Local Human Rights

All employees of Yuhan Chemical shall ensure that the human rights of local residents are not violated in the performance of their duties, and shall protect the local residents' rights to safety and health and freedom of residence.

⑨ Article 9. Protection of Customers' Human Rights

All executives and employees of Yuhan Chemical shall place the highest priority on protecting the life, health, and property of customers when providing products and services, and shall take the best measures to protect personal information collected through business activities.

6.3.7 In order to establish labor human rights governance, Yuhan Chemical shall manage and supervise the status of human rights management through committees or management meetings involving top decision makers or decision makers of major departments, and working meetings organized by decision makers of the department in charge of human rights management.

6.3.8 Yuhan Chemical shall establish a responsible organization in order to implement human rights and labor management and to carry out related tasks as necessary. It may conduct risk assessments of labor human rights, internal training and reporting, and establish procedures for external communication. In addition, necessary measures shall be taken to ensure that those who report cases of human rights violations or human rights risks are not penalized for reporting.

6.3.9 Yuhan Chemical shall share information on the Basic Principles and Action Plan for Human Rights and Labor, and human rights risk assessment procedures and results, not only within Yuhan but also with stakeholder organizations. The method of sharing shall be such that members of such organizations can access information related to human rights and

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labor management conveniently. Disclosure shall be made using channels such as the Company website, integrated report, sustainability report, or separate human rights and labor white paper, and the disclosure channel shall be selected so that employees and other stakeholders can easily access and clearly understand the information.

6.3.10 Yuhan Chemical shall establish improvement measures and implementation plans for the human rights and labor risks identified as a result of the human rights and labor risk assessment, derive specific implementation tasks, and report the plans and implementation outcomes to key decision makers.

6.3.11 Yuhan Chemical shall establish a safety and health management system (ISO450001) for the safety and health of workers with regard to labor human rights, and shall take appropriate measures for the following elements.

① Protecting workers

Yuhan Chemical shall protect workers from undue exposure to chemical, biological, and physical hazards at the work site and at locations provided by the Company, and shall protect workers from physically demanding work. The Company shall provide adequate facilities management and provide workers with drinking water.

② Process safety

Yuhan Chemical shall identify the hazards and risks arising from chemical and biological processes and have appropriate management processes in place to prevent or respond to catastrophic releases of chemical or biological materials.

③ Emergency preparedness and response

Yuhan Chemical shall identify and assess emergency situations at its business sites and locations provided by the Company, and implement emergency plans and response procedures to minimize the impact.

④ Hazard information for substances

Yuhan Chemical shall ensure that safety information related to hazardous substances, including pharmaceutical compounds and pharmaceutical intermediates manufactured by Yuhan Chemical, is available for the education and training of workers and to protect workers from harm.

⑤ Other detailed guidelines for health and safety are in accordance with separate in-house regulations and the ISO 45001 operating system certification that Yuhan Chemical has obtained.

6.4 Environment

6.4.1 Yuhan Chemical shall operate in an environmentally responsible and efficient manner to minimize adverse environmental impacts.

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6.4.2 Yuhan Chemical is committed to conserving natural resources, avoiding the use of hazardous substances wherever possible, and pursuing reuse and recycling activities. To this end, the following environmental factors shall be observed and managed.

① Environmental permits and reporting

Yuhan Chemical shall comply with all applicable environmental regulations. All necessary environmental permits, licenses, information registrations and restrictions shall be obtained, and operational and reporting requirements shall be complied with.

② Waste and emissions

Yuhan Chemical shall ensure that adequate systems are in place for the safe treatment, transfer, storage, disposal, recycling, reuse, and management of waste, air emissions, and wastewater emissions. We shall ensure that all waste, wastewater and emissions that may have an adverse effect on the health of people or the environment are managed, controlled and treated properly before being released into the environment. This includes the management of the discharge of active pharmaceutical ingredients, such as active pharmaceutical ingredients, to the environment.

③ Spills and releases

Yuhan Chemical shall ensure that adequate systems are in place to prevent and mitigate accidental spills and releases into the environment and remediate adverse impacts on local communities.

④ Resource usage

Yuhan Chemical shall take steps to improve efficiency and reduce the consumption of resources.

