Joong-Hee Kang, the founder of Dong-A Socio Group, was known for serving a cauldron-cooked rice to all his guests in a time when Korea was not economically affluent. The generosity and the reciprocating loyalty built on the cauldron have turned into the foundation of Dong-A Socio Group. His lifestyle of treating his customers and other people in equal sincerity has become the basis of the Group’s business ethics. Which is why we have established the “Jeong-Do (鼎道)” management as our ethical management.

Dong-A Socio Group, whose origin had started in 1932 as a medicine and sanitation material wholesaler, has grown into Korea’s leading pharmaceutical company. Today, joining the ranks of global pharmaceutical companies, we are growing into a “Global Healthcare Player”. Based on our almost 90-year-old founding principles of integrity, sincerity with full responsibilities, and consideration for others, we are improving management systems and expanding the foundation of trust to include employees, customers, and local communities.

True to the spirit of valuing people and saving community, Dong-A Socio Group will tirelessly take on challenges that can improve the health and happiness of humanity. In this Integrated Report, titled “Gamasot”, we will present how we spent our time and efforts walking the right path in 2019.

Chinese characters meaning “cauldron” and “way”
Korean words meaning “cauldron”
Joong-Hee Kang, the founder of Dong-A Socio Group, was known for serving a cauldron-cooked rice to all his guests in a time when Korea was not economically affluent. The generosity and the reciprocating loyalty built on the cauldron have turned into the foundation of Dong-A Socio Group. His lifestyle of treating his customers and other people in equal sincerity has become the basis of the Group’s business ethics. Which is why we have established the “Jeong-Do” (鼎道) management as our ethical management.

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Gamasot

Key Figures

PROFIT

- $1.3586 billion Total assets
- $611.7 billion Total liabilities
- $746.9 billion Total shareholders’ equity
- $52.8 billion Operating P&L
- $769.7 billion Sales

PEOPLE

- 5,483 No. of employees
- 1,028 Female employees
- 18.7 % Percentage of female employees
- 5,163 Full-time employees
- 29.3 % Employee participation rate in CSR
- 320 Part-time employees
- $3,950 million CSR expenditure
- 23.2 hours Job training hours per employee
- 8.1 years Years of service
- 16.1 hours Safety training hours per employee

PLANET

- 99,315 tCO2 eq Greenhouse gas emissions
- 1,622 TJ Total energy consumption
- 4,352,168 m3 Water consumption
- 1,094,536 tons Wastewater discharge
- 10,357 tons Volume of waste generated
- 21.8 % Waste recycling rate

1) Including all 13 Group affiliates – Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, DM Bio, CHAMMED, Dong-A Otsuka, Yongma Logis, Soo Seok, Korea Sinto, DONGCHEONSU, Chul Geun E&C, DA Information
2) Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, Yongma Logis, Soo Seok
3) Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, Soo Seok

1) Greenhouse gas emissions is “tCO2 eq” and “ton”
2) Korea energy ministry “ton”
3) Korea energy ministry “cal”
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Dear Readers,
I thank all stakeholders for your keen interest in and ardent support of Dong-A Socio Group. We have been engaged in the business of caring for the health of humanity based on our founding principles of integrity, sincerity, and consideration for others. Upholding this primary mindset, we will stay true to the belief that new drug development is our way of contributing to society.

Profit should not be the sole purpose of a company’s being. Business growth should be pursued coupled with corporate social responsibilities. I started making medicine to heal sick people as well as to help others stay well, always mindful of the health of all citizens. I then started running a company, with a firm belief that contribution to the health and serving the interests of humanity should be the purpose and motivation of a business. Accordingly, Dong-A Socio Group has been developing quality products while also helping local communities and the nation prosper.

In the business environment today, change is increasingly unavoidable. Faced with external crisis after another, Dong-A Socio Group will stay aware of changes occurring in society, and pursue the business of caring for the health of the Earth as well as of humanity.

Since joining the company in 1959, I have been believing that serving humanity is the most beautiful business endeavor. Dong-A Socio Group will strive to uphold altruism and fulfill our social responsibilities at all times. I ask all of you to stay interested in what we have achieved so far, and we will always stay with you.

Thank you.

Shin-Ho Kang
Honorary Chairman, Dong-A Socio Group

Honorary Chairman’s Message
Dong-A Socio Group will stay true to its founding principles of integrity, sincerity, and consideration for others even in this era when change is the norm, thereby pursuing sustainable management devoted to the health of humanity and the environment.
By creating economic value, fulfilling social responsibilities, and practicing humanity-focused management to the core values that we have been upholding near 90 years, we will stay true to "Jeong-Do" management and pursue sustainable growth together with all stakeholders.

Honorable stakeholders,
As a global healthcare player, Dong-A Socio Group is doing its best to develop new drugs for global citizens' health and wellbeing. Although there were countless crises over the past 87 years, we have been able to overcome them on the strength of your support. Ruminating about any short-sighted pursuits we might have engaged in for quick results against our founding principles, we will continue to develop into a company that builds a relationship of trust with stakeholders and practices Jeong-Do management.

We will engrave our management philosophy in our corporate culture to keep our founding spirit alive and primary mindset intact. The management philosophy is what Honorary Chairman Shin-Ho Kang has been communicating to employees since his joining of Dong-A Pharmaceutical, spelling out the company’s purpose of being and vision as well as the conviction for all employees. With the pledge that all employees will create value for sustainable growth with the mindset that each is a company leader, I would like to share with you the achievements we made in 2019 based on the management philosophy.

First, we fulfill the company’s social responsibilities in accordance with social justice.
Pursuit of profit within a legal framework and in consideration of societal wellbeing is a first step toward sustainable management. Which is why Dong-A Socio Group created a team dedicated to expanding Jeong-Do management. To enhance transparency in management and to further sharpen our competitive edge in the long term, we obtained the ISO 37001 certification of anti-bribery management system for Dong-A ST in 2018, and for Dong-A Socio Holdings and Dong-A Pharmaceutical in 2019, with the remaining Group affiliates to follow in the near future. In response to amendments made to the Fair Trade and External Audit Acts and the strengthened internal accounting system of listed companies as well as growing calls for higher corporate transparency, Dong-A Socio Group is managing profits and reinvestment returns in a transparent manner. We also established the Human Respect Committee reporting directly to the CEO as part of human rights management, and are implementing a performance-based personnel evaluation system as a way to examine organizational systems. In a bid to strengthen employee awareness of the importance of information security and to manage risks, Dong-A Socio Holdings obtained the ISO 27001 certification of information security management system in 2019.

Second, we develop outstanding products that have gained a global recognition.
A company must continually develop new products in order to handle its social responsibilities. To this end, we conduct feasibility study on all new business projects, and upon seeing positive findings, establish viable investment plans, such as venture capital investment and strategic alliance. We have adopted a multi-channel R&D process suitable for the latest paradigm of new drug development in order to build a global-standard system based on our expertise as a pharmaceutical company and to maximize the value of our bio pipeline. As a result, in November 2019 Dong-A ST launched DA-3880, a biosimilar of darbepoetin-alfa which stimulates erythropoiesis, in Japan. In the following month, together with Japan’s Meiji Sekia Pharma, Dong-A Socio Holdings commenced a phase I clinical trial in Europe for a biosimilar of Stelara, a psoriasis treatment.

Dong-A Socio Group’s unique, flexible organizational culture was a contributing factor to such a successful development of quality products and entry of overseas markets. To build a happy workplace, we carry out corporate culture campaigns under a new theme each year. In 2019, we conducted the “Do Don’t 1010” campaign, addressing ten major situations that we come across in meetings, commute to and from work, vacation, after-work dinner, and other occasions. Launched to promote a culture of mutual respect among employees, the campaign is significant in that it highlighted the weaknesses of the organizational culture and encouraged employees to address them. Also conducted throughout the year was a campaign with the message that changing the way meetings are conducted can change the company, resulting in increased work productivity in all departments and ultimately in value creation.

Third, we contribute to improving the health and welfare of humanity.
Dong-A Socio Group delivers the values by encouraging its employees to “pursue innovation” and “lead change”, and striving to “trust others” and “thrive together” with local communities. We carry out social contribution activities under three main themes – future generations, local communities, and employee participation. We are sparing employee donations using an internally developed sponsorship system. Leading social programs for future generations are Dong-A Pharmaceutical’s Tour Korea for College Students and Dong-A ST’s Class for Youth on Caring for the Environment and Life. With a focus on these activities, we are planning various programs every year to foster talent who care for the health of humanity and the Earth. In addition, to promote mutual growth with local communities, we signed an MOU with various institutions on sponsoring children, teenagers, seniors, and the disabled. As a special way to celebrate the company’s founding, we designated every November as “Month of Social Contribution”, encouraging employees to volunteer their time and efforts for social cause.

Continuing to fulfill our social responsibilities to our best ability, Dong-A Socio Group will develop outstanding products and practice management devoted to humanity. Always mindful of what we have owed you, we will not despair over matters for which others might have lost their hope, and instead create hope for the health of humanity. I ask for your unsparing affection and interest in Dong-A Socio Group, and we will prepare for the future of Dong-A Socio Group together with all of you.
Thank you.

Jong-Hyeon Han
CEO & President, Dong-A Socio Holdings
Dong-A Socio Group has been contributing to the health and happiness of humanity. In particular, rather than rest on our position as the No. 1 pharmaceutical company in Korea, we took a series of steps to adopt the current holding company structure back in 2013 as a way to fully establish a sound corporate governance, successfully completing the adoption in 2016. Moreover, in 2018 we adopted Jeong-Do management, reflecting Dong-A Socio Group’s unique founding spirit, with the replacement of ‘Jeong (正)’, the character for righteousness, with the cauldron ‘Jeong (鼎)’, the symbol of the Group’s founding spirit.

Based on Jeong-Do management, all of us at Dong-A Socio Group will ruminate over the founding principles of integrity, sincerity, and consideration for others, and enhance management transparency and conduct social responsibilities in accordance with ISO 26000 for corporate social responsibility and ISO 37001 for anti-bribery management systems which are international standards on ethical management. Jeong-Do management goes beyond the business essence of profit generation and centers on realization of happiness and sharing among employees and members of society through practice of social justice. This is the right path that Dong-A Socio Group is taking toward sustainable growth.
Healthcare business is essential to the protection of the lives and safety of humanity. Having seen the importance of the business ahead of others, Dong-A Socio Group proactively responded to industry trends by completing the adoption of a holding company structure in 2016, and in the following year set “VISION 2025”, a value system and the direction for employees to take in the changed organization. The significance of the new vision is that Dong-A Socio Group is shifting its business focus toward a new future and striving “to be a global healthcare player by establishing distinctive competencies in each business area” based on its long-established founding principles—integrity, sincerity, and consideration for others.

When Dong-A Socio Group adopted its current holding company systems, which required the foregoing of its market status as Korea’s No. 1 pharmaceutical company, there were both new expectations and heightened concerns. However, the successful adoption of the holding company structure, which was followed by the declaration of Jeong-Do management in 2018, and the record performance of Dong-A ST in 2019 have proved that we have made the right choice. Drawing on the driving force of the strong and robust loop comprising the founding principles, Jeong-Do management, and VISION 2025, Dong-A Socio Group will continue to take the path of sustainable future together with stakeholders.
Sustainability Commitment

In 2019, Dong-A Socio Group began internalizing sustainable management based on Jeong-Do management. We obtained the ISO 37001 and ISO 27001 certification of anti-bribery and information security management systems, and are making preparations for ISO 26000, a guidance on corporate social responsibility. Once the guidance was secured, we put all systems in place in order to implement global-standard sustainable management. We diagnosed all of the Group affiliates’ status on sustainable management, and more than 90% of Dong-A Socio Holdings employees made a pledge and strengthened their resolve to practice Jeong-Do management.

Going forward, Dong-A Socio Group will actively take part in global initiatives for sustainable development as a global corporate citizen. Specifically, we are considering becoming an official participant of the UN Global Compact in 2020, thus upgrading our status as a supporter of the 10 UNGC principles. The UN Sustainable Development Goals (SDGs) are the future that the entire world must create together. To accomplish these goals, we will thoroughly understand and carry out the responsibilities assigned to us and prepare for resultant opportunities that await us. For we believe that when priority is placed on sustainable development of the global community, various paths of solidarity will then emerge, leading to diverse virtuous cycles of win-win.
D-FINE

OUR IMPACT

BUSINESS
- Balanced growth
- Global growth
- Sustainable growth

CULTURE
- Ethical management
- Corporate governance
- Core value

SOCIETY
- Growing together with our community
- Leveraging our expertise
- Shaping our future

ENVIRONMENT
- Eco-friendly products
- Circular economy

Our Impact

Jeong-Do management
VISION 2025
Sustainability commitment
CULTURE

Building a strong sustainability culture

The two pillars of sustainable management are the collective will of organizational members to practice economically, socially, and environmentally responsible management and a corporate culture that enables such a will. Dong-A Socio Group has therefore launched the internalization of Jeong-Do management at the Group level, and is fostering a corporate culture focused on sustainability. Based on a sound, healthy corporate culture, we will achieve sustainable growth.

We congratulate on Dong-A Socio Holdings' success against ISO 37001, anti-bribery management system, and look forward to its future. The certification shows that Dong-A Socio Holdings has an international level of process and management system to realize anti-bribery and anti-corruption practices.

Peter Pu, Managing Director, BSI Korea

COMPLIANCE & ETHICS

Ethical management is crucial to sustainable growth of corporations. Dong-A Socio Group is laying the groundwork involving innovative procedures and systems for Jeong-Do management to take root as our corporate culture. To this end, Dong-A ST obtained the ISO 37001 certification of anti-bribery management system, a first among the Group affiliates, which was followed by Dong-A Socio Holdings in April 2019 and Dong-A Pharmaceutical in June 2019.

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Hansol Oh, Assistant Manager, Finance Team of Dong-A ST

Peter Pu, Managing Director, BSI Korea

GREAT WORKPLACE

“Do Don’t 1010” is a campaign aimed at creating a happy workplace. To find out what aspects of work do or don’t contribute to building an ideal workplace, all employees were asked in a survey to list 10 things that they’d like to see more and less. The year-round campaign is run along with two other campaigns – “D-Style Hero Recommendation” campaign of identifying hidden heroes championing Do Don’t 1010 and spreading the Group’s values and “Haebahaba” campaign urging employees to spend less time in meetings yet be more productive by better preparing more substantive materials in advance. As a result of these efforts, Do Don’t 1010 is evolving into an employee code of conduct.

Hansol Oh, Assistant Manager, Finance Team of Dong-A ST

Peter Pu, Managing Director, BSI Korea

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Hansol Oh, Assistant Manager, Finance Team of Dong-A ST

Peter Pu, Managing Director, BSI Korea
SOCIETY

Making positive social impacts

Dong-A Socio Group has been upholding the creed that new drug development contributes to humanity since 1932 when it was found based on the belief that “All products that we make and offer should contribute to the people’s health”. In addition, we focus on CSV activities that go beyond corporate social responsibilities (CSR) with the goal of growing together with society and all stakeholders.

In celebration of the Group’s 87th anniversary, we held a community service campaign involving all Group employees for the month of November, and around 1,000 employees carried out in some 30 different activities in their respective communities.

OUR EXPERTISE

DA Information developed the “Share Me” app, that enables a real-time test for tuberculosis, and donated it to the Korean National Tuberculosis Association in 2017. In addition to information on tuberculosis and Association programs, the app is equipped with a system that allows users to help fight the disease through donation. In July 2019, in collaboration with Dong-A ST, DA Information launched “ZARADA” and “Kid Groe”, free apps that record and manage long-term clinical stability test results of Growthropin, a human growth hormone.

OUR FUTURE

Dong-A Socio Group carries out a wide array of social contribution activities for youths and college students who shape our future. “Dong-A Pharmaceutical’s Tour Korea for College Students”, launched in 1998 when Korea was suffering through the financial crisis to deliver a message of possibility and hope, is an event where 144 college students walk the entire course of some 600 kilometers in 21 days. Over the past 22 years of its history, the campaign has recorded 3,143 in cumulative numbers of participants and 12,609 in cumulative numbers of kilometers covered, instilling a can-do spirit among thousands of shapers of our future. “Class for Youth on Caring for the Environment and Life” is a five-day class where youth learn about and understand how precious the environment is. Dong-A Socio Group will continue to make diverse efforts to nurture future guardians of humanity and the environment.

OUR COMMUNITY

ST Pharm is increasing the number local talent and the disabled it hires to contribute to the economic and social development of the local communities. Starting in 2017, the company has been hiring para-athletes, contributing to increasing the expertise of sports for the disabled.

Many para-athletes find it difficult to train themselves in a systematic manner with financially secured. But, thanks to the support provided by ST Pharm, I won two gold medals at the 2019 National Para Games. I’d like to ask for more interest in sports for the disabled going forward.

Min-Sun Kim, ST Pharm

Sceneries that I saw for the first time, a part of me that I never knew existed, and emotions that I never felt before... These were all possible during the Dong-A Pharmaceutical’s Tour Korea for College Students. I have realized how important it is to consider others first, and now understand that I become happy when I make others happy first.

Si-Hyun Park, Member of the 22nd Class, Dong-A Pharmaceutical’s Tour Korea for College Students

Website of Dong-A Pharmaceutical’s Tour Korea for College Students  http://www.kukto.co.kr
Respect for the environment we share

The health and happiness of humanity is not possible without a clean environment. Eco-friendliness cannot be excluded from corporate social responsibility, either. Less ecological footprint is better, but human greed has already caused much of the damage to the natural environment, which is why efforts should continue to restore and preserve the environment. Dong-A Socio Group conducts CSV activities that help protect the Earth’s environment based on the principles of respect for life, humankind, and the environment.

It is a challenge to run the 10 km LIVESWEAT course, but it is a more worthy challenge to pick up trash in daily life or to produce and consume products thinking of the environment at all times. I hope the BLUE LABEL CAMPAIGN serves as an opportunity for all to take small daily actions for environmental protection.

Garglin is unique in that it is free of tar colors. This is why I feel at ease when I use this colorless, transparent product, and now its container is transparent, as well. From oral health to the Earth’s health! I feel even more at ease when I use the product.

The glass bottles we make come back, are turned into raw materials and then into new glass bottles, and sent back into the world. Higher rates of recycling translate into more economically efficient, eco-friendly products. We will do our best to create a clear, clean world by engaging in diverse efforts, from production that considers its impact on the environment to eco-minded community activities.

Thanks to Yongma Logis collecting pharmaceutical waste, I feel better about telling consumers to bring back any unused drugs. I believe what the company is doing contributes to people’s health and environment protection.

Eco-friendly products

In 2019, Dong-A Pharmaceutical reduced the environmental impact of its new product, “Easy Soluderm Mask” by using a biodegradable sheet. Also, its partner company, Jordan Korea, launched “Green Clean”, an eco-friendly toothbrush. Green Clean uses materials that matter to the health of the Earth as well as of users, from the US FDA-approved recycled plastic grip to the organic toothbrush to the recycled package. Also, Dong-A Pharmaceutical’s “Garglin” mouthwash comes in a new transparent eco-friendly container.

Circular economy

Dong-A Socio Group not only works to minimize the negative impact that its products have on the environment, but also thinks ways of recycling the products into useful resources and thus creating eco-friendly value. Soo Seok has established a system of collecting and recycling glass bottles into new products. As of the end of 2019, the company recorded 31,855 tons in waste glass recycled, which is a year-on-year rise of 6.7% and accounts for 66% of total production. Yongma Logis conducts the business of collecting and storing pharmaceutical waste from drug stores at its warehouses and transporting the collected waste to local governments at a regular interval.
In 2019, combined sales of Dong-A ST and Dong-A Pharmaceutical exceeded KRW 1 trillion, a record performance since 2013 when the former Dong-A Pharmaceutical was split into Dong-A Socio Holdings, Dong-A ST, and Dong-A Pharmaceutical.

### Total Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (KRW billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>946.6</td>
</tr>
<tr>
<td>2018</td>
<td>948.4</td>
</tr>
<tr>
<td>2019</td>
<td>1,012.6</td>
</tr>
</tbody>
</table>

### Dong-A ST

<table>
<thead>
<tr>
<th>Sales (KRW billion)</th>
<th>Operating profit (KRW billion)</th>
<th>Operating profit margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>554.8</td>
<td>612.2</td>
<td>57.0</td>
</tr>
</tbody>
</table>

### Dong-A Pharmaceutical

<table>
<thead>
<tr>
<th>Sales (KRW billion)</th>
<th>Operating profit (KRW billion)</th>
<th>Operating profit margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>391.8</td>
<td>500.6</td>
<td>52.8</td>
</tr>
</tbody>
</table>

1) Combined sales of Dong-A ST and Dong-A Pharmaceutical
2) Based on separate financial statements

Dong-A Socio Group strives to make positive impact on the world through our business. We hope that people will respect each other more, society will grow healthier, and we can all better take care of the environment. These are the reasons why we think ahead and act together for creating shared value (CSV), seeking better ways to strike the right balance between our pursuit of profit and the wellbeing of community.
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Dong-A Socio Holdings

Company Overview
As the holding company of Dong-A Socio Group, Dong-A Socio Holdings defines the overall vision and formulates the strategic goals at the Group level, and draws up the Group’s human resource and investment plans based on those strategic goals. It is securing growth engines by developing bio-pharmaceuticals and innovative new drugs, and leading the phased business expansion of the Group by moving beyond the previous focus on pharmaceutical drugs to include medical services and other new businesses. Dong-A Socio Group consists of companies in various fields, including drugs, beverage, logistics, IT, and materials. To ensure that each affiliate secures business competitiveness and pursue synergy, Dong-A Socio Holdings designs the overall organizational structure and formulates a vision for the Group to grow together.

Dong-A Socio Holdings has five strategic business units. They provide different products and services, and each business unit is run separately since the skills and marketing strategies required by each business unit are different.

Stock Ownership

<table>
<thead>
<tr>
<th>Shareholder name</th>
<th>Relationship</th>
<th>Type of share</th>
<th>Number of shares</th>
<th>Ownership (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jung Seok Kang</td>
<td>Largest shareholder</td>
<td>Common stock</td>
<td>1,892,716</td>
<td>27.58</td>
</tr>
<tr>
<td>Jong-Hyeon Han</td>
<td>Executive officer of the company</td>
<td>Common stock</td>
<td>500</td>
<td>0.01</td>
</tr>
<tr>
<td>Min Young Koo</td>
<td>Executive officer of the company</td>
<td>Common stock</td>
<td>14</td>
<td>0.00</td>
</tr>
<tr>
<td>Sangu Institution</td>
<td>Executive officer of the company</td>
<td>Common stock</td>
<td>30,315</td>
<td>0.49</td>
</tr>
<tr>
<td>Soo Seok</td>
<td>Executive officer of the company</td>
<td>Common stock</td>
<td>379,123</td>
<td>5.56</td>
</tr>
<tr>
<td>Shinhu Asset Management</td>
<td>Shareholder who acquire more than 5% of the outstanding shares</td>
<td>Common stock</td>
<td>379,123</td>
<td>5.56</td>
</tr>
<tr>
<td>Employee Stock Ownership Plan</td>
<td>Shareholder who acquire more than 5% of the outstanding shares</td>
<td>Common stock</td>
<td>538,682</td>
<td>7.78</td>
</tr>
<tr>
<td>National Pension Service</td>
<td></td>
<td>Common stock</td>
<td>832,173</td>
<td>12.86</td>
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<tr>
<td>Shinmu Asset Management</td>
<td></td>
<td>Common stock</td>
<td>358,682</td>
<td>5.38</td>
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<tr>
<td>Glass Group Limited</td>
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<td>Common stock</td>
<td>409,693</td>
<td>6.07</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>3,911,944</td>
<td>63.73</td>
</tr>
</tbody>
</table>

* As of December 31, 2019

Dong-A Socio Group Affiliates

In accordance with the Monopoly Regulation and Fair Trade Act, there are 17 affiliates of Dong-A Socio Group in Korea – three listed companies and 14 unlisted companies. From among the Group affiliates, MS dangjin 1st Co., Ltd. is classified as a subsidiary since Dong-A Socio Holdings provides cash-flowary support. Also, for the purpose of business diversification, we own the 30% of the shares of Korea Sinto.

Overview of the Group Affiliates

<table>
<thead>
<tr>
<th>Company name</th>
<th>Classification</th>
<th>Business areas</th>
<th>Ownership of Dong-A Socio Holdings (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dong-A ST</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of drugs</td>
<td>22.81</td>
</tr>
<tr>
<td>ST Pharm</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of APIs</td>
<td>100.00</td>
</tr>
<tr>
<td>Dong-A Pharmaceutical</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of drugs</td>
<td>22.81</td>
</tr>
<tr>
<td>DM Bi</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of APIs</td>
<td>100.00</td>
</tr>
<tr>
<td>Dong-A Medicare</td>
<td>Subsidiary</td>
<td>Equity acquisition of other companies</td>
<td>100.00</td>
</tr>
<tr>
<td>Chul Geun E&amp;C</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of drugs</td>
<td>51.00</td>
</tr>
<tr>
<td>CHAMMED</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of mineral water</td>
<td>100.00</td>
</tr>
<tr>
<td>DONGCHEONSU</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of drugs</td>
<td>49.99</td>
</tr>
<tr>
<td>MS dangjin 1st Co. Ltd.</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of mineral water</td>
<td>100.00</td>
</tr>
<tr>
<td>Saco Seok</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of mineral water</td>
<td>100.00</td>
</tr>
<tr>
<td>Yongsan Logis</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of mineral water</td>
<td>100.00</td>
</tr>
<tr>
<td>DONGCHEONSU</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of mineral water</td>
<td>100.00</td>
</tr>
<tr>
<td>DONGCHEONSU</td>
<td>Subsidiary</td>
<td>Manufacturing and sales of mineral water</td>
<td>100.00</td>
</tr>
<tr>
<td>Dong-A Socio Holdings</td>
<td>Holding company</td>
<td>Management consulting service</td>
<td>100.00</td>
</tr>
<tr>
<td>Dong-A Socio Co., Ltd.</td>
<td></td>
<td>Manufacturing and sales of drugs</td>
<td>100.00</td>
</tr>
<tr>
<td>ST Pharm</td>
<td></td>
<td>Manufacturing and sales of APIs</td>
<td>100.00</td>
</tr>
<tr>
<td>Dong-A ST</td>
<td></td>
<td>Manufacturing and sales of drugs</td>
<td>100.00</td>
</tr>
<tr>
<td>ST Pharm</td>
<td></td>
<td>Manufacturing and sales of APIs</td>
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<tr>
<td>Dong-A Pharmaceutical</td>
<td></td>
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<td>Equity acquisition of other companies</td>
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<td>DONGCHEONSU</td>
<td></td>
<td>Manufacturing and sales of mineral water</td>
<td>100.00</td>
</tr>
<tr>
<td>MS dangjin 1st Co. Ltd.</td>
<td></td>
<td>Manufacturing and sales of mineral water</td>
<td>100.00</td>
</tr>
</tbody>
</table>

* As of December 31, 2019
**Vison & Core Value**

**Dong-A Socio Group Vision System (VISION 2025)**

**VISION 2025**

**OUR MISSION**
Continuous Challenge to Pursue Health and Happiness for Humanity  
We will help more people enjoy a healthier and happier life and prosper alongside them by focusing our R&D on better products and services, while fulfilling our social responsibilities.

**OUR VISION**
To Be a Global Healthcare Player by Establishing Distinctive Competencies in Each Business Area  
We will become a healthcare group with global competencies by developing the core competitiveness of each business area through the integration of business portfolio at the Group level.

**OUR STRATEGY**
Dong-A Socio Group will strengthen our business capabilities, diversify business areas, and expand global outreach, with a goal of realizing “VISION 2025.” We will secure distinctive competitiveness across all of our established businesses, where we have focused on pharmaceutical business. Furthermore, we will expand business areas in order to satisfy increasingly complex and diverse market and customer requirements. Going forward, we will focus more on expanding our overseas business, and thus overcome the saturated domestic market and develop new growth drivers.

**PROGRAMS TO IMPLEMENT CORE VALUE**

To achieve VISION 2025, Dong-A Socio Group is implementing detailed and practical corporate culture programs at the Group level that will connect all members of the Group into one and expedite the execution of our core values. We are also striving to create a great workplace and ensure the happiness of our employees. To this end, we pay close attention to employee opinions and reflect them into programs that are designed to implement our core values, in our efforts to build Dong-A’s unique, distinctive corporate culture that will serve as the foundation for sustainable management.

D-Style Hero Recommendation Campaign  
It is a campaign to recommend a hidden hero who is spreading the values of Dong-A by actively practicing the core values and D-Style. This corporate culture campaign began by removing barriers among the Group affiliates and by integrating the Group into one in order to facilitate interaction of the core values and D-Style in daily work. Individuals, teams, that are leading small changes for teams, organizations, the company, and customers, are recommended and receive a compliment.

Do Don’t 1010 Campaign  
This participatory corporate culture campaign is intended to expedite the realization of VISION 2025. Do Don’t 1010 extends the core values and D-Style, and seamlessly connects 10 elements of our corporate culture that employees must strive to uphold (Do 10) and 10 elements that should be eradicated (Don’t 10). To create happy corporate culture, all employees took part in a survey and vote to finalize a plan on executing Do Don’t 1010. This campaign is created and practiced by all from planning to execution. Do Don’t 1010 promotes interaction in daily life among employees, and is becoming a unique code of conduct at Dong-A.

**Core Value**

**OUR CORE VALUE**

Pursue Innovation  
We will lead the dynamics of the market by creating distinctive value through a broader perspective and a unique mindset. We will not be afraid of challenge or failure while pursuing innovation, and will encourage colleagues to accept challenges.

Lead Change  
We will grasp new opportunities in the global healthcare market in this era of rapid change driven by an ageing society, personal consumption, uncertain economic growth, and technological convergence, with an ultimate goal to lead the change.

Trust Others  
Based on the belief that trust is a foundation for sustainable management, we pay close attention to employee opinions and reflect them into detailed and practical corporate culture programs at the Group level.

Thrive Together  
We will faithfully fulfill our social responsibilities as a healthcare company which contributes to better lives, based on our responsibility and capability. This will enhance Dong-A Socio Group’s corporate value, and more importantly, it will form the basis for sustainable growth for ourselves and our customers and society as a whole.

**D-Style Guidelines on Taking Action Today for Tomorrow**

<table>
<thead>
<tr>
<th>D-Style</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant innovation</td>
<td>Start small and scale the size of innovation</td>
</tr>
<tr>
<td>New perspectives</td>
<td>Think outside the box to sharpen competitive edge</td>
</tr>
<tr>
<td>A spirit of challenge</td>
<td>Develop a spirit of challenge that does not fear failure</td>
</tr>
<tr>
<td>Sincerity and tenacity</td>
<td>Have sincerity and tenacity to get things done</td>
</tr>
<tr>
<td>Act promptly</td>
<td>Respond promptly to healthcare market and trend changes</td>
</tr>
<tr>
<td>Never stop changing</td>
<td>Make continuous efforts to change</td>
</tr>
<tr>
<td>Open-minded</td>
<td>Embrace change with an open mindset instead of being complacent</td>
</tr>
<tr>
<td>Lead by example</td>
<td>Take the lead and lead by example</td>
</tr>
<tr>
<td>Create synergy</td>
<td>Create synergy through partnerships based on mutual trust</td>
</tr>
<tr>
<td>Proactive communication</td>
<td>Communicate with others based on keen consideration</td>
</tr>
<tr>
<td>Act with consistency</td>
<td>Act honestly and fairly with consistent words and conduct</td>
</tr>
<tr>
<td>Social responsibilities</td>
<td>Fulfil social responsibilities as a healthcare company responsible for the health and happiness of humanity</td>
</tr>
<tr>
<td>Sharing and contributions</td>
<td>Continuously practice the values of sharing and volunteering that include employees, customers, and society</td>
</tr>
<tr>
<td>Self-development</td>
<td>Share experiences and knowledge, and grow systematically</td>
</tr>
<tr>
<td>Sense of responsibility</td>
<td>Develop a sense of responsibility and ownership based on expertise</td>
</tr>
</tbody>
</table>

**Do Don’t 1010 Campaign**

- **Do 10:**
  - Act promptly
  - Create synergy
  - Act with consistency
  - Proactive communication
  - Social responsibilities
  - Sharing and contributions
  - Self-development
  - Sense of responsibility

- **Don’t 10:**
  - Act slowly
  - missiles, and mindset
  - songs, and medicine
  - Other responsibilities
  - Sharing and contributions
  - Self-development
  - Sense of responsibility
Sustainable Management

Sustainable Management Strategy

To achieve the Group’s mission, “Continuous challenge to pursue health and happiness for humanity”, Dong-A Socio Holdings has established three goals of its sustainable management – pursuing responsible development, leading the Group’s sustainable management, and making value investment for the future. Going forward, we will implement core strategies that are detailed by goal, thereby leading Dong-A Socio Group’s sustainable management and amplifying positive impacts on the global community.

Sustainable Management Strategy System

Continuous challenge to pursue health and happiness for humanity

Core strategies

1. Pursuing responsible development
   - Transparent and ethical business
     - Implement anti-bribery management and information security management based on international principles and standards
   - Management of ESG risks and opportunities
     - Actively respond to stakeholder needs by recognizing the flow of the global society and analyzing environmental, social and governance (ESG) risks

2. Leading the Group’s sustainable management
   - Social responsibilities and integrated corporate culture
     - Innovate the organizational culture and provide systematic training as a way to enhance execution capability in sustainable management
   - Establishment of the Group-level governance to improve sustainable management outcomes in consideration of social influence

3. Making value investment for the future
   - Establishment of creative and inclusive culture
     - Strengthen stakeholder communication and nurture leaders by strengthening employees’ competencies based on the spirit of respecting human rights
   - Development of solutions to realize social value
     - As a global citizen, develop solutions and continually implement CSV activities

Major Outcomes of Sustainable Management

Dong-A Socio Holdings began to internalize the sustainable management of Dong-A Socio Group in 2019. It overhauled the Group’s CSR activities to global standards and established a framework to carry out the activities at the Group level. Dong-A Socio Holdings will lead Dong-A Socio Group’s sustainable management, and transparently disclose and communicate with stakeholders regarding our sustainable management process and outcomes.

We will become familiar with the UN Sustainable Development Goals (SDGs) and increase our understanding of the opportunities and responsibilities that will arise with the implementation of the UN SDGs. This will enable us to take part in sustainability activities for humanity by leveraging our strengths.

Jong-Hyeon Han, CEO & President of Dong-A Socio Holdings

Dong-A Socio Group Integrated Report 2019

Group Overview

Sustainable Management

Haebahaeba Project “Haebahaeba”, meaning that the company changes when the meeting culture changes, is a project based on the understanding that “organizational culture itself is a way of work.” It is Dong-A’s unique way of having meetings that is led by leaders (meeting organizers) and active participation by attendees. It is expected to bring about considerable changes to our way of work.

Creation and Distribution of Economic Value of Dong-A Socio Group

Dong-A Socio Group pursues sustainable business management based on a win-win structure that generates economic value and provides more value to internal and external stakeholders.

Distribution of more value to internal and external stakeholders.

Creation and Distribution of Economic Value of Dong-A Socio Group

Dong-A Socio Group pursues sustainable business management based on a win-win structure that generates economic value and provides more value to internal and external stakeholders.

Classification 2017 2018 2019

| Creation of economic value | Sales | 690.3 | 707.5 | 769.7 |
| Distribution of economic value | Dividend | 6.1 | 6.1 | 6.1 |
| | Interest expense | 12.0 | 12.0 | 13.4 |
| Shareholders & invasions | Total (Value-to-sales ratio, %) | 18.1 | 18.1 | 19.5 |
| | Employees benefits | 137.1 | 136.9 | 141.0 |
| | Total | 143.6 | 147.1 | 162.7 |
| | (Value-to-sales ratio, %) | (20.6) | (20.5) | (21.1) |
| Suppliers | Total | 192.6 | 162.4 | 121.9 |
| | (Value-to-sales ratio, %) | (37.9) | (23.5) | (15.6) |
| Government & local communities | Total | 19.5 | 5.2 | 22.7 |
| | (Value-to-sales ratio, %) | (2.4) | (0) | (1.6) |
| | Total distributed economic value | 373.8 | 322.4 | 328.8 |
| | (Value-to-sales ratio, %) | (54.2) | (48.4) | (42.4) |

* Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, DM Bio, CHAMMED, Dong-A Otsuka, Yongma Logis, Soo Seok, Korea Sinto, DONGCHEONSU, Chul Geun E&C, DA Information

Dong-A Socio Group Integrated Report 2019

UN SDGs

Sustainable Development Goals (SDGs)

We will become familiar with the UN Sustainable Development Goals (SDGs) and increase our understanding of the opportunities and responsibilities that will arise with the implementation of the UN SDGs. This will enable us to take part in sustainability activities for humanity by leveraging our strengths.

Jong-Hyeon Han, CEO & President of Dong-A Socio Holdings

* Based on Dong-A Socio Group's unique way of having meetings.
Group Overview

MISSION
Continuous Challenge to Pursue Health and Happiness for Humanity

VISION
To Be a Global Healthcare Player by Establishing Distinctive Competencies in Each Business Area

FINANCIAL CAPITAL
- Operating profit: KRW 52.8 billion (4.5% ↑)
- Tax paid: 18.7 billion
- Amount distributed to shareholders and investors: KRW 19.5 billion (8.1% ↑)

HUMAN CAPITAL
- Employee turnover rate: 9.1% (25.2% ↓)
- No. of industrial accidents: 19 cases (5.6% ↑)
- Nurturing internal lecturers: 152 persons (102.0% ↑)
- No. of self-directed learners: 17,000

INTELLECTUAL CAPITAL
- No. of patents: 510 cases
- No. of trade mark rights: 2,329 cases
- No. of newly acquired certifications of international systems: 4 cases

NATURAL CAPITAL
- Greenhouse gas emissions: 99,315 tCO₂ eq (12.6% ↑)
- Volume of waste generated: 10,357 tons (4.9% ↑)
- Waste recycling rate: 21.8%

SOCIAL CAPITAL
- Handling rate of reported cases: 100%
- CSR expenditures to operating profit: 7.5% (6.6% ↓)
- No. of beneficiaries of CSR activities: 8,046 (9.6% ↑)
- Outsourcing expenses paid to suppliers: KRW 8,046 billion

MANUFACTURED CAPITAL
- Office: 35
- Plant: 19
- R&D Center: 4
- Warehouse: 1
- Headquarters: 2
- IT Development Center: 2
- Dormitory: 2
Dong-A Pharmaceutical

**Contributing to the Sustainability of Humanity through Products**

**BUSINESS VALUE**
- Launch drugs that contribute to CSV
- Secure distinctive research competitiveness
- Enhance the eco-friendly corporate image

**SOCIAL VALUE**
- Contribute to realizing a circular economy
- Reduce harmful substances
- Increase consumer awareness of environmental protection

**SUSTAINABILITY CONTEXT**
Dong-A Pharmaceutical’s determination towards promoting the health of humanity and protecting the Earth’s environment is aligned with its philosophy of producing sustainable products. In 2019, Dong-A Pharmaceutical focused on developing products that can help resolve social issues based on an in-depth understanding of global sustainability trends and policies. In addition, it made diverse efforts, including resource circulation, to reduce the negative environmental impact that may arise when the company operates its business.

- Launching drugs that contribute to resolving social issues
  - Development of a non-narcotic treatment for prevention of drug misuse and abuse
  - Launched the 8th-norne Cream which eases skin-itching symptoms
  - Research on preservative-free preparations for consumer health
    - Applied non-preservatives to the Champ, a cold medicine for children

- Reducing negative environmental impact
  - Changed raw materials and packaging materials to support recycling
  - Changed the packaging of Gargin to a transparent bottle
  - Changed Bacchus plastic bags to paper bags
  - Used recycled paper for producing Jordan Green Cream
  - Changed a plastic bag made of HDPE material to an eco-friendly biodegradable bag
  - Used soybean oil for the FATOXIN product and packaging material

- **Hight Density Polyethylene (HDPE) non-toxic plastic from which endocrine disruptors are not detected**

**SUSTAINABILITY CONTEXT**
Dong-A Otsuka

**Green Challenge of POCARI SWEAT**

**BUSINESS VALUE**
- Cut costs from reducing PET use
- Enhance the eco-friendly corporate image
- Increase eco-friendly products

**SOCIAL VALUE**
- Promote resource circulation of PET bottles
- Reduce greenhouse gas emissions
- Increase consumer awareness of environmental protection

**OUTCOMES & FUTURE PLANS**
Dong-A Otsuka adopted the “O-Hot Pack” system in its POCARI SWEAT production process, thereby significantly reducing carbon emissions. Unlike the old system where PET was purchased separately and then filled in, the O-Hot Pack enables the production and filling of PET to be handled at a single line, resulting in minimizing outside exposure and making PET lightweight. Dong-A Otsuka has been making continuous efforts to reduce the use of PET by making it lightweight, and as a result, the company has reduced PET consumption by around 9.77 million kilograms for three years from 2017 through 2019, which in turn reduced carbon emissions by approximately 2,335 tons. Assuming that one pine tree absorbs 5 kilograms of CO2 a year, this achievement has the effect of planting 467,000 pine trees.

**Green Milestones of Dong-A Otsuka**

- **Apr. 2011**
  - Adopted the O-Hot Pack System
  - Made the POCARI SWEAT 500ml PET lightweight
- **Mar. 2012**
  - Made the POCARI SWEAT 1.5 PET lightweight
  - Made the POCARI SWEAT 620ml PET lightweight
- **Mar. 2013**
  - Became the first in Korea to adopt an eco-friendly label that can be easily separated
  - POCARI SWEAT BLUE LABEL, CAMPAIGN (14 weeks)
- **Apr. 2014**
  - POCARI SWEAT BLUE LABEL, CAMPAIGN (16 weeks)
- **Apr. 2015**
  - POCARI SWEAT BLUE LABEL, CAMPAIGN (18 weeks)
- **Oct. 2019**
  - POCARI SWEAT BLUE LABEL, CAMPAIGN (8 weeks)

**Reduction of PET consumption**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Accumulated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>235,879</td>
<td>249,949</td>
<td>301,414</td>
<td>977,442 Kg</td>
</tr>
</tbody>
</table>

**Reduction of carbon emissions**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Accumulated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>411</td>
<td>884</td>
<td>860</td>
<td>2,335 Tons/Year</td>
</tr>
</tbody>
</table>

**Circular economy is gaining importance as climate change becomes a factor that threatens the Earth’s environment. Many OECD member countries, including Germany and Japan, are actively implementing resource circulation policies as a means to secure resources and energy. In Korea as well, there is demand for strategies and plans to realize a sustainable circular economy based on the virtuous cycle of resources. Recognizing that resolving energy and resource issues is a major variable that determines the future of the national economy, Dong-A Otsuka is actively responding to climate change. It is encouraging the creation and consumption of products that have reduced greenhouse gas emissions, and accordingly, it innovated the POCARI SWEAT production system, created an eco-friendly label that can be easily separated, and is executing relevant campaigns.**

**OUTCOMES & FUTURE PLANS**
Dong-A Otsuka adopted the “O-Hot Pack” system in its POCARI SWEAT production process, thereby significantly reducing carbon emissions. Unlike the old system where PET was purchased separately and then filled in, the O-Hot Pack enables the production and filling of PET to be handled at a single line, resulting in minimizing outside exposure and making PET lightweight. Dong-A Otsuka has been making continuous efforts to reduce the use of PET by making it lightweight, and as a result, the company has reduced PET consumption by around 9.77 million kilograms for three years from 2017 through 2019, which in turn reduced carbon emissions by approximately 2,335 tons. Assuming that one pine tree absorbs 5 kilograms of CO2 a year, this achievement has the effect of planting 467,000 pine trees.

In addition to eco-friendly processes and efforts to reduce energy consumption, Dong-A Otsuka is holding a wide array of eco-friendly events based on the theme, “Challenge of POCARI SWEAT®”. Leading activities include the BLUE LABEL CAMPAIGN and RUNNING CREW LIVESWEAT Plogging, through which the company improves consumer awareness and encourages them to take small actions in daily life for the environment. Dong-A Otsuka will continue to conduct eco-friendly activities that can be joined in by various stakeholders, including consumers, to help protect the natural environment and further strengthen its positive image as an eco-friendly company.

**Note**
1) A combination of “plogging” and “Guerre app”. Swedbeat for “picking up”. It refers to picking up waste while enjoying running.
SUSTAINABILITY CONTEXT There has been an excessive number of leftover medicines that consumers no longer use. Because many people have a misunderstanding that unused drugs are categorized as general waste, unused drugs are handled as domestic waste. However, the highly-concentrated chemicals of drugs dissolve in sewage and become the cause of seawater and water pollution, and if they are buried when domestic waste is handled, they cause soil pollution. As the issue regarding drug disposal is gaining importance, the Ministry of Environment and the Korean Pharmaceutical Association organized a program to collect unused/unwanted medicines. In 2019, a local government ordinance of “Standards on Managing Disused Drugs, Etc.” was established, and 59 local governments from among 262 local governments across the nation adopted it. However, some pharmacists experienced limitations in collecting and storing unused drugs in pharmacies if an individual consumer brings the medicines to a pharmacy, and therefore they began to avoid collecting unused drugs. Local governments also found it difficult to allocate vehicles to move unused drugs to incineration plants and manage relevant records, and then use of parking lots as a space for collection caused environmental pollution. As a company specializing in drug logistics, Yongma Logis looked into a way that would enhance the convenience of pharmacists, who are its final customers, and use its logistics system to fulfill social responsibilities.

OUTCOMES Yongma Logis collects unused/unwanted medicines that are collected at pharmacies when it makes shipments to pharmacies and stores the medicines in its warehouse until a certain amount is collected, and then requests a vehicle so that the drugs can be transported to the incineration-handling department of the local government that has jurisdiction or to an incineration plant. As a result, pharmacists can feel at ease when they encourage consumers to bring unused drugs back to pharmacies when they explain them how to take the medication, and local governments have seen a reduction in their workload. The collection of unused drugs began in 2017 at 30 public health centers and pharmacies. Gaining strength from the very positive response from pharmacists and consumers, Yongma Logis has collected unused drugs from 710 pharmacies as of the 2019 year-end, with a cumulative number of 1,247 pharmacies. In 2020, Yongma Logis plans to sign an MOU with local governments in collaboration with the Korean Pharmaceutical Association, and consecutively expand the region and target scope.
**Group Overview**

**Volume of glass bottles produced**

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>48,273</td>
</tr>
<tr>
<td>2018</td>
<td>50,276</td>
</tr>
<tr>
<td>2017</td>
<td>49,383</td>
</tr>
</tbody>
</table>

**Volume of waste glass used**

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>31,655</td>
</tr>
<tr>
<td>2018</td>
<td>28,690</td>
</tr>
<tr>
<td>2017</td>
<td>29,655</td>
</tr>
</tbody>
</table>

**Waste glass usage rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>66</td>
</tr>
<tr>
<td>2018</td>
<td>57</td>
</tr>
<tr>
<td>2017</td>
<td>60</td>
</tr>
</tbody>
</table>

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**Sustainable Products**

- Panpyrin-Q: Volume: 20ml, Weight: 45g
- MEXILON: Volume: 75ml, Weight: 100g
- Bacchus-D: Volume: 100ml, Weight: 110g

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**Towards a Sustainable Circular Economy**

**BUSINESS VALUE**

- Curtail manufacturing costs
- Strengthen job training of employees
- Attract new customers

**SOCIAL VALUE**

- Enhance the eco-friendly corporate image
- Localize all raw materials and manufacturing parts
- Increase the income of Korean manufacturers

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**SUSTAINABILITY CONTEXT**

The waste issue is emerging as a social problem of the global community. Glass bottle manufacturer Soo Seok collects glass bottles that are discarded after use and reuses them in its manufacturing process, thus striving to minimize negative environmental impact by reducing wastes. In addition, the company conducts a campaign where all employees come together to clean up the streets located near its business site, in an effort to fulfill its roles as a corporate citizen.

**OUTCOMES**

Soo Seok produces glass bottles for such product as Panpyrin-Q, a liquid cold medicine that is Dong-A Pharmaceutical’s leading product with a history of 50 years; MEXILON, a prokinetic agent; and Bacchus-D which is Korea’s leading tonic that helps recovery from fatigue. The company also collects damaged or discarded glass bottles after use and recycles them.

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**SUSTAINABILITY CONTEXT**

There is increasing interest in water, which is the foundation of life. Against this backdrop, the mineral water industry, which engages in corporate activities based on water, has been focusing more on the environment, while there has also been increasing social demand. Standards for drink water from springs are rising, and the impact that spring water development has on the surrounding environment is emerging as a sensitive subject of interest and issue among local residents. DONGCHEONSU will therefore adopt quality control standards, regarding evaluations on surrounding environmental impact and consumers, that are well above legal requirements with the goal of gaining trust not only from local residents but also from all consumers. The company will take active part in the global efforts to reduce carbon footprint in the process of producing products by making containers lightweight through continued technological development, and strive to become a global water company that places top priority on the environment.

**OUTCOMES & Future Plans**

DONGCHEONSU conducts an environmental impact assessment every five years. In addition, the company monitors local residents’ underground water consumption and change for environmental inspection, thereby prospering in harmony with the local environment. Establishing solid trust with local residents is needed above all to implement sustainable management. To this end, DONGCHEONSU operates a local resident participation committee, where it explains and promotes understanding of evaluations conducted by the Ministry of the Environment, and jointly identifies causes and solutions for local underground water issues. It is also reducing the weight of empty bottles to reduce carbon emissions¹, and is contributing to job creation by hiring residents with a high understanding of the region.

DONGCHEONSU will pay close attention to the voice of local residents and communicate with them with the goal of achieving win-win outcomes. It will also form an underground water development committee with local residents for stable supply of water in the region and to ensure safe use of water. To minimize mixing of fine plastics, the company will take such measures as adding a cap cleaning process and adding dust-collecting equipment.

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¹ The preform weight for a 500ml bottle was reduced from 17g to 14.6g, and the 2.0L bottle was reduced from 38g to 36.2g in July 2015.
Dong-A ST

CEO Message

Dong-A ST is preparing for the Fourth Industrial Revolution, and is also systematically making mid- to long-term preparations to become a leading pharmaceutical company, advancing through the development of new global drugs. We will effectively leverage the government’s policy on facilitating the pharmaceutical and bio industries as well as open innovation strategy, while nurturing outstanding personnel with a leading DNA in all areas, including research and development, sales and marketing, as well as production and management.

In addition, we have put through a comprehensive service system in place, and are accelerating the pace of our innovation into an advanced pharmaceutical information service organization by breaking away from past business practices. We are strengthening compliance standards by receiving ISO 37001 certification, which is an international standard on anti-bribery management systems, and adopting the audit command language (ACL) system, which can monitor inappropriate expenditures, and will continue to strive for Joring-Do management.

Dong-A ST is in charge of Dong-A Socio Group’s main business, and will do our best to continually enhance corporate value so that we can contribute to the healthcare industry even 100 years from now. I ask for your interest in Dong-A ST as we continue to take on challenges for the health and happiness of humanity and develop into a global company.

R&D Division

Established in 1997, the Dong-A ST Research Center performs a pivotal role in the company’s development of new drugs. By combining the expertise and commitment of the Research Center with the company’s R&D resources, Dong-A ST has developed the most in-house original drugs amongst any other Korean pharmaceutical companies. Stillen, the first original drug developed in-house, is a treatment for functional dyspepsia and was released in 2005 as the first erectile dysfunction treatment in Korea. Dae-Sik Eom

Innovation Research Project Contest as a way to provide support between the industry and academia through “Dong-A ST Open Innovation Research Project Contest” as a way to provide support for academic physicians and researchers.

Dong-A ST reflected the current market needs and selected high-value products, and undertook formulation studies, using the latest drug delivery system technology to improve patient compliance. In 2017, Dong-A ST formulated Sugamet SR tab, which was launched in 2016, with a reduced particle size that culminated to MFD’s (Ministry of Food and Drug Safety) approval of a new formulation drug, a combination of Suganon, one of Dong-A ST’s in-house developed new drugs, and Metformin. In 2019, Dong-A ST completed bioequivalence studies for a further reduction in the formulation size of Sugamet SR tab through which it proved therapeutic equivalence. For Stillen T ab., which was launched in 2016 by applying patent-applied floating technology to Stillen Tab., a different in-house developed botanical gastritis treatment, Dong-A ST completed research aimed at increasing patient compliance and launched a reduced-size formulation while maintaining the same medicinal effects. For DA-5027, a patch-type dementia treatment that has increased convenience based on a once-a-week formulation, a phase I clinical trial has been in progress in Korea since March 2019.

Dong-A ST also saw significant achievements in the global development. In the new chemical entities, a phase I clinical trial was completed in Europe for DA-8610, a treatment for obstructive bladders, and a phase IIb clinical trial is under way in Korea. In the area of botanical drugs, the company has established partnerships for entry into the global market. A technology transfer agreement was signed in 2016 with NeuroBo Pharmaceuticals of the U.S. for DA-3861, a treatment for diabetic neuropathy that completed a phase II clinical trial in the U.S., and DA-9803, a treatment for Alzheimer’s disease whose pre-clinical study has been completed. NeuroBo Pharmaceuticals was listed on NASDAQ in 2019, and is preparing materials to enter a phase III clinical trial in 2020 for DA-9803. DA-9805, a treatment for Parkinson’s disease, compiled a phase II clinical trial in the U.S., and successfully completed a government-funded project by the Ministry of Trade, Industry and Energy and is undergoing preparations for the next step. Dong-A ST received approval from the Japanese Ministry of Health, Labour and Welfare for manufacturing and sales of DA-3880, a biosimilar of erythropoiesis stimulating agent Darbepoetin-α, through its partnership with Sanwa Kagaku Kikai (SKK), a pharmaceutical company in Japan.

R&D Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Investment (Unit: KRW billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>32.7</td>
</tr>
<tr>
<td>2018</td>
<td>35.1</td>
</tr>
<tr>
<td>2019</td>
<td>35.9</td>
</tr>
</tbody>
</table>

* R&D expenses and the R&D expenses from production costs

R&D Investment to Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Investment to Sales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>14.6</td>
</tr>
<tr>
<td>2018</td>
<td>13.5</td>
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<tr>
<td>2019</td>
<td>12.6</td>
</tr>
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R&D Personnel

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Personnel (Unit: Person)</th>
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<tbody>
<tr>
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<td>237</td>
</tr>
<tr>
<td>2018</td>
<td>225</td>
</tr>
<tr>
<td>2019</td>
<td>238</td>
</tr>
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</table>

Sustainable DA Family

Dong-A ST

CEO & Chairman of Dong-A ST

Dae-Sik Eom

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Vaccine and Anti-vascular Endothelial Growth Factor (VEGF) Antibodies.
In 2019, Dong-A ST signed a global license-out agreement with
Neuropharmaceuticals plc, a leading pharmaceutical company, for
the development and sales of new drugs. Dong-A ST plans to focus its
research efforts on expanding its R&D capabilities, including the
development of new drugs.

Dong-A ST launched the Dong-A ST Open Innovation Research
Project in 2016 to foster collaboration and create a platform for
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R&D Pipeline

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<tr>
<th>Project Description</th>
<th>Status</th>
<th>Availability</th>
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<tbody>
<tr>
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<td>Available for some territories</td>
</tr>
<tr>
<td>DA-8010 M3 receptor antagonist</td>
<td>Clinical on-going</td>
<td>Available</td>
</tr>
<tr>
<td>DA-9805 Botulism Vaccine Botulism Vaccine</td>
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1979  Developed Talampicillin, the Korea’s first penicillin antibiotic
1981  Received the Invention Award for the production method for beta lactam antibiotics
1988  Released the first-generation AIDS diagnostic reagent
1989  Constructed the industry’s first Korea Good Laboratory Practice (KGLP)-compliant research center in Korea
1993  Developed Growtropin, a first-generation biomedicine and human growth hormone
1994  Released Interferon-alfa, a first-generation biomedicine and multiple myeloma treatment
1996  Developed the world’s first simultaneous diagnostic reagent for AIDS and hepatitis C
1997  Acquired the Korea Good Technology mark for ADDSIDA, an AIDS diagnostic reagent
1999  Became the first in Korea to develop a tuberculosis treatment, Closerin
2002  Released Stilen, Dong-A’s first in-house developed original drug and a phytomedicine for gastritis
2005  Released Zylena, Dong-A’s second in-house developed original drug and an erectile dysfunction treatment
2006  Released Gonadotropin, a first-generation biomedicine and infertility treatment
2007  Licensed out Silvestro, an oxazolidinone class antibiotic, to Thas Therapeutics of the U.S. (currently Merck & Co.)
2011  Licensed out Evogliptin to Eurofarma Laboratórios of Brazil
2012  Released Stillen 2X extended release tablet
2013  Licensed out Suganon, a type 2 diabetes treatment, to Allian Laboratories of India for the Indian and Nepali markets
2014  Acquired the Korea Good Technology mark for AIDSDIA, an AIDS diagnostic reagent
2015  Obtained European Commission (EC) approval and launched Sivextro in European countries
2016  Licensed out Suganon to Eurofarma Laboratórios of Brazil for 17 countries in Latin America
2017  Licensed out Sivextro, an oxazolidinone class antibiotic, to Sanyo Kagaku Kenkyusho (SKK) of Japan
2018  Licensed out Suganon to Alkem Laboratories of India for the Indian and Nepali markets
2019  Licensed out Evogliptin to Eurofarma Laboratórios of Brazil
2020  Obtained US FDA approval and launched Sivextro in the U.S. by Cubist (currently Merck & Co.)
2021  Licensed-out Suganon, a type 2 diabetes treatment, to Eurofarma Laboratórios for the Brazilian market
2022  Licensed-out Suganon to TY RED, in order to develop calcific aortic valve disease (CAVD) treatment
2023  Launched Suganon in India by local partner, Allian Laboratories Ltd.
2024  Licensed-out DA-3880, a Darbepoetin-α biosimilar, in Japan by local partner, SEK
Business Overview

ETC Unit
Dong-A ST’s ETC Unit supplies around 90 ethical (ETC) drugs to approximately 1,000 hospitals and 10,000 clinics throughout Korea, supported by the nation’s leading pharmaceutical sales system. Its ETC products are categorized into in-house developed original drugs, licensed-in original drugs, bio-pharmaceuticals, and generic products. Dong-A ST has the most in-house developed original drugs in Korea’s pharmaceutical industry, with a portfolio that comprises Stillin, Sugaron, Motilzone, Zydena, and Sivextro Tablet/Injection. Around 500 Medical Representatives (MRs) offer the best medical information, enabling Dong-A ST’s products to be prescribed to the right people and at the right time.