⑤ **Sustainable sourcing and traceability**

Yuhan Chemical shall conduct due diligence on the sources of critical raw materials to promote legal and sustainable purchasing activities.

6.4.3 In order to ensure compliance and manage environmental factors, the following requirements must be met, and the subjects of these requirements include, but are not limited to, Yuhan Chemical.

① Yuhan Chemical shall establish an environmental management system. In addition, we shall comply with national environmental laws and regulations and obtain and maintain all environmental licenses required for business operations.

② Yuhan Chemical shall operate an environmental management system (ISO14001) consisting of organization, plans, procedures, performance checks, etc. to mitigate the environmental impact of its business operations.

③ Yuhan Chemical shall establish a system and make efforts to reduce energy use and greenhouse gas emissions.

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- ④ Yuhan Chemical shall establish a system to measure water consumption and wastewater discharge, and strive to reduce water consumption and increase recycling of water. In addition, the discharge of water pollutants shall be managed in accordance with legal standards or stricter internal standards.
- ⑤ Yuhan Chemical shall establish a system to measure air pollutant emissions and shall minimize air pollutant emissions through appropriate methods. It shall also establish and comply with legal standards or stricter internal standards for the emission of air pollutants.
- ⑥ Yuhan Chemical shall establish a system to measure waste emissions and minimize waste emissions to landfills and incineration through appropriate methods. In addition, we shall expand reuse and recycling, and strive to recover discarded raw materials and parts. Yuhan Chemical shall consider the entire life cycle of the products it produces and strive to minimize residues that affect the environment when waste is landfilled or incinerated.
- ⑦ Yuhan Chemical shall endeavor to ensure that the chemicals handled in the course of business operations are managed safely during transportation, storage, use, and disposal. In addition, we shall label or disclose information that identifies the hazards and risks of the chemicals we handle, and strive to ensure that the raw materials and components we procure, produce, sell, and distribute do not contain substances that are harmful to the human body or the environment.
- ⑧ Yuhan Chemical shall prevent, minimize and mitigate biodiversity risks in the course of its business operations, and shall identify and assess the status and value of biodiversity and monitor its impacts, as necessary, before new projects are initiated.
- ⑨ Detailed guidelines for other environment factors are in accordance with separate internal regulations and the ISO 14000 operating system obtained by Yuhan Chemical.

6.5 Fair Operating Practices

6.5.1 Ethical behavior in process operations is fundamental to establishing and maintaining just and productive relationships between organizations. Therefore, Yuhan Chemical adheres to, promotes, and encourages ethical standards of behavior and process operations.

① Anti-corruption

To prevent corruption, Yuhan Chemical shall comply with the following principles.

- a. Identify corruption risks and implement and maintain policies and practices to combat corruption and extortion.
- b. Ensure that the management abides by stringent anti-corruption principles and provides commitment, encouragement, and oversight for the implementation of the anti-corruption policy.
- c. Support, train, and, if necessary, incentivize employees and representatives in their

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efforts to eliminate bribery and corruption.

- d. Raise awareness among employees, representatives, contractors, and suppliers of Yuhan Chemical about corruption and how to combat corrupt practices.
- e. Ensure that the remuneration of employees and representatives of Yuhan Chemical is adequate and paid only for legitimate services.
- f. Establish and maintain an effective system to combat corruption.
- g. Encourage employees, partners, representatives and suppliers of Yuhan Chemical to report violations of Yuhan's policies and unethical and unfair treatment by adopting a system that allows for reporting and follow-up action without fear of retaliation.
- h. Report violations of criminal law to the appropriate law enforcement authorities.
- i. Strive to deter corruption by encouraging other organizations with which Yuhan Chemical has operating relationships to adopt similar anti-corruption practices.

② Responsible political engagement

- a. Yuhan Chemical can support the public political process and encourage the development of public policies that benefit society as a whole.
- b. Yuhan Chemical shall prohibit the use of undue influence and avoid behaviors that undermine the public political process, such as manipulation, intimidation and coercion.
- c. We shall endeavor to educate our employees and representatives and raise their awareness about responsible political participation, donations, and conflicts of interest.
- d. We shall be transparent about the organization's policies and activities related to lobbying, political contributions, and political engagement.
- e. We shall establish and enforce policies and guidelines that govern the activities of personnel hired to represent the organization.
- f. We shall avoid political contributions that could be perceived as an attempt to control politicians or policymakers in favor of a particular position, or to exert undue influence on them.
- g. Yuhan Chemical prohibits activities that involve misinformation, misrepresentation, threats or coercion.