Dong-A ST plays a leading role in the pharmaceutical industry through its evidence-based marketing activities. In particular, it has conducted clinical trials comparing generic products with their original drugs, in order to prove the efficacy and safety of the generic products, thereby building customer trust. Dong-A ST has also established the Compliance Program Management Department, one of the largest such organizations within any Korean pharmaceutical company, and there are also other company-wide efforts being made to strengthen compliance program (CP). As a result, in 2018 Dong-A ST obtained the ISO 37001 anti-bribery management system certification in recognition of its impartial and ethical compliance culture and an anti-corruption management system which meets global standards.

KEY ACHIEVEMENTS
According to IMS Health Data, the Korean pharmaceutical market in 2019 grew by 6.6% year-on-year to reach KRW 20,200.3 billion. The ETC market in particular saw year-on-year growth of 9.3%. Despite the government’s continued tightening of regulatory policies and changes in the business environment, the Korean pharmaceutical industry is expected to continue to grow, due to an increasing trend towards a western diet, an aging population, and greater wealth, all of which have generated greater need for medical services and promoted more pharmaceutical R&D.

Sales for the ETC Unit grew by 6.8% compared to the previous year, to KRW 318.3 billion. By product, Sugaron, a Dipropyl Diamidine (DDP-4) inhibitor class treatment for diabetes that was developed in-house and launched in 2016, achieved sales of KRW 14.2 billion in 2019, up 43.8%, thus being established as a blockbuster drug. Released in June 2017, Jubila is the only topical ETC drug for the treatment of onychomycosis available in Korea, and it generated sales of more than KRW 18.2 billion in 2019, and continues to grow rapidly. Jubila was originally developed by Kaken Pharmaceutical of Japan, and has also won US Food and Drug Administration (FDA) approval. It has become a new blockbuster product within just two years of its launch in Korea. Growtropin is a human growth hormone, and is Dong-A ST’s leading bio-pharmaceutical product. It recorded sales of KRW 24.6 billion in 2019, which was a considerable year-on-year growth of 25.9%. It became the first human growth hormone developed by a Korean pharmaceutical company to be certified as stable at room temperature once it has been opened. Growtropin can be stored for up to ten days at room temperature no higher than 25°C; after it is opened, which has substantially improved patient convenience.

FUTURE PLANS
Dong-A ST will continue to widen the evidence-based marketing activities carried out in the field by its MRs. It will also improve the efficiency of its marketing activities by focusing on key products with high potential for growth and profitability. Moreover, Dong-A ST will demonstrate its product excellence by announcing clinical results, including data on efficacy and stability, at academic conferences both in Korea and overseas. Other marketing activities include market surveys and analyses. Dong-A ST will also rapidly review whether to license-in or develop major products, and will make quick decisions on expanding its product portfolio, with the aim of ensuring the momentum for continued growth.

Overseas Unit
The Overseas Unit is in charge of Dong-A ST’s overseas sales. As of the end of 2019, it exports in-house developed original drugs, including Zydena and Suguron, and bio-pharmaceuticals, such as Growtropin, Eporon and Leucostim, to some 40 countries around the world, across Europe, Latin America, Asia, the Middle East, and Africa. It also exports active pharmaceutical ingredients (APIs), such as Cycloserine, Terizidone and Voriconazole, as well as various finished pharmaceutical products, including Closerin. The Overseas Unit is also in charge of exporting Bacchus, Dong-A Pharmaceutical’s flagship brand.

KEY ACHIEVEMENTS
The Overseas Unit reported sales of KRW 159.1 billion in 2019, an increase of 13.5% over the previous year. Major export revenues include exports of bio-pharmaceuticals to Brazil, Turkey and the Middle East, sales of anti-tuberculosis drugs to the World Health Organization (WHO), Russia, India and China, and sales of Bacchus, which is exported to Cambodia and other parts of Southeast Asia and the U.S.

In its anti-tuberculosis business, Dong-A ST earned pre-qualification (PQ) from the WHO at the end of 2012, and has won a contract to supply Closerin to the WHO for seven straight years since 2013. Dong-A ST also exports Cycloserine and Terizidone, APIs for anti-tuberculosis drugs, to Russia and India. In 2019, Dong-A ST’s sales of anti-tuberculosis drugs increased by 18.7% compared to the previous year to KRW 24.7 billion, an outcome of a rise in WHO and government tender sales. Sales in the bio-pharmaceutical sector decreased by 3.9% year-on-year to KRW 33.8 billion, mainly attributable to a drop in sales of Eporon, which is one of the main products in this sector and is an anemia treatment for chronic renal failure patients. The Bacchus sector reported sales of KRW 90.0 billion in 2019, up 26.6% year-on-year. Its major export region is Cambodia, and Bacchus cans continue to achieve strong sales growth in Cambodia with the nation enjoying robust economic growth. As part of its CSR activities, Dong-A ST has been making donations to the Red Cross since 2016, and has been an official sponsor of Sruong Phaye, a bilateral player from Cambodia, since 2019. Thanks to this performance and marketing activities, Bacchus has become one of the most famous energy drinks in Cambodia.

Overseas Subsidiaries

Dong-A America Corp. (California, U.S.)
Dong-A Brasil Farmaceutica Ltda. (São Paulo, Brazil)
Dong-A ST India Liaison Office (Mumbai, India)

Dong-A ST has two overseas subsidiaries and one overseas office – the Brazilian subsidiary, Dong-A Brasil Farmaceutica Ltda., is located in São Paulo, Brazil, U.S. subsidiary, Dong-A America Corp., is located in California, and its Indian liaison office is in Mumbai.

Overseas Sales Trend

Major Export Products

<table>
<thead>
<tr>
<th>Category</th>
<th>Product Name</th>
<th>Market Share</th>
<th>Major Export Country</th>
<th>Sales in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bio-pharmaceutical</td>
<td>Growtropin</td>
<td>Human growth hormone</td>
<td>Brazil</td>
<td>27.0</td>
</tr>
<tr>
<td></td>
<td>Eporon</td>
<td>Enzyme</td>
<td>Turkey</td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td>Cycloserine</td>
<td>Tuberculosis (API)</td>
<td>Russia</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td>Closerin</td>
<td>Tuberculosis (Finished product)</td>
<td>WHO (Europe)</td>
<td>8.7</td>
</tr>
<tr>
<td></td>
<td>Terizidone</td>
<td>Tuberculosis (API)</td>
<td>Russia</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>Bacchus</td>
<td>Energy drink</td>
<td>Cambodia</td>
<td>71.5</td>
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Dong-A ST's flagship brand has become one of the most famous energy drinks in Cambodia.
Medical Unit

The Medical Equipment Unit handles such medical equipment as orthopedic medical equipment and artificial heart valves. It operates in three specialized areas. In orthopedics, which accounts for the most in sales, it handles artificial joint products from ZimmerBiomet. In cardiovascular surgery, it handles products from Medtronic and other companies. In medical device, it handles electric surgery equipment from ERBE and artificial knee examination equipment from OMRON, in addition to the arthroscopie TREU, which is an in-house medical equipment brand that was launched in 2019. TREU is the first arthroscopie for diagnosis to be launched in Korea and has outstanding competitiveness in technology and price compared to imported products.

The Diagnostics Unit mainly sells diagnostic equipment, reagents, and blood-collecting equipment from Becton Dickinson. Diagnostic equipment and reagents from Diasorin, and reagents, and blood-collecting equipment from Becton Dickinson. In addition, the Diagnostics Unit recently been actively expanding sales of infection control products from Becton Dickinson and infection control sales. In particular, it recorded an increase in sales in the diagnostic immunology and infection control market in 2019 owing to the spread of tuberculosis. It is focused on maintaining growth by adopting new products and increasing the number of its customers.

FUTURE PLANS

Leveraging the launch of TREU, the Medical Equipment Unit plans to adopt in-house medical equipment brands as its growth engine. It also plans to enhance competitiveness through exclusive selling of large equipment, such as proton therapy equipment, breast cancer diagnosis equipment, and extracorporeal shock wave lithotripter. The Diagnostics Unit will continually maintain the strong market strength of major products, while aggressively expanding the infection control business, which is indicating high growth potential as infection control gains greater importance, thereby achieving continued growth.

Sustainable Management

Sustainable Management Performance Management

Sustainable Future

To grow into “a leading pharmaceutical company, advancing through the development of new global drugs” by 2025, Dong-A ST established detailed goals and is implementing flexible strategies based on its three key competencies – “Innovative Product, Global Process, Excellent People”.

Firstly, “innovative product” refers to developing and fostering innovative new drugs that are needed to grow into a leading company. Dong-A ST will continually engage in R&D using internal and external resources to develop first-in-class new drugs, with a focus on anti-cancer drugs, and also plans to concentrate its corporate-wide capabilities on enabling growth of the previously-launched Sugaron. Motilistat, and Gaster into best-in-class products in the areas of diabetes and the digestive system. Secondly, “global process” means globalizing processes to build an efficient, transparent system. Dong-A ST seeks to establish a foundation for growth into a global company by providing advanced pharmaceutical information that is needed by customers, selling high-quality drugs that are manufactured at GMP-level plants, and establishing work processes that comply with global standards. Lastly, “excellent people” aims to nurture and support talent with expertise and global capabilities. Dong-A ST plans to nurture global talent who have distinctive competitiveness and expertise, and provide the best talent with top-level treatment to build a company where outstanding personnel gather. To this end, the company adopted and implemented a performance evaluation system that is based on the balanced scorecard (BSC).

Although there is fierce competition with pharmaceutical companies in the rapidly-changing environment, bio healthcare is being developed as the nation’s new growth engine and is an industry of opportunity that is expected to lead Korea’s future economy. Dong-A ST will focus all its competencies on becoming a respected leading company, leading innovation of the industry in the vanguard of the industry.
Dong-A Pharmaceutical

CEO Message

Based on the founding spirit of “contributing to citizens’ health by creating good medicine”, Dong-A Pharmaceutical has been supporting citizens’ healthy lives. In particular, the company’s flagship product, Bacchus, has been standing by the side of citizens for more than 50 years, just like a friend who cheers you up after a weary day and promises you a better tomorrow. In addition to upholding and developing the founding spirit that we have been observing for more than 50 years, we are preparing to make greater advancement to become a truly global healthcare company. To this end, Dong-A Pharmaceutical is committed to practicing consumer-centric management, strengthening product quality, and fulfilling corporate social responsibilities. Our mission as a pharmaceutical company is how the company can repay you for the support you provided. We will focus on developing excellent products that help people prevent disease and protect their health in their daily lives. I ask for your interest in Dong-A Pharmaceutical as we develop into a healthcare company.

Brand Assets

Dong-A Pharmaceutical was established in 1932 based on the founding spirit of contributing to citizens’ health by producing good medicine. It currently provides total healthcare solutions through health and beauty, and its main businesses consist of Bacchus, pharmacy-based healthcare, general distribution-based consumer healthcare, and derma.

Launched in 1963, Bacchus is a drink that helps recover from fatigue and has been a consumer favorite for more than half a century. Major products are the Bacchus-D, which is sold through pharmacies, and Bacchus-F and Bacchus-Jelly, which are sold through general distribution channels. Thanks to steady brand revitalization as well as continuous consumer communication and relevant activities targeting young customers, Bacchus has become a citizens’ brand that is a favorite among all age groups and a baword for the fatigue recovery category.

The healthcare business provides drugs and quasi-drugs that can be purchased at pharmacies without a prescription as well as medical devices. It is contributing to improving the quality of life of consumers by continually developing and supplying new products that are tailored to consumer needs, such as Nosocama and Champ, the consumer healthcare business provides customized health functional foods, oral care, feminine care, anti-pollution, and hangover relief products so that consumers can actively take action against changing external environment issues and maintain a healthy lifestyle. It is developing high-quality consumer healthcare products that reflect the way of life of consumers by lifestyle stage, illness, and target.

History

1932
Dec. 1932
Established a research center

1949
Aug. 1949
Changed name to Dong-A Pharmaceutical Corporation

1963
Aug. 1963
Began to produce the comprehensive tonic Bacchus-D

1972
Feb. 1970
Began to recruit employees openly

1979
Aug. 1979
Successfully synthesized the latest semi-synthetic Talampicillin

1980
May 1980
Established the nation’s first GMP plant in Anyang

1982
Apr. 1982
Designated as the industry’s first KGMP-certified company

1987
Aug. 1987
Established the industry’s first advanced Korea Good Laboratory Practice (KGLP)-compliant research center in Sangsang

2019
Launched Dong-A Pharmaceutical’s Tour Korea for College Students

2019
Jan. 2019
Chosen by Citizens’ Friendly Certified Company

2019
Aug. 2018
Received the “Dail Volunteer Award”

2019
Aug. 2018
Held a declaration ceremony on strengthening compliance management and adopting the anti-bribery management system

2000
Jan. 2000
Chosen as the 2000 Family-Friendly Certified Company

2000
Nov. 2015
Dalseong Plant received HACCP certification

2019
Jul. 1998
Export exceeded USD 10 million

2019
Obtained the ISO 37001 anti-bribery management system certification

2019
Aug. 2019
Choongah Plant received the Grand Prize of the “Good Advertisement Award Chosen by Citizens”

2019
Launched the cosmetics brand “RATION”

2018
Mar. 2019
Received the “Dail Volunteer Award”

2018
Aug. 2018
Choongah Plant received KGMP approval and completed construction

2018
Nov. 2017
Established an enzyme and raw material synthesis plant in Banwol

2018
Mar. 2016
With the change to a holding company structure, the former Dong-A Pharmaceutical was demerged into three companies, which are the existing entity, Dong-A Socio Holdings, and newly launched companies, Dong-A ST and Dong-A Pharmaceutical

2015
Aug. 1971
Established the nation’s first GMP plant in Anyang

2015
Dec. 2014
OBPM was demerged into Dong-A Pharmaceutical

2014
Aug. 1949
Established the nation’s first GMP plant in Anyang

1987
Nov. 1987
Established the nation’s first advanced Korea Good Laboratory Practice (KGLP)-compliant research center in Sangsang

1987
Aug. 1979
Successfully synthesized the latest semi-synthetic Talampicillin
In derma business, Dong-A Pharmaceutical launched “FATION”, an active derma brand. In October 2019 based on the P&Q capabilities that it accumulated over a long period. Targeting customers aged 27 to 33, it provides skin scar care, moisture, and men’s homme products. By creating synergy between the distinctive derma and the healthcare and consumer healthcare businesses, Dong-A Pharmaceutical aims to develop into the No. 1 health & beauty pharmaceutical company across the globe.

Dong-A Pharmaceutical has strong brand assets in that it has strong brand power through diverse consumer communication, with a focus on such “first mover” products as Bacchus, Tempo, Panpyrin, Morning Care, and Nosacarna. Based on this strong brand power, individual brands have fully established themselves as market leaders in the minds of consumers. In addition, Dong-A Pharmaceutical is expanding its young customer base, including the millennial generation, through the development of various best-selling products, continuous release of new products, and brand revitalisation.

Strengthened regulations and reviews on the pharmaceutical industry and fierce competition of over-the-counter (OTC) generics are one of the threat factors to Dong-A Pharmaceutical. However, the company has coverage over around 20 thousand pharmacies across the nation, and has gained deep trust from consumers and distributors toward its products’ efficacies and effects. Based on these strengths, Dong-A Pharmaceutical will launch a wide array of customized new products for different efficacies from the consumer perspective and use this as an opportunity for growth.

**Major Products**

### Bacchus-D, Bacchus-F
- **Fatigue recovery, tonic**
- Contains taurine 2,000/1,000 mg
- **Market size as of 2018: KRW 360 billion**
- **Market share: 31% (first place)**
- **Actual sales in 2019: KRW 31.1 billion**

### Bacchus-Jelly
- **Market size as of 2018: KRW 200 billion**
- **Market share: 2%**
- **Contains taurine 1,000 mg**
- **Jelly with Bacchus taste and scent**

### Gargin
- **Coloring-free, low-alcohol mouthwash**
- **Market share: 51% (first place)**
- **Actual sales: KRW 23.7 billion**

### Pangyin
- **Eases various cold symptoms (runny nose, stuffy nose, sneezing, sore throat, cough, phlegm, itch, fever, headache, arthrosis, muscle pain)**
- **KRW 28 billion from a total market size of KRW 90 billion (actual sales of KRW 31.5 billion)**
- **Market share: 31% (first place)**

### Nosacarna
- **Treatment after treating scar tissue (keloids/hypertrophic scars, acne scars, surgery scars)**
- **KRW 15 billion based on OTC Market share: 70%**

### Benachio
- **carcinic acid-free dyspepsia treatment that is effective for indigestion, overeating, upset stomach, nausea, vomiting, and epigastric distension**
- **KRW 7.2 billion from a total market size of KRW 4.4 billion (actual sales of KRW 3.9 billion)**
- **Market share: 16.2% (second place)**

### FATION
- **Contains NaScalm complex**
- **Scar reducing skincare line (fine damage improvement, calming and moisturizing treatment after treating scar tissue)**
- **Tonic market size: KRW 300 billion**
- **Market share in 2019: Around 80%**
- **Cosmetics market size of around KRW 14 billion in 2019, derma market size of around KRW 560 billion**
- **2019 sales: KRW 350 million**

### Bradocine
- **Contains Bradocine complex**
- **Scar reducing skincare line (fine damage improvement, calming and moisturizing treatment after treating scar tissue)**
- **KRW 15 billion based on OTC Market share: 70%**

### Tempo
- **100% pure organic cotton tampon that received OEKO-TEX Grade 1 Certification, and increased absorption speed by 30% by applying a safety hole (Patent No. 10-1760825)**
- **KRW 2.7 billion from a total market size of KRW 15.9 billion (actual sales of KRW 13.6 billion)**
- **Market share: 51.8% (first place)**

### Jordan
- **No. 1 toothbrush brand in Northern Europe**
- **KRW 15 billion based on OTC**

### Bigen
- **Hair color product with outstanding performance in lasting hair color**
- **Market size: KRW 100 billion**
- **Market share: 10% (actual sales of KRW 10 billion)**

### Morning Care
- **Planning to launch four renewals in 2020 (concept of providing care for each hangover symptom)**
- **KRW 23.7 billion from a total market size of KRW 90 billion, including pills**
- **Market share: 8.9% (fourth place, 11.4% when excluding pills)**

### FATION
- **Contains NaScalm complex**
- **Scar reducing skincare line (fine damage improvement, calming and moisturizing treatment after treating scar tissue)**
- **Cosmetics market size of around KRW 14 billion in 2019, derma market size of around KRW 560 billion**
- **2019 sales: KRW 350 million**

* Dong-A Pharmaceutical’s unique patented ingredient for skin damage improvement and care that has a calming effect on skin stresses, such as acne, spots, and scabs
* Source: Korea health industry Development Institute
* Sales of 15 items until December after launch in November
* Based on 2017 Nielsen data
* Based on 2018 Nielsen data
* Based on 2018/2019 data
Sustainable Management

Sustainable Management Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial &amp; Non-Financial Performance</td>
<td>Total assets</td>
<td>KRW billion</td>
<td>198.4</td>
<td>200.4</td>
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<td></td>
<td>Total liabilities</td>
<td>KRW billion</td>
<td>89.6</td>
<td>90.4</td>
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<td></td>
<td>Total shareholder's equity</td>
<td>KRW billion</td>
<td>108.8</td>
<td>109.6</td>
<td>124.9</td>
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<td></td>
<td>Sales</td>
<td>KRW billion</td>
<td>391.8</td>
<td>381.2</td>
<td>400.4</td>
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<td>Operating profit</td>
<td>KRW billion</td>
<td>40.2</td>
<td>41.6</td>
<td>52.8</td>
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<td></td>
<td>Operating profit margin</td>
<td>%</td>
<td>12.6</td>
<td>13.8</td>
<td>13.2</td>
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<tr>
<td></td>
<td>Safety training hours</td>
<td>Hour/Person</td>
<td>16.2</td>
<td>16.3</td>
<td>16.2</td>
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<tr>
<td></td>
<td>Percentage of female employees</td>
<td>%</td>
<td>18.8</td>
<td>18.5</td>
<td>20.0</td>
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<tr>
<td></td>
<td>Year of Service</td>
<td>Year</td>
<td>11.8</td>
<td>11.9</td>
<td>11.2</td>
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<td></td>
<td>Water consumption</td>
<td>M³</td>
<td>217,400</td>
<td>283,652</td>
<td>282,103</td>
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<td>Greenhouse gas (GHG) emissions</td>
<td>CO₂ eq</td>
<td>9,666</td>
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<td>11,087</td>
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<td>GHG emissions (Scope 1)</td>
<td>CO₂ eq</td>
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<td>GHG emissions (Scope 2)</td>
<td>CO₂ eq</td>
<td>6,093</td>
<td>6,584</td>
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<td></td>
<td>Corporation training</td>
<td>Case</td>
<td>56.1</td>
<td>92.6</td>
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<td></td>
<td>Violation of laws</td>
<td>Case</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>CSR expenditures</td>
<td>KRW billion</td>
<td>1.9</td>
<td>2.3</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Sustainable Future

Dong-A Pharmaceutical has five businesses – Bacchus, Pharmacy, Consumer Healthcare, Silver, and Derma – and established a five-year mid-to-long-term plan that consists of two steps, which are the step of securing competitiveness and the step of precouping a competitive edge, in the next five years. The company will secure sustainability with detailed, quantitative goals and direction within the mid-to-long-term target period.

Creation of Economic Value

<table>
<thead>
<tr>
<th>Creation of economic value</th>
<th>Sales</th>
<th>KRW billion</th>
<th>391.8</th>
<th>381.2</th>
<th>400.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend</td>
<td>KRW billion</td>
<td>30.0</td>
<td>34.8</td>
<td>33.0</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>KRW billion</td>
<td>1.0</td>
<td>0.7</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>KRW billion</td>
<td>31.0</td>
<td>45.5</td>
<td>44.1</td>
<td></td>
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<tr>
<td>Salaries</td>
<td>KRW million</td>
<td>50.5</td>
<td>58.6</td>
<td>65.8</td>
<td></td>
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<tr>
<td>Employee benefits</td>
<td>KRW million</td>
<td>9.6</td>
<td>8.4</td>
<td>8.3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>KRW million</td>
<td>56.5</td>
<td>67.0</td>
<td>74.1</td>
<td></td>
</tr>
<tr>
<td>Raw material expenses</td>
<td>KRW billion</td>
<td>99.8</td>
<td>107.3</td>
<td>120.0</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>KRW billion</td>
<td>52.1</td>
<td>45.0</td>
<td>57.7</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>KRW billion</td>
<td>151.9</td>
<td>152.3</td>
<td>177.7</td>
<td></td>
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<tr>
<td>Internal tax</td>
<td>KRW million</td>
<td>22.4</td>
<td>21.9</td>
<td>21.5</td>
<td></td>
</tr>
<tr>
<td>Local tax</td>
<td>KRW million</td>
<td>0.5</td>
<td>0.7</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>CSR expenditures</td>
<td>KRW million</td>
<td>1.9</td>
<td>2.3</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>KRW million</td>
<td>24.8</td>
<td>24.9</td>
<td>24.7</td>
<td></td>
</tr>
</tbody>
</table>

Strategy by Business Unit

Bacchus

Stable growth of Bacchus-D, Stock Keeping Unit (SKU) differentiation of distribution channels, including the Bacchus-Jelly expansion of agencies and special sales channels

Pharmacy

Selection and development of a subsequent product of Nicorina, continued management and fostering of new products that are launched

Consumer Healthcare

Renewal and new launch of health functional food brands, establishment of a business to customer (B2C) infrastructure

Silver

Adoption of in-house brand and improvement of direct transactions

Derma

Expansion of SKUs through new line launch, strengthening of sales activities, including the increasing number of stores where the products are sold

VISION 2025 Strategic Direction and Mid-to-Long-Term Roadmap

STEP 2

2023‒2025

Competitive edge and advancement

Strengthen R&D open innovation and investments

Expand the Bacchus brand, expand new businesses

Maximize sales/marketing efficiency with the adoption of an online mall

Conduct M&A in connection with new business and existing business

Secure distinctive production technologies and quality advantage in the production sector

Strengthen the global sector (increase export products)

STEP 1

2020‒2022

Secure competitiveness

Have new business areas successfully settle down

Actively respond to the online market and strengthen capabilities

Set an R&D direction and increase investments

Continually enhance the brand value of Bacchus and play its role as a cash cow

Continually grow the pharmacy sector and increase profitability

Strengthen R&D open innovation and investments

Strengthen the global sector (increase export products and customers)

Certifications

- Recognized for the fifth time for Consumer Centered Management (CCM) _Apr. 2019
- Orion Plant certified as meeting pharmaceutical equipment manufacturing and quality control standards _Apr. 2019
- Obtained ISO 37001 _Jan. 2019
- Orion Plant certified as meeting drug manufacturing and quality control standards _Aug. 2019
- Deere Plant certified as meeting drug manufacturing and quality control standards _Aug. 2019
- Dong-A Pharmaceutical received the Consumer Award from the Korean Society of Consumer Studies _Dec. 2019
Company Overview

ST Pharm is an API and pharmaceutical intermediate manufacturer, and its main business is new drug APIs. It is a comprehensive chemical company that covers various areas, ranging from generic APIs to new materials and in-house new drug development. Established in 2008, it became a member of the Dong-A Socio Group in 2010 and became the only API company in Korea to be chosen as an innovative pharmaceutical company by the Ministry of Health and Welfare in 2012. It was afterwards designated as an outstanding technology research center by the Ministry of Trade, Industry and Energy in 2013 and re-certified as an innovative pharmaceutical company in 2015.

In June 2018, ST Pharm completed construction of Asia’s largest oligonucleotide dedicated plant and secured its competitiveness as a world’s No. 3 in terms of supply of oligonucleotide APIs, which are a new treatment area. In 2019, the company acquired AnaPath in Switzerland which is a global contract research organization (CRO) company and the Spanish branch of Envigo, thus securing distinctive competitiveness that enables it to provide one-stop services for the entire new drug development process by connecting CRO and CDMO. At the end of 2019, STP0102, a new anti-cancer drug that targets advanced solid cancer, entered an FDA phase 1 clinical trial, and STP0404, an AIDS treatment, completed Europe’s Investigational Medicinal Product Dossier (IMPD) application. In 2020, two in-house original drug projects are planned to enter a global phase 1 clinical trial.

ST Pharm is expanding its technology and production capabilities in the area of polymer oligonucleotide production, which is a new growth engine that will lead the future. Leveraging our oligonucleotide dedicated plant at Banwol site whose construction was completed in August 2018, we have fully established ourselves as the world’s No. 3 in this field, and are developing treatments in a wide range of areas, ranging from rare disease to chronic disease, through collaboration with various global clients. We are also developing in-house original drugs through virtual R&D new drug development, which is a highly efficient open innovation strategy. ST Pharm is generating new drugs through virtual R&D new drug development, which is a highly efficient open innovation strategy.

In the area of polymer oligonucleotide APIs, ST Pharm has around 20 global CDMO pipelines, including Mitochondrial DNA Depletion Syndrome (MDS), gastric cancer, pulmonary fibrosis, and reflux gastric ulcer. In the area of oligonucleotide APIs, ST Pharm has around 30 global CDMO pipelines, including Huntington’s disease, hyperlipidemia, and hemato logic malignancy. ST Pharm has around 15 CMO pipelines for both small molecule APIs and oligonucleotide APIs, and its sales are expected to increase every time the respective new drug projects become commercialized.
### Sustainable Management Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of economic value</td>
<td>Sales</td>
<td>KRW billion</td>
<td>202.8</td>
<td>97.7</td>
<td>93.3</td>
</tr>
<tr>
<td></td>
<td>Dividend</td>
<td>KRW billion</td>
<td>9.2</td>
<td>9.3</td>
<td>9.3</td>
</tr>
<tr>
<td></td>
<td>Financial expertise</td>
<td>KRW billion</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>KRW billion</td>
<td>9.3</td>
<td>9.3</td>
<td>9.4</td>
</tr>
<tr>
<td>Employees</td>
<td>Salaries</td>
<td>KRW billion</td>
<td>32.0</td>
<td>28.0</td>
<td>29.0</td>
</tr>
<tr>
<td></td>
<td>Employee benefits</td>
<td>KRW billion</td>
<td>2.3</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>KRW billion</td>
<td>34.7</td>
<td>30.3</td>
<td>31.1</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Raw material expenses</td>
<td>KRW billion</td>
<td>35.4</td>
<td>25.3</td>
<td>31.8</td>
</tr>
<tr>
<td></td>
<td>Outsourcing expenses</td>
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<td>0.9</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>KRW billion</td>
<td>36.2</td>
<td>26.1</td>
<td>33.2</td>
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<tr>
<td>Government &amp; local communities</td>
<td>Internal tax</td>
<td>KRW billion</td>
<td>7.8</td>
<td>7.6</td>
<td>8.9</td>
</tr>
<tr>
<td></td>
<td>Local tax</td>
<td>KRW billion</td>
<td>2.2</td>
<td>1.6</td>
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<tr>
<td></td>
<td>CSR expenditures</td>
<td>KRW billion</td>
<td>1.21</td>
<td>0.01</td>
<td>0.01</td>
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<td></td>
<td>Total</td>
<td>KRW billion</td>
<td>24.6</td>
<td>9.1</td>
<td>2.3</td>
</tr>
</tbody>
</table>

**Sustainable Future**

ST Pharm establishes a vision that covers economic, social, and environmental issues, and carries out activities that are intended to achieve goals in each field. To improve economic performance, the company will increase sales of generic APIs in Korea, while expanding the receipt of orders and supply of new drug APIs in overseas markets to increase sales. In particular, it will expand the target of currently rare disease-related oligonucleotide sales to include chronic diseases, and anticipates that this will lead to a rise in usage of oligonucleotide/monomer items. The company especially encourages the use of parental leave so that employees can enjoy family life, and will ultimately enable more than 2% of all employees to use parental leave. Also, to help with the financial stability of workers, ST Pharm will maintain the business amount of the Employee Welfare Fund at a minimum of KRW 1 billion.

**Sustainable Management**

- **Sustainable Development and Mid- to Long-term roadmap**
- **Mission**
  - Continuous challenge to pursue health and happiness for humanity

<table>
<thead>
<tr>
<th>VISION 2025 Strategic Direction and Mid- to Long-term Roadmap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pursue innovation</strong></td>
</tr>
<tr>
<td>Specifications: The CDMO business and CRO business</td>
</tr>
<tr>
<td>Offer packages that can provide new value to customers by strengthening strengthening information capabilities on chemistry, manufacturing, and control (CMC).</td>
</tr>
<tr>
<td>Maintain a turnover rate of no more than 5% by strengthening organizational culture improvement initiatives (no labor disputes for five years and quick negotiations).</td>
</tr>
<tr>
<td><strong>Lead change</strong></td>
</tr>
<tr>
<td>Specifications: New technologies, such as continuous flow</td>
</tr>
<tr>
<td>Enhance quality competitiveness through increased productivity and efficiency (establish a deviation prevention and recurrence prevention process).</td>
</tr>
<tr>
<td><strong>Social others</strong></td>
</tr>
<tr>
<td>Specifications: Strengthening performance management in cooperation through regular communication channels (no labor disputes for five years and quick negotiations).</td>
</tr>
<tr>
<td><strong>Strive together</strong></td>
</tr>
<tr>
<td>Specifications: Strengthening performance management in cooperation through regular communication channels (no labor disputes for five years and quick negotiations).</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
</tr>
<tr>
<td>Specifications: Strengthening performance management in cooperation through regular communication channels (no labor disputes for five years and quick negotiations).</td>
</tr>
<tr>
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**CEO Message**

DM Bio is a company specializing in biopharmaceutical R&D and manufacturing that was established through a joint investment by Dong-A Socio Holdings and Japan’s Meiji Seika Pharma in 2015. Its goal is to observe the common corporate philosophies of Dong-A and Meiji, “respect for life” and “health and reassurance,” by providing highly quality biopharmaceuticals that are safe and that customers can trust, through which the company seeks to establish DM Bio as a global brand.

Accordingly, DM Bio is focusing on the following three factors:

- Establishing product credibility of DM Bio products supported by high quality
- Combining Dong-A and Meiji’s excellence in production process development and GMP systems
- Meeting compliance in business

In May 2014, DM Bio completed the construction of a biopharmaceutical plant that was designed and built according to global GMP regulations, thus establishing production facilities that can produce and supply top-quality biopharmaceuticals. Also, it established a hybrid production system that combines the advantages of single-use and multi-use systems for efficient production of therapeutic biologics, enabling a flexible production system. This allows the production of protein drugs, which require complex production technology, via a single-use system in segregated spaces. In addition, by combining the R&D experience and know-how that Dong-A and Meiji have accumulated over a long period, DM Bio has acquired various analysis techniques that allow complete analysis and control of biopharmaceutical quality. The production facilities comply with the latest global GMP standards under a management system operated by young, outstanding individuals and experienced technical experts. DM Bio is continually enhancing its GMP level, and building a management system that considers the environment, health and safety.

DM Bio’s ultimate goal, based on the notion of respect for life, is to manufacture and provide good pharmaceuticals and offer happiness to all. Through that happiness DM Bio will strive to grow.

**Company Overview**

DM Bio built the latest cell culture, purification, filling, and packaging facilities to manufacture monoclonal antibody (mAbs) and recombinant protein drugs according to GMP standards. Its major business is the contract development & manufacturing organization (CDMO) service that aims to satisfy increasing global demand in the outsourcing of biopharmaceutical development, manufacturing, and analysis.

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* 1) Including KRW 1.2 billion contribution to the Employee Welfare Fund

* 2) DM Bio compiled the construction of a biopharmaceutical plant that was designed and built according to global GMP regulations, thus establishing production facilities that can produce and supply top-quality biopharmaceuticals. Also, it established a hybrid production system that combines the advantages of single-use and multi-use systems for efficient production of therapeutic biologics, enabling a flexible production system. This allows the production of protein drugs, which require complex production technology, via a single-use system in segregated spaces. In addition, by combining the R&D experience and know-how that Dong-A and Meiji have accumulated over a long period, DM Bio has acquired various analysis techniques that allow complete analysis and control of biopharmaceutical quality. The production facilities comply with the latest global GMP standards under a management system operated by young, outstanding individuals and experienced technical experts. DM Bio is continually enhancing its GMP level, and building a management system that considers the environment, health and safety.

* 3) Around KRW 10 million per person

* 4) Inclisiran sales outlook is to reach KRW 3 trillion in 2021
By designing and constructing facilities that satisfy the strictest global GMP standards, DM Bio will be supplying top-quality pharmaceuticals to the global biopharmaceutical market. In a market where biopharmaceutical contract development organization (CDO) business demand is rising and CDO/MO competition is increasing, DM Bio will provide global-level products and one-stop services ranging from research to production that links contract research organization (CRO), CDO, and contract manufacturing organization (CMO).

In 2019, the previous Process Development team was elevated to the status of a research center and a research institute attached to the company was established. The latest trend is to go beyond simple contract manufacturing to pursue CDMO, which involves participation in customers' biopharmaceutical R&D process to the commercial development phase. Since the launch of the research center, DM Bio has rapidly generating CDMO outcomes through collaboration with bio-ventures.

**Major Brands**

DM-B3111, a breast cancer treatment, was licensed out to Gideon Richter, a Hungarian pharmaceutical company. In 2016, also, a phase I clinical trial for DM-B3115, a biosimilar of Bevacizumab (bevacizumab, anti-VEGF drug treatment), was conducted, and a preclinical study for DM-B3116, a biosimilar of Keytruda (pembrolizumab, immuno-oncology drug), is underway as well. The company will actively seek global partners to license-out these biosimilars at each phase of the clinical development. DA-3880 (darboepoietin alfa), a contract manufactured product, is a second generation anemia treatment which obtained NDA approval in Japan in September 2019, and is now being commercially produced for the Japanese market.

**Sustainable Management**

**Sustainable Management Performance**

DM Bio is improving the employee welfare system to create a happy workplace. The company has built a new position system based on roles, performance, and competency to flexibly respond to changes and form a horizontal organizational culture. In addition, it established various partnerships, building a foundation for job creation and cooperation in the Korea’s bio industry. Thanks to these efforts, the company is witnessing rapid progress in organizational stabilization, such as a 35% decrease in the turnover rate in the second half of 2019 compared to the second half of 2018.

**Financial & Non-financial Performance**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td>Total assets</td>
<td>KRW billion</td>
<td>140.0</td>
<td>154.5</td>
<td>136.6</td>
</tr>
<tr>
<td></td>
<td>Total liabilities</td>
<td>KRW billion</td>
<td>24.2</td>
<td>27.7</td>
<td>43.8</td>
</tr>
<tr>
<td></td>
<td>Total shareholders' equity</td>
<td>KRW billion</td>
<td>112.8</td>
<td>126.8</td>
<td>137.8</td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>KRW billion</td>
<td>4.7</td>
<td>8.4</td>
<td>6.4</td>
</tr>
<tr>
<td></td>
<td>Operating profit (loss)</td>
<td>KRW billion</td>
<td>15.4</td>
<td>18.3</td>
<td>(34.1)</td>
</tr>
<tr>
<td></td>
<td>Operating profit (loss) margin</td>
<td>%</td>
<td>(408.8)</td>
<td>(217.6)</td>
<td>(532.7)</td>
</tr>
<tr>
<td>Non-financial Performance</td>
<td>Safety training hours</td>
<td>Hour/Person</td>
<td>12.0</td>
<td>12.0</td>
<td>13.0</td>
</tr>
<tr>
<td></td>
<td>Job training hours</td>
<td>Hour/Person</td>
<td>13.3</td>
<td>17.5</td>
<td>9.8</td>
</tr>
<tr>
<td></td>
<td>Percentage of female employees</td>
<td>%</td>
<td>27.4</td>
<td>32.4</td>
<td>28.0</td>
</tr>
<tr>
<td></td>
<td>Turnover rate</td>
<td>%</td>
<td>10.0</td>
<td>14.7</td>
<td>9.5</td>
</tr>
<tr>
<td></td>
<td>Percentage of hiring local talent</td>
<td>%</td>
<td>64.3</td>
<td>72.8</td>
<td>55.9</td>
</tr>
<tr>
<td></td>
<td>Water consumption</td>
<td>m³</td>
<td>32,068</td>
<td>45,346</td>
<td>42,739</td>
</tr>
<tr>
<td></td>
<td>General waste</td>
<td>m³</td>
<td>58</td>
<td>32</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Medical-type specified waste</td>
<td>m³</td>
<td>11</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Violation of laws</td>
<td>Case</td>
<td>0</td>
<td>0</td>
<td>9</td>
</tr>
</tbody>
</table>

**Sustainable Future**

DM Bio recognizes its strengths, weaknesses, opportunities, and risk factors to secure sustainability. The company is building a growth foundation and aspiring to develop into a global biopharma by engaging in a CDMO business that considers the environment at home and abroad. To this end, it established VISION 2025, and is implementing strategies by phase. It is also planning to adopt a system to systematically manage non-financial risks. In 2019, DM Bio established a foundation for the adoption of an EHS management system to systematically manage EHS issues, and plans to complete the system in 2020.

**Key Social/Environmental Tasks of DM Bio**

**Industrial safety**

Achieve zero industrial accidents (1 case = 0 cases)

Complete national registration of chemical substances in use and pressure containers

Conduct risk assessment

**Health**

Promote work and life balance by aiming to comply with the 52-hour work week system

**Environmental management**

Change employees’ perception and implement measures to conserve energy
CHAMMED has built in the ENT market. It is also striving to make inroads into the surgical imaging markets, going beyond the domestic market that has reached saturation. In addition, it is promoting corporate growth from a longer perspective and increasing sales by looking toward overseas markets. In addition, we will develop the ENT-related consumables market, thereby advancing into emerging markets and creating new business areas by working on new products and new businesses as its mid-to-long-term goal.

Company Overview
CHAMMED, as a total solution provider in ENT, manufactures professional ENT workstations, examining chairs, imaging equipment, and treatment equipment. Compared to its competitors, the company has a diverse product portfolio, and strongly maintains its No. 1 position in sales in the domestic ENT market based on outstanding quality and design. In addition, it is promoting corporate growth from a longer perspective and increasing sales by looking toward overseas markets, going beyond the domestic ENT market that has reached saturation. It is also striving to make inroads into the surgical imaging market by upgrading its imaging equipment, and making other such efforts to fully establish CHAMMED as the No. 1 ENT manufacturer in Korea and develop into a company that can compete in the global market.

Sustainable Management

Sustainable Management Performance

Financial & Non-financial Performance

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<tbody>
<tr>
<td>Financial Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>KRW billion</td>
<td>10.2</td>
<td>10.0</td>
<td>10.3</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>KRW billion</td>
<td>4.4</td>
<td>3.7</td>
<td>3.9</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>KRW billion</td>
<td>5.8</td>
<td>6.3</td>
<td>7.0</td>
</tr>
<tr>
<td>Gross profit</td>
<td>KRW billion</td>
<td>10.2</td>
<td>10.3</td>
<td>11.2</td>
</tr>
<tr>
<td>Operating profit</td>
<td>KRW billion</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>%</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
</tr>
<tr>
<td>Non-financial Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees turnover rate</td>
<td>%</td>
<td>18.0</td>
<td>25.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Years of service</td>
<td>Year</td>
<td>2.0</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td>Water consumption</td>
<td>m³</td>
<td>96</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td>R&amp;D investment to sales %</td>
<td></td>
<td>8.1</td>
<td>11.4</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Certifications & Agreement
• Received the “Public Procurement Service Administrator Award” in the product design category at the GOOD DESIGN (GD) (Top 3 among 820 submitted works)
• Received ISO 13481 (quality management system) in 2005 and has been maintaining as of 2009

Sustainable Future
The Communaute Européenne (CE) system changed from medical devices directive (MDD) to medical device regulation (MDR) in May 2020, making it extremely difficult to obtain and maintain CE certification, so that many companies in Korea are giving it up. In response, the Quality Management Team of CHAMMED studied relevant regulations beforehand and is establishing necessary measures. In particular, company-wide efforts are being made to handle, under the current MDD certification system, 4K imaging equipment (new CE certification), which is a key task, as well as Xelis and Dvian (CE certification renewal).

Aiming to record sales of KRW 12 billion and an operating profit of KRW 800 million in 2020, CHAMMED is implementing the following four strategies.
• Product renewal and new product development: Develop new workstations and imaging equipment
• Increase sales in new markets and strategic countries: Establish a foundation to enter the surgical imaging market by developing the 4K imaging equipment (new CE certification)
• Improve quality and actively respond to the regulatory affairs (RA) market

CHAMMED will define its tasks in detail and systematically achieve them, while developing a distinctive competitive edge in the market of ENT workstation, which is its strength. In addition, it will expand and develop its imaging equipment market through R&D, and expand its business areas by working on new products and new businesses as its mid-to-long term goal.
CEO Message
Based on the value of being together rather than alone, Dong-A Otsuka is actively carrying out social contribution activities that establish healthy corporate culture and social communities, along with the company’s development. We designate a “Day of Love” every month and engage in social volunteering activities, and are making continuous efforts aimed at creating shared value (CSV). These activities include the BLUE LABEL CAMPAIGN and lightweight PET as a way to promote resource circulation and participate in policies for low-carbon environmental protection.

Dong-A Otsuka will become a beloved brand, and a happy workplace where employees want to come to work when they wake up in the morning. All of us at Dong-A Otsuka will shape the future with great passion to become a better, more wonderful company that receives customer affection.

Company Overview
Dong-A Otsuka was launched in 1979 upon a spin-off from Dong-A Pharmaceutical’s Food Department. It completed construction of its second plant in Cheongju in 1980, and of its third plant in South Gyeongsang Province in 1996 through continuous development and challenge, thus fully establishing itself as a professional beverage and food company. In addition to diversifying its products, Dong-A Otsuka has been actively responding to consumer demand, as a way to lead consumption patterns for tasty and functional beverages and to develop the health-oriented functional beverage market. It is solidifying its foundation to become a global beverage company by further enhancing the quality of food through continued R&D and accumulation of technologies. Uncertainty in the external environment is expected in 2020 owing to the US-China trade dispute, Korea-Japan export control, the North Korean nuclear issue, etc. However, Dong-A Otsuka will overcome the crisis and use it as an opportunity for re-growth to achieve further advancement by securing technological and cost competitiveness, improving customer responsiveness, and taking other such measures to address our weaknesses and further reinforce our strengths.

History

1971
May 1971
Launched Oran-C (Dong-A Pharmaceutical)
Aug. 1973
Completed construction of the Anyang Plan
Mar. 1979
Dong-A Food was founded
Mar. 1980
Completed construction of the Cheongju Plant
May 1987
Launched POCARI SWEAT

1990
Mar. 1990
Launched Fibe-Mini
Oct. 1991
Launched Demi Soda
May 1992
Changed company name to Dong-A Otsuka
1993
Achieved KRW 100 billion in sales
Aug. 1995
Launched Confidence

2010
Jan. 1996
Completed construction of the Chilseo Plant
Jan. 1997
Launched Tejava
Sep. 2006
Launched Olatte
May 2007
Launched Black Bean Thera-Tea

2019
Feb. 2015
Launched Oronamin C
Mar. 2015
Completed construction of the Dongbu Logistics Center in the metropolitan area
May 2017
30th anniversary of the launch of POCARI SWEAT
Jan. 2018
Launched :D&cafe
May 2018
Launched POCARI SWEAT ION WATER

Vision
Continuous challenge to pursue health and happiness for humanity

Company that takes the lead in functional beverages and foods based on distinctive products

Dong-A Spirit
Pursue Innovation
Think new, start small
Lead Change
Reach trend, change proactively
Trust Others
Create synergy based on trust
Thrive Together
Come together with employees, customers, and society

Dong-A Otsuka Spirit
Customer Satisfaction
Work from the customer perspective
Talent First
Talent to competitiveness

Core Value
Dong-A Otsuka

Mission
Company that takes the lead in functional beverages and foods based on distinctive products

Vision 2025

CEO & President of Dong-A Otsuka
Dong-Young Yang

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Sustainable Future
Dong-A Otsuka was established in 1979 upon a spin-off from Dong-A Pharmaceutical’s Food Department. In addition to its existing major product, Oran-C, the company continually launched new products, beginning with POCARI SWEAT in 1987, followed by Demi Soda, Fibe-Mini, Confidence, Black Bean Thera-Tea, and Oranamin C, based on the theme of “sweat challenge in daily life”. To promote employees’ health and build a pleasant work environment, Dong-A Otsuka will continue to engage in systematic safety management activities and work environment improvement efforts, through which it will build healthy and safe workplaces.

POCARI SWEAT
Launched in 1987, this sports drink contains electrolytes (sodium, potassium, calcium, magnesium, and others) which have a concentration close to body fluids. POCARI SWEAT quickly replenishes the body with water and ion and to maintain balance in the body. Its refreshing, thirst-quenching tastes and high-quality packaging have made it a hit with fans. POCARI SWEAT has continued to take an active part in public-interest programs for youths.

Oromin C
The health drink provides five types of vitamins and three types of essential amino acids in a single bottle a day. Its mouthwatering taste is a result of sugar-fed honey from Mt. Otsuka and carbonic acid. This carbonic acid drink is well received in Korea as well as overseas markets, including Japan, Southeast Asia, and the Middle East.

Demi Soda
Launched in 1991. It contains 11% fruit juice, which considerably reduces carbonic acid by half and calories by 20%. Making it a drink that can be enjoyed without a sense of burden. There are six different flavors, which are apple, orange, peach, lemon, grapefruit, and green grape.

Oran-C
The vitamin C carbonated drink comes in three different flavors – pineapple, orange, and kalamansi. Low in calories, it uses natural coloring and contains vitamin C that is 2.5 times more than the recommended daily requirement, and this is why Oran-C has been a steady seller since its launch in 1971.

Sustainable Management
Sustainable Management Performance
Dong-A Otsuka is striving for the realization of the Group’s mission “continuous challenges to pursue health and happiness for humanity” and growing “into a company that takes the lead in functional food and beverages based on distinctive products.” In 2019, POCARI SWEAT continued activities to secure loyal customers, such as the FUTSAL HEROES and POCARI CHALLENGE TEEN FESTA under the theme of “sweat challenge in daily life”. Oronamin C held the “Hornoramin C”, a participatory cultural festival, to strengthen the theme of “sweat challenge in daily life”. Oronamin C held the “Hornoramin C”, a participatory cultural festival, to strengthen

POCARI SWEAT

- Received the Prime Minister Commendation on ‘Developing and Protecting Youth’ in May 2019
- Recognized No. 1 in 14 consecutive years in the beverage category of the 2018 Korean Customer Satisfaction Index (KCSI) organized by Korea Management Association
- Certified as a family-friendly company by Ministry of Gender Equality and Family (December 1, 2019 - November 30, 2020)

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- Received the Prime Minister Commendation on ‘Developing and Protecting Youth’ in May 2019
- Recognized No. 1 in 14 consecutive years in the beverage category of the 2018 Korean Customer Satisfaction Index (KCSI) organized by Korea Management Association
- Certified as a family-friendly company by Ministry of Gender Equality and Family (December 1, 2019 - November 30, 2020)

Sustainable Management
Sustainable Management Performance
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CEO Message
A logistics company’s social contribution is to provide customers with the best logistics services. Yongma Logis offers logistics services for renowned companies at home and abroad, and we are specialized in logistic services for pharmaceutical and cosmetic industries. Thanks to customers’ interest and trust, we received an A Grade for four consecutive years in the delivery service evaluation conducted by the Korean Ministry of Land, Infrastructure and Transport. Based on our know-how that we have accumulated for the last 37 years, we will strive to develop into a global supply chain management (SCM) leader in Health & Beauty (H&B). In addition, we will think our customers come first at all times and repay that with services that move their hearts.

Company Overview
Yongma Logis was established as Yongma Distribution in 1983, and developed into a third party logistics (3PL) company based on its extensive logistics operation know-how and cutting-edge logistics infrastructure. Yongma Logis diagnoses customers’ logistics status in detail and provides customized, professional logistics services based on a nationwide, directly-managed network and advanced logistics system. In addition, it is assessed as an advanced logistics company based on the many awards and certifications it obtained in relation to logistics services.

Major Services
Yongma Logis provides comprehensive logistics services that satisfy customer needs, ranging from warehouse management to transport, shipping, international logistics, and logistics diagnosis.

History & Certifications

1983 | Yongma Distribution was established, acquired a transport mediation business license, commenced business
1990 | Commanded the parcel delivery service and shipping business
1991 | Opened the Incheon Logistics Center
1994 | Obtained a truck transport business license
2005 | Developed a Transportation Management System and Energy Management System
2009 | Developed a Transportation Management System and Energy Management System
2010 | Obtained a Transportation Management System and Energy Management System
2011 | Obtained a Transportation Management System and Energy Management System
2013 | Obtained a Transportation Management System and Energy Management System
2019 | Developed a Transportation Management System and Energy Management System

Sustainable Management Performance

Sustainable Management Performance

Financial & Non-financial Performance

Classification | Performance | Unit | 2017 | 2018 | 2019
--- | --- | --- | --- | --- | ---
Financial Performance | Total assets KRW billion | 142.7 | 140.8 | 199.5
Total liabilities KRW billion | 44.9 | 44.9 | 38.4
Total total shareholders’ equity KRW billion | 97.9 | 96.0 | 101.1
Sales KRW billion | 231.2 | 212.0 | 248.6
Operating profit KRW billion | 8.1 | 7.3 | 11.5
Operating profit margin | 3.5 | 3.4 | 4.8
Safety training hours Hour/Person | 23.5 | 23.5 | 26.7
Industrial accident | 0 | 0 | 0
Job training hours Hour/Person | 95.7 | 95.7 | 103.7
Percentage of female employees | 7.3 | 8.6 | 14.7
Employed turnover rate % | 11.3 | 11.3 | 16.7
Sales KRW billion | 249.6 | 249.6 | 320.3
Total assets KRW billion | 132.7 | 140.8 | 175.9
Total liabilities KRW billion | 41.2 | 44.9 | 49.4
Total total shareholders’ equity KRW billion | 91.5 | 95.9 | 126.5
Safety training hours Hour/Person | 23.5 | 23.5 | 26.7
Industrial accident | 0 | 0 | 0
Job training hours Hour/Person | 95.7 | 95.7 | 103.7
Percentage of female employees | 7.3 | 8.6 | 14.7
Employed turnover rate % | 11.3 | 11.3 | 16.7
Sales KRW billion | 249.6 | 249.6 | 320.3
Total assets KRW billion | 132.7 | 140.8 | 175.9
Total liabilities KRW billion | 41.2 | 44.9 | 49.4
Total total shareholders’ equity KRW billion | 91.5 | 95.9 | 126.5

Awards & Certifications
- Received A Grade in the delivery service evaluation for four consecutive years
- Ministry of Land, Infrastructure and Transport, Nov 2019
- Obtained AEO certification | Korea Customs Service | 2020
- Designated as an outstanding logistics company | Korea Administration Process | 2020
- ISO 14001 (Environmental management system) | Ministry of Environment | 2018
- ISO 15185 (Medical equipment quality management system) | Korea Administration Process | 2018
- Certified as an outstanding transport company | Korea Ministry of Transport and Traffic, 2019
- Certified as an outstanding logistics warehouse | Korea Ministry of Land, Infrastructure and Transport, 2015
- ISO 9001 (Quality management system) | Korea Foundation for Quality, 2018
VISION 2025 Strategic Direction and Mid- to Long-term Roadmap

**Sustainable Future**

Landscape of the labor environment is anticipated to change with the creation of the Last Mile Delivery Service Industry Development Act and strengthening of the Occupational Safety and Health Act. Also, the low growth trend and the emergence of new competitors are expected to bring about increased diversity in the logistics industry, and more business competition in Korea and abroad. In this sharply-changing environment, Yongma Logis seeks to achieve sales of KRW 366 billion by 2025 by establishing a foundation to become a global logistics company.

1) Yongma Logis will secure an overseas base from 2023 to 2025 and actively develop into a global logistics company.

**STEP 1**

2020

- Strengthen substantial management
- Adjust the speed of the growth rate
- Increase the profit margin and improve services
- Invest in infrastructure differentiated in the health & beauty sector

**STEP 2**

2021–2022

- Promote new business
- Quarantine, MRO1, military logistics
  - Group affiliates, shipper, external sales
  - Make inroads into refrigerated logistics
  - Fixed-temperature transportation of pharmaceuticals
  - Fresh logistics
  - Diversify industry groups
- Development of a new hub logistics center / Operation of hub center + storage center

**STEP 3**

2023–2025

- Establish a foundation for a global logistics company
- Expand the global network
  - Secure local logistics bases overseas
  - Adopt up-to-date logistics technologies
  - Electric vehicles, drone shipping
- CPQ-SepakBus
  - KRW billion
  - 0.81
  - 0.92
  - 0.92

**Major Products**

- Bacchus bottle
- Panpyrin bottle
- Aluminum CAP

- Masinda
- POCARI SWEAT PET
- Narangd Cider PET

**CEO Message**

Soo Seok has been producing glass bottles for such products as Bacchus, Panpyrin, and Morning Care, and PET containers for such items as POCARI SWEAT and Masinda, since our establishment in 1972. We acquired ColorPack, a corrugated cardboard box manufacturer in 2018, and are developing into a comprehensive packaging container company. We will be mindful of the environment in our products so that the environment we live in will remain stable for future generations. In addition to producing packaging containers that are needed in daily life, we strive to grow together with local communities. To this end, we are conducting Anyang Stream purification activities and running programs aimed at supporting the underprivileged. We also operate a junior board where employees make suggestions or recommend improvements, with the goal of establishing a happier corporate culture and to reflecting fresh ideas into top management’s important policy decisions. Soo Seok will grow based on the customer-centered management, and share our success with society. We will take bold actions to change for the better. I ask for your great interest and encouragement.