③ Fair Play

In order to promote fair competition, Yuhan Chemical shall comply with the following items:

- a. Conduct organizational activities in a manner consistent with competition laws and regulations, and cooperate with authorities where appropriate.
- b. Establish procedures and other safeguards to prevent anticompetitive behavior among

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our employees and partners.

- c. Raise employee awareness of the importance of compliance with competition laws and fair competition.
- d. Support antitrust and anti-dumping practices, as well as public policies that encourage competition.
- e. Do not exploit social conditions, such as poverty, to gain an unfair competitive advantage.

④ Promoting social responsibility in the value chain

Organizations can influence other organizations through their procurement and purchasing decisions. Through leadership and mentoring along the value chain, Yuhan Chemical shall promote the adoption and support of socially responsible principles and practices in its sphere of influence. All organizations in the value chain are responsible for complying with applicable laws and regulations, and each member organization is accountable for its impact on society and the environment.

To promote social responsibility in the value chain, Yuhan Chemical shall comply with the following items.

- a. Ethical, social, environmental, and gender equality criteria shall be integrated into the organization's purchasing, distribution, and contracting policies and practices to strengthen consistency with social responsibility goals.
- b. Encourage other organizations to adopt similar policies, and do not engage in anticompetitive behavior in doing so.
- c. To avoid compromising our commitment to social responsibility, we shall conduct appropriate due diligence and monitoring of the organizations with which we have relationships.
- d. Consideration should be given to providing support to SMEs, including raising awareness of social responsibility issues, best practices, and additional support (e.g., technical assistance, capacity building, or access to other resources).
- e. Yuhan Chemical shall actively participate in raising awareness among organizations with which it has relationships regarding the principles and issues of social responsibility.
- f. Where possible, Yuhan Chemical shall promote fair and realistic treatment considering the costs and benefits of implementing socially responsible practices throughout the value chain, including improving the capacity of organizations in the value chain to meet their social responsibility goals. This includes appropriate purchasing practices, such as ensuring that fair prices are paid and that suppliers are given adequate

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delivery times and stable contracts.

- ⑤ Respect property rights
 - a. Implement policies and practices that promote respect for property rights and traditional knowledge.
 - b. Appropriate investigations should be conducted to ensure that the organization has the legal title to use or dispose of the property.
 - c. Not engage in activities that violate property rights, including abuse of a dominant position, counterfeiting, and copyright infringement.
 - d. Pay fair compensation for any property acquired or used by Yuhan Chemical.
 - e. In exercising and protecting the intellectual and material property rights of Yuhan Chemical, we shall consider the expectations of society, human rights, and the basic needs of individuals.

6.6 Consumer Issues

- 6.6.1 When Yuhan Chemical collects or handles personal information, it shall be responsible for protecting the information and privacy security of its customers and consumers.
- 6.6.2 Yuhan Chemical has a significant opportunity to contribute to sustainable consumption and sustainable development through the provision of information, including the provision, use and disposal of products and services.
- 6.6.3 Social responsibility related to consumer issues pertains to, among other things, fair marketing practices, health and safety protection, sustainable consumption, dispute resolution and redress, information and privacy, access to essential products and services, and addressing and educating vulnerable and disadvantaged consumers about their needs. The UN Guiding Principles on Consumer Protection provide fundamental principles governing consumer issues and sustainable consumption.
- 6.6.4 With respect to consumer issues, Yuhan Chemical shall ensure that it complies with the following:
 - ① Comply with fair marketing, provide factual and unbiased information, and abide by fair contracting practices to avoid involvement in deceptive, misleading, fraudulent, or unfair, uncertain, or ambiguous practices, including omissions of material information.
 - ② Agree to share relevant information in a transparent manner that is easily accessible and comparable as a basis for informed consumer choice.
 - ③ Protect the health and safety of consumers. Yuhan Chemical shall assess the adequacy of all health and safety laws, regulations, standards, and specifications that address health and safety aspects.