**CEO & President of Soo Seok**

Ik-Sung Jo
Certifications

- Certified as a company with an excellent labor-management culture (July 9, 2019-July 8, 2022)
- Certified as a sincere taxpayer (maintained)
- Obtained FSSC 22000 certification (maintained)
- Certified as a company with quality job (Dec. 15, 2016-Dec. 14, 2018)

Sustainable Future

The PET bottle waste is emerging as a global environmental issue. As a comprehensive packaging container company, Soo Seok is actively recycling cullet and is also focusing on recycling and reproduction of plastics, including PET. In particular, to help realize a resource circulation society, Soo Seok is engaging in R&D to make waste plastics, including PET, into resources and materials. In addition, the company will increase the PET production operation rate of the Dangjin Plant, relocate the Anyang business site’s Glass Unit to reduce energy costs, and continually develop eco-friendly products to reduce negative environmental impact, while generating economic value for sustainable growth.

Sustainable Management

### Sustainable Management Performance

#### Financial & Non-financial Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td>Total assets</td>
<td>KRW ten.</td>
<td>157.0</td>
<td>167.7</td>
<td>171.2</td>
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<tr>
<td></td>
<td>Total liabilities</td>
<td>KRW ten.</td>
<td>81.5</td>
<td>81.9</td>
<td>81.3</td>
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<tr>
<td></td>
<td>Total shareholders' equity</td>
<td>KRW ten.</td>
<td>75.9</td>
<td>85.8</td>
<td>88.9</td>
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<tr>
<td></td>
<td>Sales</td>
<td>KRW ten.</td>
<td>94.5</td>
<td>111.3</td>
<td>131.8</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>KRW ten.</td>
<td>3.7</td>
<td>4.7</td>
<td>8.9</td>
</tr>
<tr>
<td></td>
<td>Operating profit margin %</td>
<td></td>
<td>3.9</td>
<td>4.2</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>Safety training hours Hour/Person</td>
<td></td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
</tr>
<tr>
<td></td>
<td>Job training hours Hour/Person</td>
<td></td>
<td>20.1</td>
<td>19.9</td>
<td>20.1</td>
</tr>
<tr>
<td></td>
<td>Percentage of female employees %</td>
<td></td>
<td>5.41</td>
<td>6.33</td>
<td>7.09</td>
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<tr>
<td></td>
<td>Employee turnover rate %</td>
<td></td>
<td>19.4</td>
<td>17.7</td>
<td>16.5</td>
</tr>
<tr>
<td></td>
<td>Years of service Year</td>
<td></td>
<td>9.2</td>
<td>8.8</td>
<td>8.7</td>
</tr>
<tr>
<td></td>
<td>Water consumption m³</td>
<td></td>
<td>13,660</td>
<td>16,882</td>
<td>15,301</td>
</tr>
<tr>
<td></td>
<td>Greenhouse gas (GHG) emissions tCO₂ eq</td>
<td></td>
<td>34,860</td>
<td>34,739</td>
<td>34,739</td>
</tr>
<tr>
<td></td>
<td>Company (Scope 1) tCO₂ eq</td>
<td></td>
<td>23,528</td>
<td>24,180</td>
<td>17,899</td>
</tr>
<tr>
<td></td>
<td>Company (Scope 2) tCO₂ eq</td>
<td></td>
<td>11,364</td>
<td>10,906</td>
<td>7,860</td>
</tr>
<tr>
<td></td>
<td>Waste recycling rate %</td>
<td></td>
<td>9.4</td>
<td>5.4</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>CSR expenditures to operating profit %</td>
<td></td>
<td>0.20</td>
<td>0.23</td>
<td>0.10</td>
</tr>
</tbody>
</table>

### Sustainable DA Family

#### History

- **1978**: Dong-A Glass Industries was established.
- **2003**: Anyang Plant 2 adopted the latest bottle-forming machine (2 Triple I.S machines), advanced into the CAP business.
- **2019**: Completed construction of the Eumseong Plant, and began to produce NR PET bottle and plastic CAP.

#### Sustainable Management

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation and Distribution of Economic Value</td>
<td>Sales</td>
<td>KRW ten.</td>
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<tr>
<td></td>
<td>Dividend</td>
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<td></td>
<td>Interest expense</td>
<td>KRW ten.</td>
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<td>1.7</td>
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<tr>
<td></td>
<td>Total</td>
<td>KRW ten.</td>
<td>2.5</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>Shareholders &amp; investors</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salaries</td>
<td>KRW ten.</td>
<td>13.9</td>
<td>14.5</td>
</tr>
<tr>
<td></td>
<td>Employee benefits</td>
<td>KRW ten.</td>
<td>2.0</td>
<td>2.3</td>
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<td></td>
<td>Total</td>
<td>KRW ten.</td>
<td>15.9</td>
<td>16.8</td>
</tr>
<tr>
<td></td>
<td>Suppliers</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Raw material expenses</td>
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<td>30.5</td>
</tr>
<tr>
<td></td>
<td>Outsourcing expenses</td>
<td>KRW ten.</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>KRW ten.</td>
<td>33.0</td>
<td>31.5</td>
</tr>
<tr>
<td></td>
<td>Government &amp; local communities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td>1.4</td>
<td>1.8</td>
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<td></td>
<td>Local tax</td>
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<td>0.24</td>
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<td>CSR expenditures</td>
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Korea Sinto

CEO Message
Since our establishment in 1970, Korea Sinto has been a leading company in foundry, surface processing, pollution prevention, and industrial plant facilities for around 50 years, and made substantial contributions to enhancing the technological base of the automobile industry, heavy industry, and shipbuilding industry. In addition, we are focusing on technology alliance, technology support, and technology accumulation with SINTOKOGIO Japan, which is one of the world’s top two foundry equipment makers, as well as continued product development and performance improvements. Over the last 50 years, we have been offering top-quality products and services through endless R&D to domestic machinery and materials industries. We will do our best to continually supply optimal products and services through endless R&D to domestic machinery and materials industries. We will do our best to continually supply optimal products and services through endless R&D to domestic machinery and materials industries. We will do our best to continually supply optimal products and services through endless R&D to domestic machinery and materials industries.

Company Overview
Establishment
Jul. 10, 1970
Capital
KRW 5 billion
(SINTOKOGIO Japan 79%, Dong-A Socio Holdings 20%)
Sales
KRW 32.8 billion

Major Business
- Machinery Business Department: Foundry equipment, shot blast machines, environmental facility
- Parts Business Department: Maintenance
- Abrasive Business Department: Steel shot, grit

History
1970
- Signed an agreement on capital adoption and technology alliance with SINTOKOGIO Japan
1994
- Domestic equity participation by Dong-A Pharmaceutical (currently Dong-A Socio Holdings)
1998
- Registered the air pollution prevention facility business
1996
- Acquired a domestic patent on the V-Process vacuum casting method
- Became a member of the Korea Foundry Society

1998
- Obtained ISO 9001 quality certification
2002
- Completed a merger with Korea Brator and operated the Machine Business Department and the Brator Business Department
- Held a seminar on the occasion of the launch of the Korea Peening Association
2005
- Obtained ISO 14001 environmental certification
2007
- Carried out capacity expansion of the Brator Business Department’s plant

2010
- Obtained the Minister of Knowledge Economy Award in the casting category at the Korea Technology Contest
- Received ISO 14001 certification (Brator Business Department) / Chosen as a certified partner company of POSCO
2011
- Became a member of the Korea Diesel Industry Cooperative
2014
- Relocated Headquarters and the Machine Business Department to Daegu
2015
- Received the Tin Tower Order of Industrial Service Merit for being a model taxpayer

Major Products & Services
- Abrasive Business
  The Abrasive Business Department was established in March 1986 in accordance with the collaboration with Sinto Brator in Japan. It became the first in the domestic shot materials industry to obtain ISO 9001 certification in May 1997, and Korea Sinto has fully established itself as a professional company of shot materials. Headquarters is located in Daegu, and a sales office in Ansan, Gyeonggi Province, and its major products are steel shot and grit. It has manufacturing bases in five countries across the globe, and offers top-quality products that are produced using cutting-edge technologies, state-of-the-art facilities, and a systematic quality management system.

- Mechanical Equipment Business
  The Machine Business Department was established in July 1970 according to an agreement that was signed in January 1970 between Daehan Heavy Machinery and SINTOKOGIO Japan on capital alliance and technology adoption. On an 8,809 m² site and in an 3,993 m² building, the Department has such plant equipment as shearing machines, drill machines, and racks, and such facilities as overhead cranes, which are used to manufacture casting facilities, surface treatment facilities, and pollution prevention facilities that are used in diverse fields, such as automobiles and aircraft, and also provides maintenance services. It strives to provide products and services that meet client needs based on rich experience and know-how, extensive product line-up and technological development capabilities, and management capabilities.

- Maintenance Support Business
  The Parts Business Department handles on-site preservation and improvement work, leveraging its technological prowess that is based on the technology alliance with SINTOKOGIO Japan and know-how that was accumulated for the last 50 years. In particular, it suggests optimal facility improvement measures through the research unit’s technical support and test equipment management. In addition to providing support for old facilities produced by the company, it offers practical solutions for all sites that are experiencing difficulty with equipment management due to several issues, including copy equipment of small companies in Korea and facilities that cannot be managed due to an equipment maker’s bankruptcy or other issues.
Sustainable Management

Sustainable Management Performance

Despite internal and external difficulties caused by the US-China trade dispute, Korea-Japan export control, and prolonged low growth and low interest rates, Korea Sinto continued strong growth in 2019, recording an operating profit of KRW 2.3 billion with an operating profit margin of 6.86%, thanks to improved competitiveness and structural reform, focused on highly-profitable key businesses.

CEO Message

DONGCHEONSU runs our business based on underground water, a natural resource. We therefore have stronger commitment towards sustainable management. We pay close attention to changes in the surrounding environment, monitor local residents’ use of water, and make considerable efforts for improvement. DONGCHEONSU will become the No. 3 company in the domestic mineral water market by 2025, using clean, high-quality underground water, based on sustainable management.

Company Overview

The two plants of DONGCHEONSU are located near national parks. The company supplies high-quality drinkable spring water through strict quality control, using clean underground water that is abundant with minerals. To manufacture and sell drinkable spring water, the Songnisan Plant began the mineral water production business in July 2014 in Hwabuk-myeon, Sangju City, North Gyeongsang Province, where Songnisan National Park is located. It produces carbonated water and mineral water with water hardness of 37 to 40 and that is full of minerals, including zinc and silicon, based on underground bedrock water 350 meters above sea level in the Baekdu-daegan mountain range.

The second plant, which is the Gayasan Plant, is located in Myeongnyeong-myeon, Hapcheon City, South Gyeongsang Province, where Gayasan National Park and Haeinsa Temple are located. It became a part of DONGCHEONSU in November 2018. Just like the Songnisan Plant, it is located in the Baekdu-daegan mountain area, and produces mineral water using bedrock water 200 meters below ground. It is alkaline water with water hardness of 41-45 at pH 8.9-9. General carbonated water does not contain minerals at all because carbonic acid is added to purified water (RO water). However, DONGCHEONSU’s carbonated water is rich in minerals because carbonic acid is added to mineral water.

Major Brands & Products

DONGCHEONSU’s mineral water brand is “Gayasan Cheonnyeonso”, which is mineral water that is produced using underground bedrock water in the pristine Gayasan National Park, and is available in two products: the 500 mL PET and 2.0 L PET. “Rain Wasser”, which is plain carbonated water containing mineral water, is produced at the Songnisan Plant. Rich Wasser is German for “clear, clean water”. While most carbonated water is made using purified water and carbonic acid, Rain Wasser is full of minerals because it is made using mineral water and it delivers a sense of refreshment with strong carbonic acid.

Sustainable Future

Korea Sinto’s major strategic tasks for 2020 are establishing a foundation for new business, strengthening the facility improvement proposal for clients, and exporting solar shingle. As a new business, the company is working on the stainless can manufacturing business for production of pharmaceutical isolators (aseptic equipment). It formed a taskforce team with Dong-A Pharmaceutical and is collaboration in relation to the business scope and investment direction, with the goal of recording sales of KRW 500 million in 2020.

Another new business that Korea Sinto plans to adopt is ULTRA FLori, a floor polishing product, in response to steadily rising demand in relation to the environment and safety; emphasis on the need for regular management of floor damage and contamination; and the social trend of pursuing exterior appearance and functionality, such as cleaning conveniences as well as prevention of slippiness.

Financial & Non-financial Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td>Total assets</td>
<td>KRW billion</td>
<td>33.7</td>
<td>33.0</td>
<td>32.4</td>
</tr>
<tr>
<td></td>
<td>Total liabilities</td>
<td>KRW billion</td>
<td>10.1</td>
<td>8.9</td>
<td>9.9</td>
</tr>
<tr>
<td></td>
<td>Total liabilities</td>
<td>KRW trillion</td>
<td>20.3</td>
<td>24.1</td>
<td>22.6</td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>KRW trillion</td>
<td>31.1</td>
<td>38.0</td>
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</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>KRW billion</td>
<td>1.3</td>
<td>1.9</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>Operating profit margin</td>
<td>%</td>
<td>6.8</td>
<td>6.9</td>
<td>6.3</td>
</tr>
<tr>
<td>Non-financial Performance</td>
<td>Safety training hours</td>
<td>Hour/Person</td>
<td>24.0</td>
<td>24.0</td>
<td>24.0</td>
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<tr>
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<td>Job training hours</td>
<td>Hour/Person</td>
<td>8.7</td>
<td>18.9</td>
<td>4.0</td>
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<tr>
<td></td>
<td>Percentage of female employees</td>
<td>%</td>
<td>3.0</td>
<td>3.0</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>Employee turnover rate</td>
<td>%</td>
<td>2.0</td>
<td>2.0</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>Years of service</td>
<td>Year</td>
<td>12.0</td>
<td>13.0</td>
<td>14.0</td>
</tr>
<tr>
<td></td>
<td>Water consumption</td>
<td>m³</td>
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<td>1,597</td>
<td>1,657</td>
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<td></td>
<td>Greenhouse gas (GHG) emissions</td>
<td>tCO2 eq</td>
<td>8,681</td>
<td>7,949</td>
<td>5,934</td>
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<tr>
<td></td>
<td>Greenhouse gas (GHG) emissions (Scope 1)</td>
<td>tCO2 eq</td>
<td>1,572</td>
<td>1,407</td>
<td>1,260</td>
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<td>Greenhouse gas (GHG) emissions (Scope 2)</td>
<td>tCO2 eq</td>
<td>7,269</td>
<td>6,542</td>
<td>4,679</td>
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<td></td>
<td>Waste recycling rate</td>
<td>%</td>
<td>96</td>
<td>96</td>
<td>97</td>
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<tr>
<td></td>
<td>Violation of laws</td>
<td>Case</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>CSR expenditures to operating profit</td>
<td>%</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Creation of economic value</td>
<td>Sales</td>
<td>KRW billion</td>
<td>31.1</td>
<td>38.0</td>
<td>32.6</td>
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<td></td>
<td>Dividend</td>
<td>KRW billion</td>
<td>0.13</td>
<td>0.25</td>
<td>0.25</td>
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<td>Salaries</td>
<td>KRW billion</td>
<td>5.6</td>
<td>6.3</td>
<td>6.0</td>
</tr>
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<td></td>
<td>Employee benefits</td>
<td>KRW billion</td>
<td>0.6</td>
<td>0.8</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>KRW billion</td>
<td>6.2</td>
<td>7.1</td>
<td>6.7</td>
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<tr>
<td>Suppliers</td>
<td>Raw material expenses</td>
<td>KRW billion</td>
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<td>13.9</td>
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<td>Outsourcing expenses</td>
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<td>6.96</td>
<td>7.50</td>
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<td></td>
<td>Total</td>
<td>KRW billion</td>
<td>17.64</td>
<td>20.92</td>
<td>15.31</td>
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<tr>
<td>Government &amp; local communities</td>
<td>Internal tax</td>
<td>KRW billion</td>
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<td>0.20</td>
<td>0.18</td>
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<td></td>
<td>Total</td>
<td>KRW billion</td>
<td>0.24</td>
<td>0.52</td>
<td>0.49</td>
</tr>
</tbody>
</table>

1) Ratio of calcium and magnesium. It is known that around 50 makes water taste good.
Sustainable Management

Sustainable Management Performance

DONGCHEONSU is striving to reduce carbon emissions by reducing energy consumption of bottling-forming machines, which create PET bottles, and use the most amount of electricity. To this end, the company adopted a system that can collect primarily used heat and compressed air, and reuse it for a second process, which has resulted in an annual reduction of around 15% in electricity bill. Plastics may have a negative impact by building up in the human body or in the national environment. DONGCHEONSU adopts a two-step cleaning process before filling empty bottles to reduce the ratio of remaining fine plastics. In addition, the company is reducing the weight of subsidiary materials in a phased manner to minimize environmental pollution and reduce carbon consumption.

Financial & Non-financial Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Total assets</td>
<td>KRW trillion</td>
<td>17.6</td>
<td>16.6</td>
<td>24.8</td>
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<tr>
<td></td>
<td>Total Liabilities</td>
<td>KRW trillion</td>
<td>16.3</td>
<td>14.6</td>
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<tr>
<td></td>
<td>Total shareholders equity</td>
<td>KRW trillion</td>
<td>8.4</td>
<td>9.5</td>
<td>6.6</td>
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<tr>
<td></td>
<td>Sales</td>
<td>KRW billion</td>
<td>13.0</td>
<td>14.4</td>
<td>24.8</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>KRW billion</td>
<td>1.1</td>
<td>1.5</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>Operating margin</td>
<td>%</td>
<td>8.6</td>
<td>10.2</td>
<td>9.1</td>
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<td>Non-financial</td>
<td>Safety training hours</td>
<td>Hour/Person</td>
<td>14.0</td>
<td>14.0</td>
<td>14.0</td>
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<tr>
<td></td>
<td>Industrial accident</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage of female employees</td>
<td>%</td>
<td>18.4</td>
<td>18.4</td>
<td>15.4</td>
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<tr>
<td></td>
<td>Employee turnover rate</td>
<td>%</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>Year of service</td>
<td>Year</td>
<td>6.4</td>
<td>6.8</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td>Water consumption</td>
<td>M³</td>
<td>108,143</td>
<td>122,214</td>
<td>126,358</td>
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<tr>
<td></td>
<td>Wastewater Effluent</td>
<td>M³</td>
<td>8,807</td>
<td>10,748</td>
<td>11,423</td>
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<tr>
<td></td>
<td>Percentage of hiring local talent</td>
<td>%</td>
<td>34.2</td>
<td>34.2</td>
<td>34.2</td>
</tr>
<tr>
<td></td>
<td>Violation of laws</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR expenditures to operating profit</td>
<td>%</td>
<td>5.7</td>
<td>4.5</td>
<td>26.4</td>
</tr>
</tbody>
</table>

Creation and Distribution of Economic Value

| Creation of economic value | Sales | KRW billion | 13.0       | 14.4       | 24.8       |

Shareholders & Investors

| Dividend | KRW billion | 0.0       | 0.0       | 0.0       |
| Interest expense | KRW billion | 0.20       | 0.25       | 0.39       |
| Total | KRW billion | 2.25       | 0.61       | 0.79       |

Employees

| Salaries | KRW billion | 1.9       | 2.3       | 3.4       |
| Employee benefits | KRW billion | 0.30       | 0.35       | 0.51       |
| Total | KRW billion | 2.2       | 2.6       | 3.9       |

Suppliers

| Raw material expenses | KRW billion | 6.8       | 7.5       | 11.8       |
| Outsourcing expenses | KRW billion | 0.21       | 0.06       | 0.10       |
| Total | KRW billion | 7.0       | 7.5       | 11.9       |

Government & local communities

| Internal tax | KRW billion | 0.5       | 0.6       | 0.8       |
| Local tax | KRW billion | 0.03       | 0.03       | 0.03       |
| CSR expenditures | KRW billion | 0.07       | 0.07       | 0.08       |
| Total | KRW billion | 0.6       | 0.7       | 1.4       |

Awards

- Chosen as a ‘Good SME to Work At’ by the Korea Chamber of Commerce and Industry, 2019
- Received a National Assembly Member Commendation for contributions in building neighborhood community harmony and local development, 2019
- Received an Appreciation Plaque from Sangju City Mayor in recognition of faithful fulfillment of corporate social responsibilities and contributing to building the local economy through job creation, 2019
- Received a Commendation Plaque from the Sanju City Government, 2019
- Received an Appreciation Plaque from Sangju City Mayor, 2019
- Received a National Assembly Member Commendation for contributions in building neighborhood community harmony and local development, 2019

Sustainable Future

DONGCHEONSU plans to strike a right balance between financial and non-financial performance for a sustainable future. The company acquired an additional amount of collected water with the operation of its second plant, the Gayaean Plant, in 2018 to secure competitiveness in the mineral water market, which is growing every year. It will achieve its Vision 2025 of becoming the No. 3 company in the mineral water market through development of its third plant, the Boryeong Plant. DONGCHEONSU is also looking into new businesses that are relevant to mineral water and new businesses that make use of local farm products. As part of non-financial efforts for CSR, the company is planning programs that are related to the environment, in addition to donations and other social contribution activities.

CEO Message

Chul Geun E&C became a member of Dong-A Socio Group in 2013, and is a comprehensive construction company that specializes in Good Manufacturing Practice (GMP) facilities and cutting-edge integrated logistics centers. Based on the experience and construction technologies that we have accumulated since 1989 in a rapidly changing environment at home and abroad, Chul Geun E&C is making utmost efforts to generate spatial value that satisfies all and to fulfill social responsibilities as a member of Dong-A Socio Group which practices the spirit of ‘respect for life, humankind, and the environment’.

Company Overview

Chul Geun E&C is a comprehensive construction company that carries out construction projects for cutting-edge industrial facilities, including bio/pharmaceutical/food facilities, and various buildings, such as education/research facilities, work/sales facilities, logistics facilities, and public facilities, based on its advanced, accumulated technologies and extensive project experiences, ranging from development planning to feasibility study, design, construction, CONSTRUCTION MANAGEMENT (CM), procurement, pilot operation, and advisory, on a turnkey basis. To maintain its competitive advantage, the company is integrating and commercializing new technologies that can offer higher value to clients into cutting-edge industrial facility construction technologies, which are the company’s key competency. For areas that have high growth potential and a comparative advantage from among promising new technologies – information technology (IT), biotechnology, nanotechnology, and environmental technology – the company built a corporate-wide knowledge-intensive database, and is developing these areas into strategic areas for winning orders. Chul Geun E&C is also focusing on new management work, such as maintenance and facility management. It is entering overseas markets, including Cambodia, Vietnam, and China, and expanding its business foundation for continued growth into the world.

Myung-Nam Kim
CEO & President of Chul Geun E&C
History

1989
Seojin Industry was established

1991
Became a member of the Construction Guarantee Cooperative

1994
Registered the facility maintenance business license

1997
Registered the real estate development business license

1999
Established the Interior Business

2004
Chul Geun E&C became a member of Dong-A Socio Group

2014
Registered the facility maintenance business license

2019
Registered the facility maintenance business license

Major Services

Construction Business
This business involves building and supplying various production facilities, such as GMP-certified pharmaceutical plants and HACCP (Hazard Analysis and Critical Control Point)-certified food plants, storage facilities, including logistics centers and automated warehouses, as well as knowledge industry centers, neighborhood facilities, education facilities, and military facilities. In addition, it conducts construction projects within the Group. Chul Geun E&C carries out general and government construction projects.

Interior Construction Business
This interior business consists of designing a building’s interior according to its use and function and finishing the interior space. It is specialized for such industrial facilities as offices, employees’ rest areas, and R&D facilities, as well as such commercial facilities as car showrooms and分支机构.

Facility Maintenance Business
Chul Geun E&C handles inspections and maintenance, improvements, repairs, and reinforcements to preserve functions after the construction of production facilities and general buildings, and mainly specializes in maintenance of pharmaceutical production facilities.

Civil Engineering Business
This business involves building large-scale industrial complexes, building and expanding roads, and building other engineering structures. Chul Geun E&C handles both private and government construction projects.

Real Estate Development Business
This business involves changing the form of land through processing, such as construction work, or building facilities or structures that will be used for daily life, production, and recreational activities or creating rights to use and then supplying them. Chul Geun E&C mainly establishes and implements real estate development plans within the Group.

Sustainable Management

Sustainable Management Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Total assets</td>
<td>KRW billion</td>
<td>12.5</td>
<td>9.7</td>
<td>11.2</td>
</tr>
<tr>
<td></td>
<td>Total liabilities</td>
<td>KRW billion</td>
<td>5.6</td>
<td>7.0</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>Total shareholders’ equity</td>
<td>KRW billion</td>
<td>6.9</td>
<td>2.7</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>KRW billion</td>
<td>34.0</td>
<td>31.2</td>
<td>31.0</td>
</tr>
<tr>
<td>Non-Financial</td>
<td>Operating profit (loss)</td>
<td>KRW billion</td>
<td>(0.3)</td>
<td>0.04</td>
<td>0.04</td>
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<tr>
<td></td>
<td>Operating profit (loss) margin</td>
<td>%</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
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<tr>
<td></td>
<td>Safety training hours</td>
<td>Hour/Person</td>
<td>14.4</td>
<td>14.2</td>
<td>13.9</td>
</tr>
<tr>
<td></td>
<td>Industrial accident</td>
<td>Case</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Job training hours</td>
<td>Hour/Person</td>
<td>21.8</td>
<td>21.3</td>
<td>10.1</td>
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<td></td>
<td>Percent of female employees</td>
<td>%</td>
<td>13.8</td>
<td>14.4</td>
<td>19.4</td>
</tr>
<tr>
<td></td>
<td>Employee turnover rate</td>
<td>%</td>
<td>28.0</td>
<td>28.9</td>
<td>16.7</td>
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<td></td>
<td>Years of service</td>
<td>Year</td>
<td>2.4</td>
<td>2.8</td>
<td>2.6</td>
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<tr>
<td></td>
<td>Participation rate in pledge to eco-friendly management</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Sustainable Future

Chul Geun E&C’s goal for 2020 is to record sales of KRW 40.2 billion and an operating profit of KRW 800 million. Major sales target includes KRW 33 billion from construction projects within the Group, such as Dong-A Pharmaceutical’s Dangjin Plant and Dong-A ST’s Songdo Oral Solids (ODS) Plant; KRW 3.5 billion from plant maintenance; KRW 2 billion from the interior business; and KRW 1.7 billion from other business. Sales are expected to improve to KRW 72.2 billion in 2021 as a result of remaining construction of Dong-A Pharmaceutical’s Dangjin Plant and Dong-A ST’s Songdo ODS Plant. Its goal afterwards through 2025 is to post sales of around KRW 46 billion and an operating profit of around KRW 1 billion.

VISION 2025 Strategic Direction and Mid- to Long-term Roadmap

2020–
- Build a foundation for independence

2023–
- Secure professional capabilities

2025–
- Construction total service provider of Dong-A Socio Group

Develop assets (company housing, Dangjin Plant)

Focus on building GMP-certified plants

Expand directly-run construction (Industrial Interior work)

Dong-A ST’s Songdo ODS Plant

Shanghai overseas sales activities (joint order in collaboration with excellent partner companies)

Observe external orders for GMP- and/or GSP-certified plants

Manage real estates of the Group (company building, company housing)

Build a maintenance system

Develop the Group’s assets (JO-TOWN, etc.)

Based on the company’s experience of building four GMP-certified plants and automated warehouses, Chul Geun E&C will win orders for building GMP- and/or Good Supplying Practice (GSP)-certified facilities of outside the Group starting in 2023 and increase external sales, while commencing development of real estate within the Group. Chul Geun E&C will grow into the Group’s comprehensive real estate management company that encompasses maintenance, development, management, and management by 2025. In addition, it will increase its external sales in building GMP- and/or GSP-certified facilities, and make preparations for requests for overseas construction projects of the Group.
Financial & Non-financial Performance

### Financial Performance
- **Total assets (KRW billion)**: 2017, 2.6; 2018, 2.9; 2019, 2.7
- **Total liabilities (KRW billion)**: 2017, 1.9; 2018, 2.1; 2019, 1.7
- **Total shareholders’ equity (KRW billion)**: 2017, 1.6; 2018, 0.8; 2019, 1.1
- **Sales (KRW billion)**: 2017, 2.9; 2018, 12.0; 2019, 13.2
- **Operating profit (loss) (KRW billion)**: 2017, 0.1; 2018, (0.8); 2019, 0.1
- **Operating profit (loss) margin (%)**: 2017, 1.1; 2018, (6.7); 2019, 0.3

### Non-financial Performance
- **Percentage of part-time employees (%)**: 2017, 0; 2018, 0; 2019, 0
- **Safety training hours (Hour/Person)**: 2017, 1.4; 2018, 2.0; 2019, 6.4
- **Industrial accident (Case)**: 2017, 0; 2018, 0; 2019, 0
- **Percentage of female employees (%)**: 2017, 16.4; 2018, 19.1; 2019, 14.3
- **Employee turnover rate (%)**: 2017, 13.4; 2018, 16.9; 2019, 8.5
- **Years of service (Year)**: 2017, 7.5; 2018, 7.5; 2019, 8.9
- **Violation of laws (Case)**: 2017, 0; 2018, 0; 2019, 0

### Creation and Distribution of Economic Value
- **Sales (KRW billion)**: 2017, 9.9; 2018, 12.0; 2019, 12.6
- **Salaries (KRW billion)**: 2017, 3.4; 2018, 3.9; 2019, 3.8
- **Employee benefits (KRW billion)**: 2017, 0.4; 2018, 0.6; 2019, 0.7
- **Total (KRW billion)**: 2017, 3.8; 2018, 4.5; 2019, 4.6

- **Raw material expenses (KRW billion)**: 2017, 2.8; 2018, 3.3; 2019, 3.1
- **Outsourcing expenses (KRW billion)**: 2017, 1.8; 2018, 3.4; 2019, 3.6
- **Total (KRW billion)**: 2017, 4.6; 2018, 6.7; 2019, 6.8

- **Internal tax (KRW billion)**: 2017, 0.01; 2018, -0.23; 2019, 0.01
- **Local tax (KRW billion)**: 2017, 0.00; 2018, 0.02; 2019, 0.02
- **Total (KRW billion)**: 2017, 0.01; 2018, -0.25; 2019, 0.03

### Sustainable Management

#### Sustainable Management Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td><strong>Financial &amp; Non-financial</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets (KRW billion)</strong></td>
<td></td>
<td></td>
<td>2.6</td>
<td>2.9</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Total liabilities (KRW billion)</strong></td>
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<td></td>
<td>1.9</td>
<td>2.1</td>
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</tr>
<tr>
<td><strong>Total shareholders’ equity (KRW billion)</strong></td>
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<td></td>
<td>1.6</td>
<td>0.8</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Sales (KRW billion)</strong></td>
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<td></td>
<td>2.9</td>
<td>12.0</td>
<td>13.2</td>
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<tr>
<td><strong>Operating profit (loss) (KRW billion)</strong></td>
<td></td>
<td></td>
<td>0.1</td>
<td>(0.8)</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Operating profit (loss) margin (%)</strong></td>
<td></td>
<td></td>
<td>1.1</td>
<td>(6.7)</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Non-financial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Percentage of part-time employees (%)</strong></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Safety training hours (Hour/Person)</strong></td>
<td></td>
<td></td>
<td>1.4</td>
<td>2.0</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Industrial accident (Case)</strong></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Percentage of female employees (%)</strong></td>
<td></td>
<td></td>
<td>16.4</td>
<td>19.1</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Employee turnover rate (%)</strong></td>
<td></td>
<td></td>
<td>13.4</td>
<td>16.9</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Years of service (Year)</strong></td>
<td></td>
<td></td>
<td>7.5</td>
<td>7.5</td>
<td>8.9</td>
</tr>
<tr>
<td><strong>Violation of laws (Case)</strong></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

#### History
- **1991**
  - Dong-A DataSystem was established
  - Received the Excellence Award at Web Award Korea (Yongma Logis website-logistics category), 2016
  - Received the Grand Prize at Web Award Korea (Bacchus website-beverage category), 2019

- **2019**
  - Dong-A DataSystem was established

#### VISION 2025

<table>
<thead>
<tr>
<th>Strategic Direction and Mid- to Long-term Roadmap</th>
</tr>
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<tbody>
<tr>
<td><strong>2020–2021</strong></td>
</tr>
<tr>
<td>Expand the adoption of an ERP system within the Group, provide next-generation support Security an unrivaled position in the area of IT and computer system validation (CSV) for GMP-certified companies Win external projects of system building and/or maintenance based on the capabilities and experiences accumulated through the projects within the Group Develop an open source-based solution</td>
</tr>
<tr>
<td><strong>2022–2023</strong></td>
</tr>
<tr>
<td>Continue to provide IT support and maintenance services to support the business operation of each Group affiliate</td>
</tr>
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</tr>
<tr>
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</tr>
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</tr>
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</tbody>
</table>

#### Sustainable Future
DA Information is strengthening internal capabilities to respond to the rapidly-changing IT environment, and is challenging itself to leverage the capabilities it developed while offering IT services within the Group to engage in an external IT business. The company’s goal is to increase sales from outside the Group which is currently around KRW 300 million, accounting for 3% of sales, to KRW 5 billion or 27% of sales by 2025. The company will continue its experiences of success by continually taking on challenges.

#### VISION 2025

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#### CEO Message
Under market circumstances where the IT infrastructure environment is rapidly shifting to be cloud-centered, DA Information is developing an open source-based solution that allows simultaneous control and management of an Internet data center (IDC) and cloud, while striving to establish references. In addition, we will develop into an IT service partner that pursues client satisfaction and innovation through 2025 by continually taking on challenges.

#### Company Overview
DA Information, initially launched as the IT Department of Dong-A Pharmaceutical, is now in charge of development and maintenance of the IT systems of all Dong-A Socio Group affiliates. Based on capabilities that have been accumulated and specialized for pharmaceutical IT, DA Information is offering customized services to affiliates as well as external clients.

#### History
- **1991**
  - Dong-A DataSystem was established
- **1995**
  - Company name changed to Dongaseetech
- **2006**
  - DA Information was established
- **2019**
  - Received the Excellence Award at Web Award Korea (Yongma Logis website-logistics category), 2016
  - Received the Grand Prize at Web Award Korea (Bacchus website-beverage category), 2019

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SUSTAINABLE FOUNDATION
OUR SYSTEM

SUSTAINABILITY PERFORMANCE
OUR VALUE

088
Sustainability
Corporate Governance
Stakeholder Engagement

094
Materiality
Materiality Analysis
Risk Management

097
Integrity
Ethical Management
Information Security Management

103
Humanity
Human Rights Protection
Human Resources Management

109
Responsibility
Social Contributions
Green Management
Our System

Sustainability

Transparent governance, based on checks and balances, enables efficient management. Dong-A Socio Holdings has established the Corporate Governance Charter to build sound governance.

Approach

The adoption of the stewardship code has led to increased social interest in governance, and the establishment of transparent governance is impacting future corporate value and Top management.

Achievements

Management of employees for sustainable management of Dong-A Socio Group

100% Sustainable management diagnosis of the Group affiliates

CEO participation in the Dong-A Socio Group Social responsibility Council

Identified stakeholder groups

183 No. of participants in education for sustainable management

Sustainability Education

Linking UN SDGs

Corporate Governance

Establishment of the Corporate Governance Charter

Dong-A Socio Holdings established the Corporate Governance Charter based on a board of directors (BOD) resolution in March 2019 and officially announced it at the annual general meeting (AGM). The Corporate Governance Charter consists of five chapters—shareholders, the BOD, audit organization, stakeholders, and management monitoring by the market. It emphasizes the roles and responsibilities of outside directors who are independent from controlling shareholders and top management, and has the BOD and Audit Committee perform actual supervision functions on top management.

Independence of the BOD

Dong-A Socio Holdings has outside directors comprise the majority of the BOD to maintain independence of the BOD, which is an internal decision-making body, so that the BOD can make reasonable judgments and decisions. The chairman of the BOD is an outside director, separate from the CEO. The Evaluation & Compensation Committee and the Audit Committee, which are committees under the BOD, are comprised of outside directors, while the Committee for Recommending Candidates for Outside Directors consists of at least two-thirds of outside directors to strengthen independence and transparency.

BOD Composition

<table>
<thead>
<tr>
<th>Classification</th>
<th>Name</th>
<th>Position</th>
<th>Initial date of appointment</th>
<th>Termination date of appointment</th>
<th>Expertise</th>
<th>Key profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Directors</td>
<td>Jong Hyun Han</td>
<td>CEO &amp; President</td>
<td>Mar. 2017</td>
<td>Mar. 2020</td>
<td>Management</td>
<td>Senior Research Engineer at Shehan Research Institute (Current) Professor at Graduate School of Business, Sungkyunkwan University</td>
</tr>
<tr>
<td></td>
<td>Min Hyun Kim</td>
<td>Executive Director of Management &amp; Planning Division</td>
<td>Mar. 2017</td>
<td>Mar. 2020</td>
<td>Management</td>
<td>Professor of Management</td>
</tr>
<tr>
<td></td>
<td>Suh Hyun Park</td>
<td>CFO</td>
<td>Mar. 2012</td>
<td>Mar. 2023</td>
<td>Finance &amp; accounting</td>
<td>Senior Research Engineer at Shehan Research Institute (Current) Professor at Graduate School of Business, Sungkyunkwan University</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>Bong Soon Cho</td>
<td>Chairman of the BOD</td>
<td>Mar. 2013</td>
<td>Mar. 2022</td>
<td>Organization &amp; HR (Professor)</td>
<td>Senior Research Engineer at Shehan Research Institute (Current) Professor at Graduate School of Business, Sungkyunkwan University</td>
</tr>
<tr>
<td></td>
<td>Chang-Jin Moon</td>
<td>Chairman of the Committee for Recommending Candidates for Outside Directors</td>
<td>Mar. 2015</td>
<td>Mar. 2021</td>
<td>Finance &amp; accounting</td>
<td>Professor of Management</td>
</tr>
<tr>
<td></td>
<td>Han-Sang Yi</td>
<td>Chairman of the Audit Committee</td>
<td>Mar. 2018</td>
<td>Mar. 2021</td>
<td>Finance &amp; accounting</td>
<td>Professor of Management</td>
</tr>
</tbody>
</table>

BOD Education in 2019

<table>
<thead>
<tr>
<th>For</th>
<th>Date</th>
<th>Lecturer</th>
<th>Attendees</th>
<th>Major training content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>Sep 26</td>
<td>Listed Companies Audit Association</td>
<td>Dong Chul, Member of the Audit Committee</td>
<td>Regular training lecture by the Listed Companies Audit Association</td>
</tr>
<tr>
<td>BOD</td>
<td>Oct 18</td>
<td>Kwon-Hae-Soo, Analyst of Samsung Securities</td>
<td>All BOD members</td>
<td>Status and outlook of the domestic and overseas pharmaceutical industry</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>Nov 11</td>
<td>Young-Chan Wun, Director of Samsung H&amp;G Accounting Corp</td>
<td>Audit Committee member Han-Sang Yi, Bong-Soon Cho</td>
<td>Outline of the internal accounting management system and roles of the Audit Committee</td>
</tr>
</tbody>
</table>

Expertise and Diversity of the BOD

Dong-A Socio Holdings appoints outside directors who have expertise in various fields, including management, finance & accounting, health & medical administration, and law, to ensure the expertise and diversity of outside directors who supervise and check top management. We also provide regular training to strengthen BOD expertise.
Committees under the BOD
Dong-A Socio Holdings adopted a BOD committee system for efficient BOD operation. We currently operate three committees under the BOD - the Committee for Recommending Candidates for Outside Directors, Evaluation & Compensation Committee, and Audit Committee. Total assets of Dong-A Socio Holdings as of the end of 2019 is less than KRW 2 trillion, which means that we are not obligated to set up an audit committee and a committee for recommending candidates for outside directors pursuant to the Commercial Act. Dong-A Socio Holdings, however, preemptively adopted the Committee for Recommending Candidates for Outside Directors in September 2017 and the Audit Committee in March 2018 to enhance corporate management and accounting transparency and to practically supervise top management.

Committee for Recommending Candidates for Outside Directors
The Committee for Recommending Candidates for Outside Directors consists of three members of which two are outside directors. It is regulated that the members elect the chairperson from among outside directors to enhance transparency of its operations. Dong-A Socio Holdings forms committees, driven by outside directors, but includes one internal director in the Committee for Recommending Candidates for Outside Directors to prevent self-empowerment of outside directors. The Committee for Recommending Candidates for Outside Directors impartially verifies whether an outside director candidate is in line with the interests of the company, shareholders and others, and satisfies the qualification requirements set forth in relevant laws and standards. It makes a final decision on whether the candidate is suitable for the company in consideration of expertise and capabilities in the relevant field, and recommends the outside director candidate.

Evaluation & Compensation Committee
The Evaluation & Compensation Committee consists only of outside directors as part of efforts to establish a transparent and fair evaluation and compensation system. Also, it is regulated that the members elect the chairperson from among outside directors to enhance transparency of its operations. The Evaluation & Compensation Committee establishes standards on the company's performance evaluation and compensation, and the company annually evaluates employee performance and compensates employees according to the standards.

Audit Committee
Dong-A Socio Holdings established the Audit Committee after changing the Articles of Association at an AGM held on March 27, 2018 to ensure independence and transparency of its audit system. The Audit Committee consists only of outside directors so that the Committee can maintain objectivity from a position that is independent from business execution organizations, such as the BOD and top management, while performing audit duties. It is regulated that the members elect the chairperson from among outside directors. The Audit Committee audits accounting and business from an independent position from top management and controlling shareholders; deliberates and makes decisions on matters delegated by the BOD; and supervises the execution of duties using objective criteria, such as the Audit Committee regulations, so that the BOD and top management can reasonably manage decision-making processes.

Enhancing Shareholder Value
Dong-A Socio Holdings adopted a system for electronic voting and electronic proxy voting from the 71th AGM to enhance shareholder convenience in exercising their voting rights. Also, starting from the AGM for 2019 settlement, a conversion notice was made four weeks prior to the AGM to enable shareholders to review agenda items over a sufficient period. AGM dates of the Group affiliates were dispersed, and we strove not to hold the AGMs in the dates when many other companies hold theirs as recommended by the Financial Supervisory Service, in our efforts to encourage active shareholder participation. Dong-A Socio Holdings engages in a wide array of investor relation (IR) activities to ensure corporate transparency and build trust with investors. The company holds non-deal roadshows (NDRs) and attends the Corporate Day held by securities firms. In addition, it discloses governance-related information through its websites (http://www.donga.co.kr) and public notice inquiry systems, such as DART (http://dart.fss.or.kr), including its Articles of Association, BOD and BOD Committee regulations, matters on shareholders, and matters on the BOD and audit organization. By doing so, Dong-A Socio Holdings is helping its stakeholders better understand the company’s governance system.

Jeong-Do Management Committee
Dong-A Socio Group operates the Jeong-Do Management Committee to establish ethical management policies at the Group level and share information on the status. It consists of the internal audit department heads, internal accounting managers, and compliance department heads of Dong-A Socio Holdings, Dong-A ST, and Dong-A Pharmaceutical, and its purpose is to fully establish and spread ethical management within the Group. Major matters presented for discussion include planning and implementing, providing training, publicizing the ethical management system, operating ethics programs, and evaluating the level of ethics. Details of the regular meetings, that are held every quarter, and extraordinary meetings are reported during regular BOD meetings of Dong-A Socio Holdings every quarter.

Sustainable Management Governance
Dong-A Socio Group launched the Dong-A socio group Social responsibility Council (DSC) in March 2020 to deliberate and make decisions on matters related sustainable management. The DSC consists of the Group Chairman and 13 CEOs of the Group affiliates. Dong-A Socio Holdings’ Jeong-Do (Fair) Management Team performs roles as a secretariat, and the Jeong-Do Management Department Head serves as the secretary.

Sustainable Management Training for the Group Affiliates
Dong-A Socio Holdings’ Jeong-Do (Fair) Management Team made a visit and provided training on BOD 3600 to its Dong-A Socio Holdings and 12 Group affiliates in July 2019, and discussed the Group’s direction of implementing sustainable management and influence on practical business. In September, a two-day training session was provided to executives in charge and working-level department and team heads of the Group affiliates. The training was on understanding sustainable management and practical affairs, and was held at the HR Development Center in Sangju.

DSC Organization

DSC Chairman (Chairman of Dong-A Socio Group)
Chairman of Dong-A Socio Group (CEO of Dong-A Socio Holdings)
DSC Secretariat
DSC Department Head (Secretary)

CEO of Dong-A ST
CEO of Dong-A Pharmaceutical
CEO of ST Pharm
CEO of DM Bld
CEO of CHAMMED
CEO of Dong-A Ohluka
CEO of Yongma Logistics
CEO of Soo Saek
CEO of Korea Sinto
CEO of DONGCHEONSG
CEO of Chu Gyun E&C
CEO of DA Information

Diagnosis of Sustainable Management of the Group Affiliates
As the first step to fully implement the Group’s sustainable management, a sustainable management diagnosis was carried out for Dong-A Socio Holdings and 12 Group affiliates from October to November 2019. This is aimed at enhancing Dong-A Socio Group’s awareness of sustainable management and to diagnose the current state, and is planned to be held every year.

Holding of the DSC
The first DSC meeting was held in March 2020. At the first meeting, which was participated by all CEOs of the Group affiliates, information was shared on ESG trends and the CSR diagnosis status of the Group affiliates. Dong-A Socio Group plans to share sustainable management cases among the Group affiliates by holding a DSC meeting every quarter and build a performance system that reflects their CSR diagnosis results in evaluations.

Received an A Grade in Governance by KCGS
Dong-A Socio Holdings earned a grade of Dong-A Socio Holdings was significantly raised from C in 2018 to A in 2019 in the governance category. As the first step to fully implement the Group’s sustainable management, a sustainable management diagnosis was carried out for Dong-A Socio Holdings and 12 Group affiliates from October to November 2019. This is aimed at enhancing Dong-A Socio Group’s awareness of sustainable management and to diagnose the current state, and is planned to be held every year.

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Chairman of Dong-A Socio Group (CEO of Dong-A Socio Holdings)
DSC Secretariat
DSC Department Head (Secretary)

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CEO of Dong-A Pharmaceutical
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CEO of Yongma Logistics
CEO of Soo Saek
CEO of Korea Sinto
CEO of DONGCHEONSG
CEO of Chu Gyun E&C
CEO of DA Information
Stakeholder Engagement

Stakeholder Communication Channels
Dong-A Socio Holdings pays close attention to opinions of its stakeholders and actively communicates with them. In particular, we define stakeholders based on the criteria presented by ISO 26000, which is a global standard on corporate social responsibilities, conduct detailed examinations of the impact of individual stakeholders or stakeholder groups on our decision-making and management activities, and encourage stakeholder participation through various channels. Dong-A Socio Holdings will continue to have dialogue with diverse stakeholders and make continued efforts so that the valuable opinions of stakeholders are reflected in management activities for the company’s sustainable growth.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Communication channel</th>
<th>Frequency</th>
<th>Major issues and expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group affiliates</td>
<td>DSC Jeong-Do Management Committee</td>
<td>Quarterly</td>
<td>Establish Group-level policies and share information on the status</td>
</tr>
<tr>
<td>Group affiliates</td>
<td>Jeong-Do Management Website</td>
<td>Yearly</td>
<td>Minimize management risks, enhance shareholder and investor value</td>
</tr>
<tr>
<td>Shareholders &amp; Investors</td>
<td>BOD AQM Meetings and phone-calls</td>
<td>Quarterly</td>
<td>Support the underprivileged, contribute to the development of local communities</td>
</tr>
<tr>
<td>Local communities</td>
<td>CSR activities</td>
<td>Yearly</td>
<td>Respond to policies and regulations</td>
</tr>
<tr>
<td></td>
<td>Presentations of and meetings with the Ministry of Employment and Labor</td>
<td>Yearly</td>
<td>Minimize management risks, enhance shareholder and investor value</td>
</tr>
<tr>
<td></td>
<td>AllBaro System (Waste management system of the Ministry of Environment)</td>
<td>Yearly</td>
<td>Strengthen employee communication and enhance employees’ quality of life, share labor and human rights operation policies, and prevent workplace harassment</td>
</tr>
<tr>
<td>Employees</td>
<td>Intranet (D-Portal)</td>
<td>Year-round</td>
<td>Fully establish fair operation practices by implementing anti-corruption, transparent management</td>
</tr>
<tr>
<td></td>
<td>Online welfare center (Ezwelfare) Website (With Dong-A)</td>
<td>Year-round</td>
<td>Support the underprivileged, contribute to the development of local communities</td>
</tr>
<tr>
<td></td>
<td>Dong-A Pharmaceutical Magazine</td>
<td>Year-round</td>
<td>Minimize management risks, enhance shareholder and investor value</td>
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<tr>
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<td>Givance Handling Counseling Center</td>
<td>Yearly</td>
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<tr>
<td></td>
<td>Jeong-Do Management Website</td>
<td>When an issue arises</td>
<td>Support the underprivileged, contribute to the development of local communities</td>
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<td></td>
<td>Internal real Education</td>
<td>When an issue arises</td>
<td>Support the underprivileged, contribute to the development of local communities</td>
</tr>
<tr>
<td></td>
<td>Partner companies</td>
<td>Year-round</td>
<td>Minimize management risks, enhance shareholder and investor value</td>
</tr>
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</table>

Stakeholder Expectations by Sustainable Management Theme
Dong-A Socio Holdings conducted a written stakeholder survey in 2019 on sustainable management. In this process, we provided space where stakeholders could freely leave their opinions, and thus collected their opinions on roles that we should perform actively to fulfill our social responsibilities and continue to develop.

Organizational governance
- I think there is a need for Dong-A Socio Holdings to present a direction, and for the establishment of a sustainable management plan that is appropriate for each affiliate’s circumstances. In case of a conflict of opinion between the Group affiliates, Dong-A Socio Holdings should take responsibility and adequately mediate between the them.
- I believe there is a need to establish a group’s external identity.
- I think Dong-A Socio Holdings’ full establishment as a company that fulfills social responsibilities is essential for corporate growth and sustainability.
- For Dong-A Socio Holdings’ sustainable management to be implemented with consistency, there is a need for it to be reflected in all company regulations, including company rules. In addition, employees, stakeholders, and customers should be directly informed of the company’s sustainable management, in addition to establishing an institutional mechanism so that sustainable management can continue even when there are changes to members of the executing organization.
- Various elements for sustainable management can be easily overlooked by examining only financial statements, but they have great significance for risk management in the short term and for the company’s perpetuity over the long term. There is a need to set priorities from among these elements according to the characteristics of each company’s category of business, build a management system that is suitable for the priorities, and to prove establishment of the system through appropriate accreditation.
- I believe solidifying the company’s mission and vision, and internally and externally publicizing and practicing them will enable the company to take a step closer to sustainable management.
- I think the company should move towards a direction that allows it to develop, in consideration of internal and external demand for sustainable management.
- I think the decision-making process should be made conscious so that business can be executed through quick decision-making.
- Top management should continually take interest in sustainable management.
- I believe there is a need for transparent, accurate, and timely public announcements, including those on the progress of new drug development and on issues that shareholders are interested in.
- I think there is a need to adopt a horizontal organizational culture.
- I believe what is important in the long term is to foster talent through expertise development and training.
- I believe there is a need to establish a management system that ensures employees are aware of the importance of corporate growth and efficiently managing limited economic resources and nurturing human resources.
- I believe there is a need to enhance understanding by strengthening youth internships and to facilitate feedback, such as establishing a consumer communication channel.
- I believe there is a need to establish a group’s external identity.

Labour practices
- I think there is a need to pursue common welfare for Dong-A Socio Holdings and the Group affiliates.
- I believe what is most important is horizontal communication activities that are based on an in-depth understanding of employees in their 20s and 30s.
- I believe what is important is to pursue sustainable development by efficiently managing limited economic resources and nurturing human resources.
- I think there is a need to enhance understanding by strengthening youth internships and to facilitate feedback, such as establishing a consumer communication channel.
- There is a need to establish a group’s external identity.
- Rather than dwelling on short-term results, I would like Dong-A to become a forward-looking, autonomous company with a long-term perspective.
- I think there is a need for establishment of internal welfare and a culture of respect to create a company where employees can work for a long period with a healthy mindset.
- I think there is a need to adopt a horizontal organizational culture.
- I believe what is important in the long term is to foster talent through expertise development and training.
- I hope the company pays closer attention to employee opinions.
- I hope to see the company reflect employee perceptions that are developed as the sustainable management system is adopted and implemented.

Human rights
- I believe steady efforts should be made for gender equality to achieve sustainable growth, such as increasing the percentage of female executives and employees and holding a campaign that enhances employee awareness to prevent sexual abuse.

Consumer issues
- I believe there is a need to make an approach by adopting a broader concept of consumption, rather than limiting it to doctors and pharmacists.
- I think there is a need to identify the risks of each affiliate and to engage in activities according to their importance.
- In adopting systems, I think the speed and size should be in consideration of level and circumstances of each affiliates.
- More efforts should be made toward the establishment of a strong profit structure and development of new drugs.

Community involvement and development
- An overall review on building a personal network of local communities and developing measures to maximize the use of the network is required.
- I hope that Dong-A pay more attention to welfare activities that help the underprivileged.
MATERIALITY

We are upgrading the functions of our whistleblowing system and strengthening transparency to ensure reporting convenience of our internal and external stakeholders and to protect whistleblowers.

APPROACH

Material sustainable management issues of Dong-A Socio Holdings were chosen in consideration of business impact and social interest of core subjects of social responsibility defined in ISO 26000. Against the backdrop of sharp changes in the business environment, including the economy, industry, various regulations and society, as well as increased uncertainty, a company needs to systematically manage risks that may occur internally and externally, and improve relevant risk management capabilities.

MATERIAL ISSUE

Decision-making process and system that integrate corporate social responsibility into organizational culture

Reporting of Material Issues

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Results of Materiality Analysis

Materiality Analysis Process

In order to select material sustainable management issues, Dong-A Socio Holdings considered the global community’s level of interest and the business impact of social responsibility issues. The level of social interest was measured by considering the degree of media exposure per issue, benchmarking studies of companies in the same industry and advanced companies, and global guidelines (UN SDGs1), GRI2, IR3). In terms of business impact, responses given by 140 internal and external stakeholders were used to assess the impact on Dong-A Socio Holdings’ business by the core subjects of social responsibility defined in ISO 26000. The survey for measuring business impact was conducted from September 5 through September 20, 2019.

1) UN Sustainable Development Goals: Universal call to action to achieve sustainable development adopted by all United Nations Member States in September 2015
2) Global Reporting Initiative: Global standards for sustainability reporting
3) Integrated Reporting: Integrated reporting framework set by the International Integrated Reporting Council

Linking UN SDGs
Risk Management

Risk Governance
Against the backdrop of sharp changes in the business environment, there is increasing need for a company to systematically manage risks and to improve relevant risk management capabilities. Dong-A Socio Holdings is therefore systematically and preemptively managing risks with the Audit Division performing a central role. The Audit Office establishes risk management policies and strategies that are in line with the Group’s establishment process for mid-to-long-term and annual operation plan. Based on the established strategies, it selects themes with potential risks per work area of each Group affiliate, and based on these chosen themes, it strives to prevent relevant risks and minimize losses. These activities are categorized into risk prevention activities through work inspections by theme and follow-up response activities through regular audits. The Audit Office regularly and irregularly reports the outcomes of the series of these activities to the Audit Committee and the CEO, and regularly monitors the relevant status. In addition, for continued risk management, it identified a pool of risks that are appropriate for the Group’s characteristics according to an operation process that comprises risk identification, evaluation, response, and monitoring.

To strengthen roles as a risk management control tower within the Group, the Audit Office will identify risks, with a particular focus on work reviews for each theme, and improve them. In other words, it will focus more on prevention of risks before they arise through preemptive inspections rather than follow-up responses to risks that have already occurred. In 2020, it will conduct industrial safety inspections that include environmental risks, with a focus on applicable laws for each of the Group affiliates, aiming to resect and prevent risks that may occur with regard to financial and non-financial environmental risks in an era of rapid change.