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- ④ To communicate the positive environmental aspects, energy efficiency, and socially and environmentally beneficial attributes of products and services, sustainable consumption shall be promoted through the use of reliable, effective, and independently verified eco-labeling **or** other verification schemes such as auditing activities (including attention to animal welfare that respects the physical dignity of animals and avoids cruelty).
- ⑤ Provide consumer service, support, and complaint and dispute resolution efforts, including returning products or taking steps to prevent consumer complaints.
- ⑥ Ensure that the collection and processing of personal information does not violate the principles governing consumer data protection and privacy.
- ⑦ Collect only the personal information that is essential to provide products and services, or information that is obtained by receiving voluntary consent from customers and consumers after notifying them in advance.
- ⑧ Personal information shall be obtained only by lawful and fair means, and the purposes for which the information is collected shall be made clear before or at the time of collection. Once collected, personal information shall not be disclosed, made available to others, or used for purposes other than those specifically stated, including marketing, unless the consumer has been informed in advance and has provided consent voluntarily, or unless required by law.
- ⑨ As required by law, customers or consumers shall have the right to know whether the organization has information about them and the right to object to that information. If the objection is upheld, the data must be deleted, amended, completed, or corrected as appropriate.
- ⑩ Protect all personal information in its possession with security measures.
- ⑪ Provide health and safety labeling and information, including product-related hazards, and information about essential precautions.

6.7 Community Involvement and Development

Yuhan Chemical shall seek ways to maximize the resources and opportunities of the community in which it operates by viewing its presence as part of, rather than separate from, the community. In interacting with the community, we shall contribute to community engagement and development in partnership, for example, by recognizing and giving due consideration to community characteristics such as culture, religion, tradition and history, as well as supporting the exchange of experiences, resources and efforts.

To this end, Yuhan Chemical shall actively promote the following:

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6.7.1 Community engagement

- ① Ensure that Yuhan Chemical's social investment and community development activities pay special attention to groups that are vulnerable, discriminated against, marginalized, unrepresented, and underrepresented, and engage them in ways that help expand their choices and respect their rights.
- ② Where possible and appropriate, Yuhan Chemical shall participate in local coalition organizations whose goals serve public interest and community development purposes.

6.7.2 Job creation and skill development

- ① Considering the impact of Yuhan Chemical's investment decisions on employment creation, direct investments that alleviate poverty by creating employment shall be made where economically feasible.
- ② Consider the employment implications of the organization's technology choices and, if economically viable over the long term, choose technologies that maximize opportunities for employment.
- ③ Consider the benefits of creating direct employment rather than using temporary labor.
- ④ When it comes to employment and capacity building, special attention shall be paid to vulnerable groups.

6.7.3 Skill development and technology accessibility

- ① The Company shall consider contributing to the development of innovative technologies that can help communities address social and environmental issues.
- ② Where economically feasible, consideration should be given to the development of local and traditional knowledge and skills, while protecting the rights of local communities to such knowledge and skills.
- ③ Consider building partnerships with organizations such as universities or research labs to enhance science and technology development with partners in the community, and consider hiring local people for these jobs.

6.7.4 Build wealth and income

- ① Yuhan Chemical shall consider appropriate ways to help develop community-based entrepreneurial organizations.
- ② Yuhan Chemical shall fulfill the Company's tax obligations and provide the authorities with the information they need to properly determine the Company's tax liability.
- ③ Yuhan Chemical shall consider contributing to retirement and old-age pensions for its employees.
- ④ In addition, Yuhan Chemical shall consider promoting community development when planning its contributions to health and social investments, and expand opportunities

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for local communities by increasing local procurement and outsourcing to support local development.

7. Report Publication

7.1 Consider communicating with stakeholders, including publishing a social responsibility report on a regular basis, to meet stakeholders' needs for information on Yuhan Chemical's performance on social responsibility.

7.2 Social responsibility report

The Social Responsibility Report shall be prepared in such a way that its publication is a valuable aspect of Yuhan's social responsibility activities. It may cover all or some areas, and we shall endeavor to broaden its scope with experience and time. The report can take many forms, depending on stakeholders' needs, and may include website posting and printed materials. It can also be a standalone document or part of an annual report. The report can be an integrated report, a sustainability report, or a separate report.