Risk Management Processes

Establishing risk management strategies
- Setting an analytical framework on the risk management process
- Identifying a pool of risks
- Conducting risk management activities
- Reporting activity details

Risk Management Activities

Activities to Prevent Risks
Dong-A Socio Holdings strives to prevent risks. In particular, we inspected work and established a process which led up to institutional improvements in order to take preemptive measures before the occurrence of risks. We also shared information with the Group affiliates on changing laws, government policies and systems, and made relevant preparations and conducted risk prevention activities. In addition, we disseminated outstanding/inadequate cases across the Group to improve the Group’s overall work capabilities. Work inspections in 2019 were carried out by choosing HR/labor as the theme in the first half of the year, and purchasing/logistics as the theme in the second half of the year.

HR/Labor Area
Using a checklist consisting of 84 items on three themes – operation status of human resources, observance of relevant compliance, and relevant risk inspection for each Group affiliate – a total of 66 items requiring correction was derived. An outcome report was delivered to each affiliate in booklet form so that improvements could be made to inspected matters.

Purchasing/Logistics Area
Using a checklist consisting of 66 items on three themes – adequacy of the purchasing/logistics management process, prior identification of work-related risks, and system expansion of the Group affiliates – a total of 79 items requiring correction was derived. The outcome was delivered to each Group affiliate in report format so that inspection activities could lead to improvements.

Follow-up Activities to Respond to Risks
As follow-up activities for management and control of identified risks, Dong-A Socio Holdings’ Audit Division conducts regular audits per audit unit through a comprehensive audit, irregular audit, correction inspection, and special inspection. By doing so, it checks process and institutional improvement progress with regard to weaknesses of each Group affiliate, and provides support so that systems can be improved and fully established through additional consulting on shortcomings. In addition, the Audit Division performs constant audit functions through the reports that are received by the Audit Hotline Reporting. From among the reports that were received in 2019, the Office conducted a total inspection on major reported matters, such as employee corruption and slackness of work discipline.
Ethical Management

Dong-A Socio Group’s Promise

1. Jeong-Do Management
   Implementation
   In order to practice Jeong-Do Management, acting fairly with the right thinking, Dong-A Socio
   Group employees do their best to realize human
   health and happiness.

2. Human Respect Management
   Respect the human rights and value of
   employees. Dong-A Socio Group employees do
   their best to welfare for fair personal and
   happiness.

3. Social Responsibility Implementation
   Comply with various laws and regulation,
   Dong-A Socio Group employees do our best
   to contribute to national economy and social
   development.

4. Pursue a Trusted Company
   To be a trusted company, Dong-A Socio Group
   employees do our best to realize human
   happiness.

5. Enhancement of Stakeholder Value
   Dong-A Socio Group employees do our best
   to realize the value of consideration, service,
   and environmental protection.

Dong-A Socio Group’s
Charter of Ethics

Dong-A Socio Group employees do our best
...to...the founding spirit.

Dong-A Socio Group employees should:
1. have pride, self-respect pride, and high ethical
   values, and do not defame the group or damage
   our individual dignity.
2. perform our duties in a fair and fair manner
   and comply with laws and regulations.
3. not disclose the information of the Group to
   the outside without prior permission or approval.
4. not use our duties such as preventing sexual
   harassment in order to create a healthy workplace
   atmosphere.
5. not give preference to a specific person for
   reasons such as regionalism, school relations,
   and gender.
6. not give special consideration for a job
   position such as promotion and personnel
   appointment.
7. not use the assets of the Group for private use.
8. not request special consideration for a job
   position such as promotion and personnel
   appointment.
9. not request special consideration for a job
   position such as promotion and personnel
   appointment.
10. not be allowed to make a profit through
    improper solicitation or give gifts or entertainment
    to stakeholders.

Dong-A Socio Group employees should support
charitable works for the public interest in order
fulfill corporate social responsibility.

Dong-A Socio Group employees should provide
reliable and transparent information of the company
and protect the interests of shareholders faithfully.

Dong-A Socio Group employees should make
unreasonable demands by using our superior
status, and select business partners based on
objectives and fair examination standards.

Dong-A Socio Group employees support
anti-corruption policies and promote an anti-
corruption culture.

Dong-A Socio Group employees support
the improvement of corporate social responsibility
in relation to the Improper Solicitation and Graft Act, and our employees
are assessed as having a medium or higher level of corruption
risk. Furthermore, the “Internal Auditor” who is in charge of Jeong-
Do Management at the respective department, internally trains
department members according to the anti-bribery management
system, which will be gradually expanded to all Group affiliates.

Anti-corruption Management

Jeong-Do Management Execution Organization
In April 2018, the Jeong-Do (Fair) Management Team™ was created
which is dedicated to establishing and running the Group’s
sustainable management system. The Team builds the ISO 37001
ternational standard anti-bribery management system and adopts
ISO 26000, an international standard on social responsibility, thus
serving as a stepping stone for the full establishment of Jeong-Do
Management as Dong-A Socio Group’s unique culture and strength.

ISO 37001 Certification
In April 2019, Dong-A Socio Holdings received the ISO 37001
international anti-bribery management system certification from the
British Standards Institution (BSI). This has great significance in that
it is the first globally recognized standard in Korea that was issued
after BSI released acknowledgment from the US American Society
for Quality National Accreditation Board (ANAB), which is an international
standard certification organization. As of the end of 2019, Dong-A
Socio Holdings, Dong-A ST, and Dong-A Pharmaceutical completed
the establishment of an anti-bribery management system, which will
be gradually expanded to all Group affiliates.

Anti-corruption Activities
The Anti-Corruption & Civil Rights Commission provides training by
making visits to companies to fully establish and spread companies’
integrity and ethical management culture. Training was provided at
Dong-A Socio Holdings headquarters on employee work ethics in
relation to the Improper Solicitation and Graft Act, and our employees
have engaged in training to prevent sexual harassment in order to
create a healthy workplace atmosphere.

In addition, the Jeong-Do (Fair) Management Team organizes training that is aimed at enhancing
employee awareness on anti-corruption. Regular training is provided
to employees on a yearly basis, and in-depth training is offered to teams that
are assessed as having a medium or higher level of corruption
risk. Furthermore, the “Internal Auditor” who is in charge of Jeong-
Do Management at the respective department, internally trains
department members according to the anti-bribery management
system (WMMS) goal that is set at the beginning of the year.

In addition, all employees, including top management and outside
directors, annually sign a written pledge on observing action items
that are needed for the full establishment of Jeong-Do Management.

Establishment of a Jeong-Do Management Website
In 2019, Dong-A Socio Holdings opened the Jeong-Do Management
website to inform internal and external stakeholders, including
shareholders/investors, consumers and employees, of Dong-A
Socio Group’s Jeong-Do Management philosophy and various
sustainable management activities. The company also established
a whistleblowing system for unlawful, corrupt and unethical conduct,
and a whistleblower participation corner, thus encouraging external
stakeholder participation in the realization of Jeong-Do Management.

By identifying stakeholder needs and reflecting their opinions through
Jeong-Do Management website, increased efforts will be made to
improve the value of Dong-A Socio Group.
Spreading an Anti-Corrupt Culture across Partner Companies

Dong-A Socio Holdings strives to build a sound trade culture with internal and external stakeholders. In particular, the company adopted the ABMI to enhance fairness and transparency in trade relations and to enhance the anti-corruption mindset among its employees as well as partner company employees, in addition to conducting inspections on business partners.

Establishment of Regulations on Prohibition of Improper Solicitation and Gift

Dong-A Socio Holdings applies the Improper Solicitation and Gift Act to stakeholders who are public officials and government employees. For internal and external stakeholders (including business partners) excluding public officials and government employees, the company’s regulations on prohibition of improper solicitation and gift are applied, and the main principle is to not give and receive.

Operation of K-Whistle, a Whistleblowing System

K-Whistle, which is Dong-A Socio Group’s helpline, is an anonymous whistleblowing system that is run by the Korea Business Ethics Institute (KBEI), an outsourced company. It is an unlawful, corrupt and unethical conduct system that is run by the Korea Business Ethics Institute (KBEI), an outsourced company. It is an unlawful, corrupt and unethical conduct system that is run by the Korea Business Ethics Institute (KBEI), an outsourced company.

Confidential Communication

Anonymous communication is conducted through the K-Whistle helpline. Reports received by the Director of Anti-Corruption are delivered to Dong-A Socio Group’s helpline, which is K-Whistle, an anonymous whistleblowing system that is run by the Korea Business Ethics Institute (KBEI), an outsourced company. Any communication with the company is handled in a confidential manner.

Criteria to Classify Business Partners

A business partner is classified into one of the three categories (A, B, or C) according to the degree of “team risk” and “task risk” for business partners. These criteria evaluate the ethical values and the business partner’s conduct.

Business Partners Due-diligence

Dong-A Socio Holdings’ due-diligence type is designated depending on the degree of “team risk” and “task risk” for business partners. For A type business partners, a request is made to visit the company for a face-to-face due-diligence and training. B type business partners are requested to fill out a risk evaluation and due-diligence table via email, and are informed of ethical values that should be observed. C type business partners are informed of Dong-A Socio Holdings’ anti-corruption policy, and share their ethics-related policies.

Information Security Management System

Information Security Management System

Information security issues were a part of tasks of which the IT Operational Planning Department was in charge before 2019, and information security policies and guidelines were merely a part of IT guidelines. In February 2019, the Information Security Part under the Information Analysis & Security Team was created to take charge of information security. In addition, new regulations and guidelines were established to result in the strengthening of the information security operation system. The information security organization will be expanded in 2020, and a system for a personal information security will be established in 2021.

Information Security Management

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ISO 27001 Certification

Activities recommended by international guidelines were executed based on information security policy and guidelines that were established in September 2019, based on which we obtained the ISO 27001 certification, thereby ensuring credibility in the establishment of an international information security system. Minor non-conformity and improvement opportunities were identified during the main screening process of ISO 27001 certification, and practical improvements are being made through discussions among departments.
Our Value

Humanity

Dong-A Socio Holdings has designed and is operating various HR and welfare systems to increase employee happiness, based on the motto “a company where employees are happy” and carries out activities to change the organizational culture for the better.

Approach

Dong-A Socio Holdings strives to fulfill its responsibilities toward employees and their families, starting from when they join the company to when they are a part of the company and even after retirement. The company established an advanced talent-nurturing system so that employees can play a leading role in developing their professional capabilities and endlessly pursue growth, based on the belief that employees’ professional capabilities are what drives an organization’s sustainable development. We are systematically nurturing leaders from a mid- to long-term perspective, and offer problem-solving job training and a digital learning platform.

Material Issue

- Human rights management
- Human resources development and training

Linking UN SDGs
Sabbatical Leave. Employees are given a ten-day paid leave on the occasion of their 10th, 20th and 30th anniversary of working for the company. The purpose of the sabbatical leave is for an employee to find a future direction for performing new duties within the organization with the employee’s role change, and for the employee to have the time and opportunity for self-development. Employees are getting sufficient rest and recharging themselves during their sabbatical leave, resulting in increased concentration on work, improved creativity, and enhanced productivity.

Family-friendly Management

The scope of beneficiaries of the welfare system was expanded from employees to also include employees’ families, including children. Also, a wide array of events is held for families. This increases employees’ sense of affiliation and pride in the organization, and maintains healthy employee sentiments towards work, leading to the effect of improved work engagement.

Family Day. To spread a corporate culture where the right balance between work and family is guaranteed, the Friday of the third week of every month was designated as “Family Day,” on which there is a one-hour reduction of work hours.

Corporate Family Events

In Family Month, we hold a corporate family day event where employee families are invited to the company to present them with happy memories and to boost loyalty to the company. Lunch and dinner are provided, and give children gifts. Various events also take place, including a calligraphy experience, magic show, and commemorative picture-taking.

Gifts for Employees’ Children

For Christmas, gifts that embody the hearts of parents are individually sent to homes for employees’ children aged five to 13. We also send gifts to employees’ children who are about to take the national college entrance exam to root for them.

Fund and Facility Support

Housing Fund Loan. For an employee who needs a loan to pay deposit money for the lease of a house due to appointment to a location where he/she has no ties, a loan on daily life stability funds is provided from the Employee Welfare Fund. Housing fund loans totaling KRW 40 million were provided in 2019.

Life Stability Loan. Life stability loans are provided from the Employee Welfare Fund to employees whose continuous year of service is more than five years and who need emergency funds, including refinancing high-interest-rate loans.

Tuition Support

Support is provided to pay high school and college tuition to ease the financial burden from child education. In 2019, funds amounting to KRW 57 million were given to 15 college-attending children of employees and KRW 7 million to 16 high school-attending children of employees.

Welfare Points

Employee satisfaction is being raised through the creating a healthy workplace environment and work conditions. No. of participants in the creating a healthy workplace program (Person) 80 91 79

Support for Retired Employee Gatherings

We encourage retired employees to continue their relationships as Dong-A Socio family members even after retirement. To this end, we help them have gatherings. Support is provided for monthly operating expenses, including club offices, and an outing event once or twice a year.

Support for Medical Expenses

Financial support is provided from the Employee Welfare Fund to cover medical expenses up to an annual KRW 1 million for hospitalized employees. The cumulative number of beneficiaries from 2017 to 2019 totals 32.

Creating a Healthy Workplace

A monthly simple health exam and health counseling is provided to help employees increase their ability in managing their health. This allows employees to steadily receive tracking observation and a re-examination even after their health medical examination, and enables timely identification of health risk signals. In addition, almost efforts are made to prevent industrial accidents by establishing a pleasant work environment and working conditions.

Sustainability Performance

Employee Health and Safety

Company Medical Office

To promote employee health and safety, a company medical office is operated where professional nurses are stationed. Various medicines and rest area are available inside the medical office for employee use at any time.

No. of employees who used the company medical office (Person) 846 855 947

Health Medical Exams for Employees Over 45 Years Old

Customized comprehensive health medical exams are provided to employees aged 45 or more. This helps employees maintain good health by preventing and systematically managing illnesses that have a high possibility of occurrence. It also has the effect of increasing work engagement among employees who have found psychological stability. In 2019, 29 employees over 45 years old were benefited from this system.

Human Rights Protection

Human Rights Management System

Operation of the Human Respect Committee

Dong-A Socio Group has put the Audit Hotline Reporting, Grievance Counseling Center, and Human Respect Committee in place for quick and precise counseling and work-handling in relation to employee grievances over human rights, sexual harassment, sexual abuse, and workplace harassment.

Employment Stabilization Policy

Mentoring System

We run the “Dong-A Mentoring” program to help new employees quickly adapt to the organization and become a member of Dong-A Socio Group. It is carried out for six months after the completion of new employee training and held on the job training (OJT). The program was first implemented in 2010, and will be held for the 20th time in 2020. Over the last decade, a total of 2,046 employees or 1,101 mentor-mentee couples shared know-how on desirable work life and on work, and grew together by autonomously engaging in a wide variety of activities, such as conducting volunteer work and enjoying cultural and art performances. In particular, they faithfully performed their duties as members of a company that strives to fulfill its social responsibilities by taking part in volunteer activities for neighbors who need a helping hand. The mentoring program will be continually offered so that new employees can settle down in the organization at an early phase and achieve job stability.

Adoption of the Wage Peak System

A wage peak system was adopted in 2016 and is based on a corporate culture of win-win between labor and management and to secure jobs for youths.

Improving Employee Welfare

Vacations and Leaves

Sharing of Annual Leave Plan

A prior notice is made on a yearly leave plan at the beginning or end of the year so that work schedules are identified and adjusted, thus minimizing gaps in work during the leave period. Since leave plans can be known beforehand and all employees can rest during the same period, they are free in their hearts of parents are individually sent to homes for employees’ children aged five to 13. We also send gifts to employees’ children who are about to take the national college entrance exam to root for them.

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Human Resources Management

Internalizing VISION 2025
In 2019, Dong-A Socio Group provided a two-day “Step 3 Training”, aimed at internalizing VISION 2025 and spreading core values, to 2,270 employees across a total of 47 occasions. We also held a workshop to identify the causes of inefficiencies that should be removed to realize the vision and to find solutions. In addition, we helped our employees better understand Jong-Do Management by providing lectures and encouraged them to follow it by declaring the Code of Conduct. Through these activities, employees were able to ascertain the Group’s management direction, set tasks that could be executed individually based on the management strategies, and establish an execution plan for realizing the vision.

Building a Happy Organizational Culture
We run various programs designed to increase employees’ pride in the organization and work engagement as well as to create a happy workplace, including ‘D Together’, ‘D Fun’, ‘D Class’, Dream Bookclub, and ‘D dim do’ that develops employees’ self-leadership and basic job skill. In addition, balance between employees’ work and personal life is guaranteed, and employees’ self-development is supported.

Future plan
In 2019, Dong-A Socio Group provided a two-day “Step 3 Training”, attended by 130 persons. Held once in 2019, respectably on May 9 and August 27, we aimed at internalizing VISION 2025 and spreading core values.

Outcome
Held a book rental event Bookclub at the Cheonan Center to increase accessibility and establish a cultural space.

Future plan
Held quarterly

Cultural performance to create a happy workplace
Cultural activities together with the children of employees

Goal
Create a pleasant work environment
Establish an arena of communication through cultural performances

Outcome
Twice in the first half of the year

Future plan
Hold semi-annually

Book rental service for employees

Goal
Relocated the Dream Bookclub to the Welcome Center to increase accessibility and establish a cultural space.

Outcome
Planned to be held once in the second half of 2020

Future plan
Hold semi-annually

Liberal arts lectures for employees

Goal
Establish a forum for liberal arts lectures that reflect employee demand

Outcome
Employees accompanied with a child (age 8-10)

Future plan
Hold quarterly

Human Resources Development Program
Nurturing Dong-A Leaders
Dong-A Socio Holdings has established a leadership pipeline, based on which the company is focusing on nurturing managers from a mid- to long-term perspective. Leadership training for each position is systematically provided by categorizing our organizational culture into new employee training, new assistant manager program, new team manager program, and new executive program. The focus of the new assistant manager program is to understand roles of an assistant manager and to plan future growth. The new team manager program analyzes the differences between team leaders and team managers in capability evaluation results and enhances the required capabilities with focus. The new executive program is a leadership program in flipped learning format that focuses on organizational management and communication. It results in practical changes in perception with regard to managing an organization and employees. By deriving capabilities that are required per class and planning and implementing training programs that improve the respective capabilities, Dong-A Socio Holdings is nurturing Dong-A’s talent into leaders who pursue challenges and innovation.

Onsite-driven, Performance-focused Job Trainings
Healthcare-centered Upskill Training
Professional job competency training is provided to develop distinctive competitiveness across all business areas, with a particular focus on professional training in the healthcare business which is our key business area. The healthcare business area is specialized into sales/marketing, production, development, and global. To nurture global healthcare players, professional job-level training content is provided, in addition to learning evaluation for working-level application. To increase job training efficiency, flipped learning-based training is offered in parallel with online content, while offline classes consist of participation and discussion-centered job training. These courses are designed to be performance-centered training, focusing on identifying field issues and deriving practical resolutions.

Classification
Introduction course for new ETC MRs
Selling Model Step 1, 2
Competency improvement course for pharmaceutical marketing
Business development programs

Details
8-week lodging training to strengthen the capabilities of new ETC Medical Representatives (MR)
Course aimed at reinforcing the core strategic understanding of diseases and ETC communication delivery
Course to improve marketing capabilities for ETC/OTC drugs, marketing trend-sharing session, marketing strategy
Writing email in English, plant due-diligence course, regional expert course, overseas marketing, etc.

Value Chain-centered Reskill Training
We have categorized the value chain of the Group affiliates into management, sales, marketing, production and global, and offer job trainings for each area, with a particular focus on the latest knowledge that is needed in practical business and trendy skill content. Training is based on a free enrollment system so that employees can voluntarily participate in learning according to work relevance and need, and is assessed as having a high level of learning flow and learning achievement. In 2019, a total of 15 courses was provided, including a feasibility course, basic financial accounting, SNS/video marketing, and global marketing strategy. 543 employees completed the training that was given on 16 occasions.

In 2020, we plan to add common office work area and run a total of 30 courses. In addition, we will continue to conduct an analysis of training needs, accompanied field visits, and behavior event interview (BEI) while having subject matter expert (SME) workshops. Also, the R&D training system will be re-established to secure a key R&D talent post thereby strengthening our R&D capabilities. The academy for common job trainings for the Group affiliates will be expanded to 30 courses, and we will focus on nurturing job experts and developing them into internal instructors, and then will commence the development of courses that are suitable for each Group affiliate’s circumstances.
Nurturing Internal Instructors
We have established a system to nurture internal instructors in February 2019, in order to secure a pool of internal job experts and to build a virtuous cycle of knowledge where the experts’ knowledge and know-how are shared with other employees. In addition, we strived to provide better treatment to internal instructors and offered programs designed to support their growth. An internal instructor nurturing course was provided twice to effectively improve their knowledge and skill delivery capabilities. For each course, individual coaching and management took place, ranging from instructional design to teaching plan creation and pilot lecture. By making improvements to the internal instructor system and implementing support programs, a total of 152 internal instructors provided lectures in 2019. There was considerable positive feedback on how it was easy to understand explanations that were given in connection with the company’s circumstances and how practical field solutions were obtained.

Project to Renew SooSeok Academy
In April 2019, Dong-A Socio Group launched a new learning management system (LMS) by renewing the SooSeok Academy. It is a learning platform that provides, at all times, more than 10 thousand contents, including 1,208 professional job content and 234 humanities and liberal arts content, via personal computers or mobile devices. It received a high level of interest, so that around 17,000 employees used the platform in a year. It especially received a positive response for enabling learning of professional areas that are difficult to come across and access to the latest content, as well as allowing self-directed learning anytime and anywhere. We will further facilitate the circumstantial and liberal arts contents, via personal computers or mobile devices.

Courses that were completed at the academy for common job trainings in 2019

<table>
<thead>
<tr>
<th>Management</th>
<th>Sales</th>
<th>Marketing</th>
<th>Production</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic financial accounting, 1, 2 Understanding management strategies</td>
<td>Practical product presentation</td>
<td>Copyrighting course, Marketing strategy courses</td>
<td>Practical matters in making field improvements, Production cost reduction, 1, 2</td>
<td>Global marketing strategy, Courses on writing email in English, Courses on understanding foreign culture</td>
</tr>
</tbody>
</table>

Composition of Internal Instructors in 2019

<table>
<thead>
<tr>
<th>Job training</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value training</td>
<td>79</td>
<td>50</td>
<td>24</td>
</tr>
<tr>
<td>Job training</td>
<td>73</td>
<td>50</td>
<td>24</td>
</tr>
</tbody>
</table>

Chiller and heater tube construction for increased energy efficiency (HQ)

Replaced office lighting to LED (HQ)

Shipped pharmaceuticals to 14 community treatment centers across the nation to provide support in overcoming COVID-19

CSR activities in celebration of the Group founding: Expanded to 13 Group affiliates

CSR expenditures: 50 billion KRW

Dong-A Socio Group is inducing voluntary growth of participants in CSR activities, aimed at creating shared values. For we believe that their growth will have positive impacts on the future of the Group and society.

Dong-A Socio Holdings recognizes the importance of the environment and is expanding relevant investment. We are carrying out tree-planting volunteer activities, providing employee training to strengthen their environmental awareness, and making other efforts to upgrade our environmental policy.
CSR Direction
The goal of Dong-A Socio Group’s CSR activities is to fulfill social responsibilities as a healthcare company so that the company and local community can grow together and to contribute to the healthy lives of humanity. To this end, we are focusing on creating social value by establishing a CSR activity system that any Group employee can easily access, and plans to more systematically and strategically execute CSR activities by carrying out three specialized programs – local communities, employee participation, and future generations.

An organization dedicated to CSR that was established in 2014 performs central roles in Dong-A Socio Group’s CSR activities. The CSR organization sets Dong-A’s CSR activity direction at the Group level and leads relevant activities. Dong-A Socio Holdings is strategically setting social contribution activities that can be carried out at the holding company level and that focus on employee participation.

Social Contributions

Major CSR Activities

Local Communities

Vehicle Volunteer Group
We have developed a volunteer truck and use them in the event of a disaster/calamity to support damaged areas. In response to the Goseong forest fire in 2019, the vehicle was used to travel all across Gangwon Province, serving as a mobile pharmacy for forest fire victims. In 2020, the vehicle shipped pharmaceuticals to 14 community treatment centers across the nation to provide support in overcoming the crisis caused by COVID-19.

Wednesdays with Bacchus
It is a donation campaign to provide Bacchus to a senior welfare center in Dongdaemun-gu, where Dong-A Pharmaceutical’s headquarters is located every Wednesday.

Donation of ETC Drugs to the Hebron Missionary Hospital in Cambodia
We donate ETC drugs to the Hebron Missionary Hospital in Phnom Penh to provide medical support, thereby helping the local community realize healthy, happy lives.

Employee Participation

CSR Activities in Celebration of the Group Founding
To fulfill corporate social responsibilities (CSR) through sharing and volunteering, November was designated as a CSR in celebration of the day of Dong-A Socio Group’s founding. Each of the Group affiliates is carrying out volunteer activities that are adequate for the local community where they operate.

Baffor Sharing Volunteer Work
Every year, an employee volunteer group visits Baffor Sharing Volunteer Work Headquarters to provide soup kitchen support as well as to deliver donations and donation items. Volunteer activities are based on voluntary employee participation and have steadily continued since 2005.

Dong-A Mentoring Activities
As part of Dong-A Mentoring activities, mentees and mentors jointly carry out volunteer work. “Sharing Joy and Sorrows” is a part of Dong-A’s program aimed at improving people’s perception of the disabled. Mentors and mentees of Dong-A Mentoring, who are new employees and experienced staff members, go on an outing in the spring together with the developmentally challenged, who find it difficult to go out at ordinary times. They also create murals along streets that require environmental improvements and overhaul in Dongdaemun-gu, where the Dong-A Socio Holdings Headquarters is located, thus participating in volunteer activities that create a bright, pleasant environment.

Blood Donation Campaign
An employee blood donation campaign has been held since 2017 as part of efforts to build a bright, healthy society.

Future Generations

Pharmacy Lectures in Myanmar
Since 2014, Dong-A Socio Group employees have been visiting the University of Pharmacy, Yangon, in Myanmar and giving lectures about pharmacy. This is having a positive effect in enhancing a favorable impression towards the company and in forming close ties with Myanmar.

CSR Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>CSR expenditures (KRW million)</th>
<th>CSR investment to operating profit (KRW million)</th>
<th>Employee participation rate in CSR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50</td>
<td>0.2</td>
<td>16.2</td>
</tr>
<tr>
<td>2018</td>
<td>240</td>
<td>1.0</td>
<td>54.3</td>
</tr>
<tr>
<td>2019</td>
<td>290</td>
<td>1.0</td>
<td>32.8</td>
</tr>
</tbody>
</table>

* Figures of Dong-A Socio Holdings
* Transferred some of CSR programs to Dong-A ST and Dong-A Pharmaceutical in 2019
Green Management

Environmental Management
We have established an operation organization and system, and set a reduction target by year, e-mid- to long-term greenhouse gas (GHG) reduction target, and long-term goal. In 2019, Dong-A Socio Holdings built an energy consumption inventory based on the data of the Seoul headquarters, Sangju HR Development Center, and Yongin Research Center for the last three years, to create a GHG inventory. In addition, we established GHG inventory management regulations for more systematic, continuous management.

Environmental Management of Dong-A Socio Holdings

Seoul Headquarters
Energy Conservation Activities
Boiler operation hours were reduced so that boilers are in operation only on weekdays rather than seven days a week, and operation hours for supply and exhaust fans in underground parking lots were adjusted so that the fans are in operation only during hours when employees come to and leave work. In addition, personal electric heaters were inspected and their use was restricted to prevent unnecessary waste of electric power. Also, an application was submitted for an energy efficiency project in December 2019. This project involves reducing energy use and improving efficiency in energy use by addressing a building’s energy loss and inefficient factors, and is run by the Korea Electric Engineers Association. All office lighting in HQ was replaced to LED in March 2019 and a chiller and heater tube construction project was carried out at HQ in October to result in increased energy efficiency.

Energy Conservation Goals
In 2020, Dong-A Socio Holdings plans to reduce the energy consumption at the HQ building by 2% from the amount used in the last three years. To achieve this goal, we will reduce wastes by using reusable, assembly-type construction materials and use eco-friendly construction materials, while expanding the establishment of highly efficient facilities and use of highly efficient consumables. We will also establish measures that can increase reusable energy use, and focus on preventing leakage of ozone-depleting substances. In addition, we will enhance our environmental management level by attending environmental expositions, benchmarking outstanding cases, and receiving consulting from professional companies. Our long-term plan through 2028 includes setting up wastewater treatment facilities, providing environment-related training, and conducting volunteer activities on Arbor Day. And we also plan to install new & renewable energy and ESS energy storage systems, including solar power generation, geothermal power generation, wind power generation, and focus on preventing leakage of ozone-depleting substances. As a mid- to long-term plan, the Center plans to set up a photovoltaic power generation facility on its rooftop, and is reviewing the matter of selling surplus electric power to the Korea Electric Power Corporation. Once construction of the facility is completed, the Center anticipates a reduction in energy use as well as meaningful results in GHG reduction. It plans to make an environmental investment of around KRW 160 million, and produce an annual 125,897 MWh of new & renewable energy.

Sangju HR Development Center
Energy Conservation Activities
The Sangju HR Development Center has been managing peak consumption and GHG and air pollution emissions of the Research Center & HR Development Center with LED lamps from 2016 to 2018. We have also purchased a boiler fuel consumption measurement device, and developed a way to maintain optimal efficiency through self-measurements and monitoring. In addition, we improved steam pipes by using pipes with a reduced size, thereby reducing energy consumption. As a result, we received an exemplary commendation from the Korea Energy Agency in 2017.

Energy Conservation Goals
The goal for 2020 is to reduce energy consumption by 5% from the previous year by taking such measures as maintaining cooling/heating temperatures at government-recommended temperatures. As a mid- to long-term plan, the Center will replace air-conditioner motors to premium motors and make photovoltaic installations. In 2020, it will achieve a 5% reduction from the average amount of gas and electric power used over the last three years.

Yongin Research Center & HR Development Center
Environmental Policy
As a strategy to respond to environmental issues, employees in the area of research were encouraged to take interest in environmental issues that are externally receiving attention and to take part in reducing energy consumption and GHG and air pollution emissions. In addition, a relevant database will be built to enable the identification of the current status of the environment at the Yongin Research Center. To this end, it will inform research staff of the seriousness of environmental pollution, and use the R&D MAPS bulletin board so that employees can take part in social responsibility and lead by example, which is one of the company’s visions. It will also share the database for energy consumption and GHG and air pollution emissions of the Research Division, once to twice a year, to encourage voluntary participation by all employees.

Energy Conservation Activities
We have replaced around 6,000 fluorescent lights at the Yongin Research Center & HR Development Center with LED lamps from 2016 to 2018. We have also purchased a boiler fuel consumption measurement device, and developed a way to maintain optimal efficiency through self-measurements and monitoring. In addition, we improved steam pipes by using pipes with a reduced size, thereby reducing energy consumption. As a result, we received an exemplary commendation from the Korea Energy Agency in 2017.

Energy Conservation Goals
The goal for 2020 is to reduce energy consumption by 5% from the previous year by taking such measures as maintaining cooling/heating temperatures at government-recommended temperatures. As a mid- to long-term plan, the Center will replace air-conditioner motors to premium motors and make photovoltaic installations. In 2020, it will achieve a 5% reduction from the average amount of gas and electric power used over the last three years.

Energy Conservation Plan at the Seoul Headquarters

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Goal for 2020)</th>
<th>Mid-to-long-term goal by 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>kWh</td>
<td>443,151</td>
<td>500,548</td>
<td>471,790 (2% reduction compared to the last three years)</td>
<td>450,000 (10% reduction)</td>
</tr>
<tr>
<td>Gas</td>
<td>m³</td>
<td>65,609</td>
<td>64,172</td>
<td>52,784 (2% reduction compared to the last three years)</td>
<td>48,500 (8% reduction)</td>
</tr>
</tbody>
</table>

Energy Conservation Plan at the Sangju HR Development

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Goal for 2020)</th>
<th>Mid-to-long-term goal by 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>kWh</td>
<td>416,970</td>
<td>440,664</td>
<td>406,685</td>
<td>380,000</td>
</tr>
<tr>
<td>Gas</td>
<td>kl</td>
<td>3,180</td>
<td>3,300</td>
<td></td>
<td>3,500</td>
</tr>
<tr>
<td>Diesel</td>
<td>m</td>
<td>0.354</td>
<td>0.268</td>
<td></td>
<td>0.247</td>
</tr>
<tr>
<td>Wastewater</td>
<td>kW</td>
<td>3,383</td>
<td>3,455</td>
<td></td>
<td>3,455</td>
</tr>
</tbody>
</table>

Energy Conservation Plan at the Yongin Research Center & HR Development Center

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019 (Goal for 2020)</th>
<th>Mid-to-long-term goal by 2028</th>
</tr>
</thead>
<tbody>
<tr>
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<td>3,300</td>
<td></td>
<td>3,500</td>
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<tr>
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<td>0.268</td>
<td></td>
<td>0.247</td>
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<tr>
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<td>kW</td>
<td>3,383</td>
<td>3,455</td>
<td></td>
<td>3,455</td>
</tr>
</tbody>
</table>
### Sustainable Management Performance of Dong-A Socio Group

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Total assets (KRW billon)</td>
<td>1,469.4</td>
<td>1,241.9</td>
<td>1,368.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total liabilities (KRW billon)</td>
<td>506.2</td>
<td>506.2</td>
<td>611.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales (KRW billon)</td>
<td>690.3</td>
<td>707.5</td>
<td>769.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating profit (KRW billon)</td>
<td>63.4</td>
<td>50.5</td>
<td>52.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating profit margin %</td>
<td>7.7</td>
<td>7.1</td>
<td>6.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>R&amp;D investment (KRW billon)</td>
<td>17.6</td>
<td>22.2</td>
<td>21.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>R&amp;D investment to sales %</td>
<td>2.6</td>
<td>3.1</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>No. of employees</td>
<td>Person</td>
<td>5,086</td>
<td>5,164</td>
<td>5,483</td>
<td></td>
</tr>
<tr>
<td>Full-time employees</td>
<td>Person</td>
<td>4,801</td>
<td>4,879</td>
<td>5,163</td>
<td></td>
</tr>
<tr>
<td>Part-time employees</td>
<td>Person</td>
<td>279</td>
<td>286</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Female employees</td>
<td>Person</td>
<td>859</td>
<td>909</td>
<td>1,028</td>
<td></td>
</tr>
<tr>
<td>Safety training hours per person</td>
<td>Hour/Person</td>
<td>16.7</td>
<td>17.2</td>
<td>16.1</td>
<td></td>
</tr>
<tr>
<td>Industrial accident</td>
<td>Case</td>
<td>12</td>
<td>18</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Job training hours per person(1)</td>
<td>Hour/Person</td>
<td>24.3</td>
<td>25.6</td>
<td>23.2</td>
<td></td>
</tr>
<tr>
<td>Employee turnover rate(3)</td>
<td>%</td>
<td>12.0</td>
<td>12.8</td>
<td>9.3</td>
<td></td>
</tr>
<tr>
<td>Turnover of service</td>
<td>Year</td>
<td>8.4</td>
<td>8.3</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td>CSR expenditures (KRW billon)</td>
<td>4.92</td>
<td>4.26</td>
<td>3.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR expenditures to operating income</td>
<td>%</td>
<td>9.2</td>
<td>7.9</td>
<td>7.9</td>
<td></td>
</tr>
<tr>
<td>Employee participation rate in CSR</td>
<td>%</td>
<td>27.1</td>
<td>29.3</td>
<td>29.3</td>
<td></td>
</tr>
<tr>
<td>Violation of laws(4)</td>
<td>Case</td>
<td>3</td>
<td>9</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Environmental</td>
<td>Energy consumption(5)</td>
<td>T.J</td>
<td>1,503</td>
<td>1,574</td>
<td>1,622</td>
</tr>
<tr>
<td></td>
<td>Greenhouse gas (GHG) emissions(5)</td>
<td>TCO₂ eq</td>
<td>111,036</td>
<td>113,634</td>
<td>99,315</td>
</tr>
<tr>
<td></td>
<td>GHG emissions (Scope 1)</td>
<td>TCO₂ eq</td>
<td>50,074</td>
<td>51,208</td>
<td>42,793</td>
</tr>
<tr>
<td></td>
<td>GHG emissions (Scope 2)</td>
<td>TCO₂ eq</td>
<td>60,962</td>
<td>62,426</td>
<td>56,522</td>
</tr>
<tr>
<td></td>
<td>Waste generation (T)</td>
<td>3,765,797</td>
<td>3,995,742</td>
<td>4,352,168</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water discharge (To n)</td>
<td>1,072,267</td>
<td>1,081,779</td>
<td>1,094,536</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Volume of waste generated</td>
<td>Ton</td>
<td>14,049</td>
<td>9,871</td>
<td>10,357</td>
</tr>
<tr>
<td></td>
<td>Volume of hazardous waste generated</td>
<td>Ton</td>
<td>9,446</td>
<td>3,940</td>
<td>3,099</td>
</tr>
<tr>
<td></td>
<td>Waste recycling rate %</td>
<td>24.8</td>
<td>22.7</td>
<td>21.8</td>
<td></td>
</tr>
</tbody>
</table>

\(1)\) Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, DM Bio, CHAMMED, Dong-A Otsuka, Yongma Logis, Soo Seok, Korea Sinto, DONGCHEONSU, Chul Geun E&C, DA Information

\(2)\) Sum of internal trainings conducted at the Group affiliates and training courses offered at the HR Development Center of the Group

\(3)\) Based on the number of retired persons, including voluntary resignation and resignation to changes in job, as well as resignation due to executive promotions and transfer among the Group affiliates and retirement at the regular retirement age

\(4)\) Total number of violation of laws, including the Occupational Safety and Health Act and environmental laws, by the Group affiliates

\(5)\) Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, Yongma Logis, Soo Seok, Korea Sinto

\(6)\) Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, Soo Seok

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#### Financial & Non-financial Performance Summary

**Economic Performance**

- **Total Assets**: 1,469.4 billion KRW in 2017, 1,241.9 billion KRW in 2018, and 1,368.6 billion KRW in 2019.
- **Total Liabilities**: 506.2 billion KRW in 2017, 506.2 billion KRW in 2018, and 611.7 billion KRW in 2019.
- **Sales**: 690.3 billion KRW in 2017, 707.5 billion KRW in 2018, and 769.7 billion KRW in 2019.
- **Operating Profit**: 63.4 billion KRW in 2017, 50.5 billion KRW in 2018, and 52.8 billion KRW in 2019.
- **Operating Profit Margin**: 7.7% in 2017, 7.1% in 2018, and 6.9% in 2019.
- **R&D Investment to Sales**: 2.6% in 2017, 3.1% in 2018, and 2.8% in 2019.

**Social Performance**

- **No. of Employees**: 5,086 in 2017, 5,164 in 2018, and 5,483 in 2019.
- **Full-time Employees**: 4,801 in 2017, 4,879 in 2018, and 5,163 in 2019.
- **Female Employees**: 859 in 2017, 909 in 2018, and 1,028 in 2019.
- **Safety Training Hours per Person**: 16.7 hours in 2017, 17.2 hours in 2018, and 16.1 hours in 2019.
- **Industrial Accident**: 12 cases in 2017, 18 cases in 2018, and 19 cases in 2019.
- **Job Training Hours per Person**: 24.3 hours in 2017, 25.6 hours in 2018, and 23.2 hours in 2019.
- **Employee Turnover Rate**: 12.0% in 2017, 12.8% in 2018, and 9.3% in 2019.
- **Years of Service**: 8.4 years in 2017, 8.3 years in 2018, and 8.1 years in 2019.
- **CSR Expenditures to Operating Income**: 9.2% in 2017, 7.9% in 2018, and 7.9% in 2019.
- **Employee Participation Rate in CSR**: 27.1% in 2017, 29.3% in 2018, and 29.3% in 2019.
- **Violation of Laws**: 3 cases in 2017, 9 cases in 2018, and 3 cases in 2019.

**Environmental Performance**

- **GHG Emissions (Scope 1)**: 50,074 TCO₂ eq in 2017, 51,208 TCO₂ eq in 2018, and 42,793 TCO₂ eq in 2019.
- **Wastewater Discharge**: 1,072,267 To in 2017, 1,081,779 To in 2018, and 1,094,536 To in 2019.
- **Waste Recycling Rate**: 24.8% in 2017, 22.7% in 2018, and 21.8% in 2019.

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**APPENDICES**

- **114 Financial & Non-financial Performance Summary**
- **115 GRI Standards & ISO 26000 Index**
- **119 GHG Independent Verification Statement**
- **120 Third Party’s Assurance Statement**
## Sustainable Management Performance of Dong-A Socio Holdings

### Financial Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>690.3</td>
<td>707.5</td>
<td>769.7</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>636.9</td>
<td>656.9</td>
<td>716.9</td>
</tr>
<tr>
<td>Operating profit</td>
<td>53.4</td>
<td>50.5</td>
<td>52.8</td>
</tr>
<tr>
<td>Other income</td>
<td>2.7</td>
<td>2.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Other expenses</td>
<td>5.2</td>
<td>201.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Finance income</td>
<td>5.9</td>
<td>4.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Finance costs</td>
<td>16.4</td>
<td>16.9</td>
<td>14.1</td>
</tr>
<tr>
<td>Gain (loss) using the equity method</td>
<td>6.5</td>
<td>-11.7</td>
<td>-4.3</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>47.1</td>
<td>-173.1</td>
<td>38.7</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>14.6</td>
<td>-9.2</td>
<td>18.7</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>32.5</td>
<td>-163.9</td>
<td>20.0</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td>0.5</td>
<td>-90.0</td>
<td>-0.1</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>33.1</td>
<td>-172.9</td>
<td>19.8</td>
</tr>
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</table>

### Summarized Statements of Comprehensive Income

<table>
<thead>
<tr>
<th>Classification</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>353.9</td>
<td>291.7</td>
<td>315.3</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1,105.5</td>
<td>960.2</td>
<td>1,043.3</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,459.4</td>
<td>1,241.9</td>
<td>1,358.6</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>323.0</td>
<td>319.9</td>
<td>414.4</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>222.2</td>
<td>186.3</td>
<td>197.3</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>545.2</td>
<td>506.2</td>
<td>611.7</td>
</tr>
<tr>
<td>Equity attributable to owners of the Parent Company</td>
<td>912.8</td>
<td>734.2</td>
<td>745.1</td>
</tr>
<tr>
<td>Share capital</td>
<td>912.8</td>
<td>734.2</td>
<td>745.1</td>
</tr>
<tr>
<td>Share premium</td>
<td>285.8</td>
<td>285.9</td>
<td>285.9</td>
</tr>
<tr>
<td>Capital adjustment</td>
<td>-197.9</td>
<td>-197.9</td>
<td>-197.9</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>146.2</td>
<td>137.6</td>
<td>141.9</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>647.9</td>
<td>478.0</td>
<td>484.6</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>1.5</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Total equity</td>
<td>914.2</td>
<td>735.8</td>
<td>746.9</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>1,459.4</td>
<td>1,241.9</td>
<td>1,358.6</td>
</tr>
</tbody>
</table>

### Summarized Statements of Financial Position

<table>
<thead>
<tr>
<th>Classification</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
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<td>960.2</td>
<td>1,043.3</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>222.2</td>
<td>186.3</td>
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<tr>
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<td>1,358.6</td>
</tr>
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<tr>
<td>Non-current liabilities</td>
<td>222.2</td>
<td>186.3</td>
<td>197.3</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>545.2</td>
<td>506.2</td>
<td>611.7</td>
</tr>
<tr>
<td>Share capital</td>
<td>30.7</td>
<td>30.7</td>
<td>30.7</td>
</tr>
<tr>
<td>Share premium</td>
<td>285.8</td>
<td>285.9</td>
<td>285.9</td>
</tr>
<tr>
<td>Capital adjustment</td>
<td>-197.9</td>
<td>-197.9</td>
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<td>1,241.9</td>
<td>1,358.6</td>
</tr>
</tbody>
</table>
### Non-financial Performance

#### Employee

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of employees</td>
<td>Person</td>
<td>308</td>
<td>210</td>
<td>173</td>
</tr>
<tr>
<td></td>
<td>Full-time employees</td>
<td>Person</td>
<td>269</td>
<td>189</td>
<td>156</td>
</tr>
<tr>
<td></td>
<td>Part-time employees</td>
<td>Person</td>
<td>39</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Percentage of part-time employees</td>
<td>%</td>
<td>12.7</td>
<td>10.4</td>
<td>10.4</td>
</tr>
<tr>
<td></td>
<td>Percentage of employees subject to regular performance evaluation</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
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</tbody>
</table>

#### Diversity

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of female employees</td>
<td>Person</td>
<td>61</td>
<td>65</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Percentage of female employees</td>
<td>%</td>
<td>19.8</td>
<td>32.0</td>
<td>35.6</td>
</tr>
<tr>
<td></td>
<td>No. of female executives</td>
<td>Person</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>No. of female managers</td>
<td>Person</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Percentage of female managers</td>
<td>%</td>
<td>16.7</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td></td>
<td>No. of persons with disabilities</td>
<td>Person</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</table>

#### Safety

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Safety training hours per person</td>
<td>Hour/Person</td>
<td>9.5</td>
<td>10.1</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>Industrial accident</td>
<td>Case</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Injury</td>
<td>Case</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Lost days</td>
<td>Day</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

#### Education

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Job training hours</td>
<td>Hour</td>
<td>4,690</td>
<td>5,069</td>
<td>4,733</td>
</tr>
<tr>
<td></td>
<td>Job training hours per person</td>
<td>Hour/Person</td>
<td>15.2</td>
<td>24.1</td>
<td>27.4</td>
</tr>
</tbody>
</table>

#### Corporate governance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>%</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grievance handling rate</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organizational diagnosis</td>
<td>3.4</td>
<td>3.4</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee turnover rate</td>
<td>19.2</td>
<td>13.0</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Years of continuous service</td>
<td>Year</td>
<td>9.3</td>
<td>9.2</td>
<td>9.2</td>
</tr>
</tbody>
</table>

#### Parental leave

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>%</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of male employees entitled to parental leave</td>
<td>14.3</td>
<td>13.0</td>
<td>14.6</td>
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</tbody>
</table>

#### Environment

<table>
<thead>
<tr>
<th>Classification</th>
<th>GHG emissions (tCO2-eq)</th>
<th>Energy usage (TJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scope1</td>
<td>Scope2</td>
</tr>
<tr>
<td>2017</td>
<td>33,559</td>
<td>4,794</td>
</tr>
<tr>
<td>2018</td>
<td>34,994</td>
<td>4,850</td>
</tr>
<tr>
<td>2019</td>
<td>35,679</td>
<td>4,995</td>
</tr>
</tbody>
</table>

#### Anti-corruption

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>%</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employee participation rate in anti-corruption training</td>
<td>86.2</td>
<td>83.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Participation rate in pledge to Jeong-do Management</td>
<td>91.9</td>
<td>90.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business partner due diligence</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Participation rate of business partners in pledge to CSR Code of Conduct</td>
<td>33.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Violation of laws</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
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</table>

#### R&D

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>%</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R&amp;D investment</td>
<td>KRW billion</td>
<td>13.8</td>
<td>16.0</td>
<td>15.8</td>
</tr>
<tr>
<td></td>
<td>R&amp;D investment to sales</td>
<td>%</td>
<td>16.7</td>
<td>23.3</td>
<td>25.4</td>
</tr>
</tbody>
</table>

#### Local community engagement

<table>
<thead>
<tr>
<th>Classification</th>
<th>Performance indicators</th>
<th>%</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CSR expenditure</td>
<td>KRW billion</td>
<td>0.29</td>
<td>0.34</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>CSR expenditure to operating income</td>
<td>%</td>
<td>1.0</td>
<td>1.0</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>No. of people benefited from CSR activities</td>
<td>Person</td>
<td>2,150</td>
<td>2,150</td>
<td>2,150</td>
</tr>
<tr>
<td></td>
<td>Employee participation rate in CSR</td>
<td>32.8</td>
<td>54.3</td>
<td>16.2</td>
<td></td>
</tr>
</tbody>
</table>

---

**Non-financial Performance**

**Appendix**

**GHG Independent Verification Statement**

**DONG A SOCIO GROUP**

**Introduction**

KMR declares the verification results of the greenhouse gas emission inventory of Dong-A Socio Group as mentioned below.

**Scope**

- Reporting boundary: the whole sites and emission facilities of 5 companies in Dong a Socio Group (Dong-A ST, Dong A Pharmaceutical, ST Pharm, Dong-A Socio Holdings, Soo Seok)
- Verification object: Direct/Indirect emissions (Scope1, Scope2)
- Assurance level: Reasonable assurance (materiality threshold: ±5% of total emissions)

**Verification Standard**

- Guidelines on the verification for the operation of emission trading scheme (Notification No. 2018 070, Ministry of Environment)

**Result**

- GHG emissions and Energy usage

<table>
<thead>
<tr>
<th>Organization</th>
<th>GHG emissions (tCO2-eq/Year)</th>
<th>Energy usage (TJ/Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DONG A Socio Group</td>
<td>33,559</td>
<td>4,794</td>
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<td>4,850</td>
</tr>
<tr>
<td>DONG A Socio Group</td>
<td>35,679</td>
<td>4,995</td>
</tr>
</tbody>
</table>

Note 1: Greenhouse gas: CO2, CH4, N2O, HFCs, PFCs, SF6
Note 2: tCO2-eq.: 1t of carbon-dioxide or Global warming potential equivalent with 1t of carbon-dioxide

**Conclusion**

KMR confirms that the verification results are proper in accordance with the verification purpose and the verification standards.

**Mar 19, 2020**

Eun Ju, Hwang

President
Third Party’s Assurance Statement

To the Readers of Dong-A Socio Group Integrated Report 2019:

Foreword
Korea Management Registrar Inc. (hereinafter “KMR”) has been requested by Dong-A Socio Group to verify the contents of its Integrated Report 2019. KMR has performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR’s assurance team (hereinafter “the team”) evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards as below, where professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the ‘Core Option’ of GRI Standards which covers the followings.

• GRI Standards Reporting Principles
  • Universal Standards
  • Topic Specific Standards
    - Management approach of Topic Specific Standards
    - Economic Performance: 201-1
    - Indirect Economic Impacts: 203-1, 203-2
    - Procurement Practices: 204-1
    - Anti-Corruption: 205-1, 205-2, 205-3
    - Energy: 206-1
    - Emissions: 206-1, 206-2
    - Effluents and Waste: 206-2, 206-3
    - Compliance: 207-1
    - Employment: 401-1
    - Occupational Health and Safety: 403-2, 403-3
    - Training and Education: 404-1, 404-2
    - Diversity and Equal Opportunity: 405-1
    - Non-Discrimination: 406-1
    - Local Communities: 413-1
    - Customer Privacy: 418-1
    - Socioeconomic Compliance: 419-1

This Report excludes data and information of joint corporate, contractor etc. which is outside of the organization, i.e. Dong-A Socio Group, among report boundaries.

Our approach
In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

• Reviewed overall report
• Reviewed materiality test process and methodology
• Reviewed sustainability management strategies and targets
• Reviewed stakeholder engagement activities
• Interviewed people in charge of preparing the Report

Our conclusion
Based on the results we have obtained from material reviews and interviews, we had several discussions with Dong-A Socio Group on the revision of the Report. We reviewed the Report’s final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

• Inclusivity
  Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
  - Dong-A Socio Group is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder Dong-A Socio Group left out during this procedure.

• Materiality
  Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.
  - Dong-A Socio Group is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

• Responsiveness
  Responsiveness is an organization’s response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.
  - The assurance team could not find any evidence that Dong-A Socio Group’s counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the ‘Core Option’ of GRI standards.

Recommendation for improvement
We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

• Dong-A Socio Group issued an integrated sustainability report that covered not only the group-wide financial and non-financial performances but also efforts made to achieve them in a balanced way. It also presented key issues such as anti-corruption and human resources development and training, satisfying the reasonable expectation of stakeholders. The company is advised to improve sustainability-related KPIs and the data collection system in order to provide quantitative and accurate data and ensure the systematic implementation of sustainability.

Third Party’s Assurance Statement

Scope and standard
Dong-A Socio Group describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a typical, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR’s assurance team (hereinafter “the team”) evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards as below, where professional judgment of the team was exercised as materiality criteria.

The assurance team could not find any evidence the Report was not prepared in accordance with the ‘Core Option’ of GRI Standards which covers the followings.

• the assurance team could not find any critical issues left out in this process.

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• Inclusivity
  Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
  - Dong-A Socio Group is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder Dong-A Socio Group left out during this procedure.

• Materiality
  Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.
  - Dong-A Socio Group is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

• Responsiveness
  Responsiveness is an organization’s response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.
  - The assurance team could not find any evidence that Dong-A Socio Group’s counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the ‘Core Option’ of GRI standards.

Recommendation for improvement
We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

• Dong-A Socio Group issued an integrated sustainability report that covered not only the group-wide financial and non-financial performances but also efforts made to achieve them in a balanced way. It also presented key issues such as anti-corruption and human resources development and training, satisfying the reasonable expectation of stakeholders. The company is advised to improve sustainability-related KPIs and the data collection system in order to provide quantitative and accurate data and ensure the systematic implementation of sustainability.

Our independence
With the exception of providing third party assurance services, KMR is not involved in any other Dong-A Socio Group’s business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

June 10, 2020

CEO E. J. Hwang
## GRI Standards & ISO 26000 Index

### Universal Standards (GRI 100)

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**Membership**

- Korea Industrial Technology Association
- Union of Faithful Pharmaceuticals Report
- International Management Institute, The Federation of Korean Industries
- The Korean Dietetic Association
- Korea Management Association
- Korea Listed Companies Association
- Korea Association for Chief Financial Officers
- Korea-Japan Economic Association
- Korea Electric Engineers Association
- United Defense Council of Dongdaemun-gu
- Korea Listed Companies Audit Association
- Seoul Chamber of Commerce & Industry

* Based on the membership of Dong-A Socio Holdings.
This report is Dong-A Socio Group’s first Integrated Report, and its purpose is to communicate with investors and other stakeholders on financial and non-financial performance of Dong-A Socio Group and the efforts that were made to achieve them.

Reporting Standards
This report was developed in accordance with the standard framework established by International Integrated Reporting Council (IIRC) and the core option of the Global Reporting Initiative (GRI) standards. Dong-A Socio Holdings supports the 10 principles of the UN Global Compact (UNGC), and is considering becoming an official participant in UNGC in 2020.

Reporting Scope and Boundary
“Dong-A Socio Group” refers to the Group affiliates that are subject to consolidation according to the Korean International Financial Reporting Standards (K-IFRS). The reporting scope includes information on Dong-A Socio Holdings and 12 Group affiliates that are connected to Dong-A Socio Holdings in their actual execution of business activities. Financial data is on a consolidated basis, and non-financial data, such as environmental and social data, is on a separate basis of an individual affiliate. Unless otherwise indicated in the general descriptions and information, data of Dong-A Socio Group’s overseas branches, sub-sub-subsidiaries, and investment companies is excluded. The geographical boundary is the Republic of Korea, where business sites that account for at least 99% of sales are located, and the time boundary is from January 1, 2019 to December 31, 2019. Some performance data includes data through April 2020. Quantitative data includes the outcomes for the last three years to identify trends.

Third Party Assurance & Disclaimer
Financial information was created by going through an audit by an independent audit firm. To ensure objectivity and credibility of the Integrated Report, an independent assurance process was implemented according to AA1000AS (2008) and AA1000AP 2010, which are international assurance standards. In terms of greenhouse gas data, five affiliates of Dong-A Socio Group conducted the assurance separately. This report includes financial circumstance, operation, business performance, top corporate management’s plan, and goal-related outlook statements of Dong-A Socio Holdings and the Group affiliates. Despite the third party assurance, there may be a difference between the company’s actual performance and future performance that was stated or implied through outlook statements.

ABOUT THIS REPORT
This report is available in PDF format which can be downloaded at gamasot.dongasocio.com – Dong-A Socio Group Jeong Do Management website. Stakeholder opinions on this report are collected through various channels, including email, phone, and postal mail.

CONTACT INFORMATION
This report is available in PDF format which can be downloaded at gamasot.dongasocio.com – Dong-A Socio Group Jeong Do Management website. Stakeholder opinions on this report are collected through various channels, including email, phone, and postal mail.

ADDITIONAL INFORMATION
- Dong-A Socio Holdings Website: http://en.donga.co.kr
- Dong-A Socio Group, Jeong Do Management Website: https://gamasot.dongasocio.com
- With Dong-A: Website: http://with.donga.co.kr

Paper used in printing the Dong-A Socio Group Integrated Report 2019 is an environment-friendly product. In addition, the report was printed with soy ink.