

2022 HLB ESG Report

# Human Life Better



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# About this report

## Introduction

HLB has published the 2022 ESG Report, which covers the company's major activities and achievements related to ESG, to contribute to a sustainable future and a better world. In this report, we introduce the company's sustainable management innovations and collect opinions from various stakeholders—shareholders, customers, and investors—to commit to becoming a trusted and respected company.

## Reporting Standards

This report has been created in accordance with the Global Reporting Initiative (GRI) Standards 2021, an international standard for sustainability reporting, and the financial results are presented following K-IFRS (Korean International Financial Reporting Standards) consolidated financial statements. As a member of the UN Global Compact, we reflect on our adherence to 10 principles in the areas of human rights, labor, environment, and anti-corruption, as well as our actions to achieve the Sustainable Development Goals (SDGs) in this report.

## Reporting Period

The reporting period of this report is from January 1, 2022, to December 31, 2022, and includes data from the first half of 2023 for some performance metrics. We also provide data from the last three years (2020 to 2022) for some metrics to show recent trends in quantitative performance.

## Reporting Scope

The financial performance of this report is based on consolidated financial statements according to K-IFRS. Financial and non-financial information is based on the fiscal year for all domestic business sites (HLB Healthcare Division, HLB Seoul Office, and HLB ENG) in accordance with the company's disclosure system, and energy use data and greenhouse gas emissions are presented based on the results of emission verification.

## Independent Assurance

This report has undergone independent auditing by the Korea Management Registrar (KMR), an independent verifier, to ensure the credibility of the reporting process and disclosed information. The applied verification standard is AA1000AS v3 Moderate Level, Type2.

## Inquiries

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# Overview

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## CEO Message



It is our great honor to share with our shareholders and other stakeholders our special journey and achievements we made to fulfill our corporate social responsibilities throughout the year in this second ESG report of HLB following the last year. While preparing for this report, we have witnessed our efforts coming to fruition since the establishment of the ESG Management Committee and the enterprise wide ESG Management Team in 2021 to achieve a 'sustainable business environment.'

ESG emerged as a corporate buzzword for several years and now has become central to business activities; it is not a choice but a must for all corporations. To ensure a sustainable life for humanity, not only individuals but also companies must actively participate and act as members of society in various domains including environmental pollution control, human rights protection, and business ethics.

With the mission of making "Human Life Better" with technology that saves lives, HLB has been committed to the development of the targeted anti-cancer drug Rivoceranib for the past 15 years since 2008. On May 16, 2023, the company completed all global clinical trials for the drug, becoming the first Korean biotechnology company to submit a New Drug Application (NDA) to the U.S. FDA for the first-line treatment of Hepatocellular carcinoma (HCC).

We will never stop striving to make human life better, thinking of the patients and their families, and healthcare providers who are eagerly awaiting new treatment options and better medicines.

We have been building and developing the HLB Bio-eco System (HBS), a collaborative system to maximize the

synergies through interaction and cooperation between HLB and its U.S. subsidiaries, including Elevar, Verismo, and Immunomic Therapeutics, and its domestic affiliates, including HLB Life Science, HLB Therapeutics, and HLB Pharma.

We also opened the HLB R&D Center, which brings together passionate people to make faster technological progress, and in April, for the first time since HLB's establishment, we held the HLB Bio-Forum, where 150 employees from the bio sector gathered to understand each other's technologies and discuss ways to collaborate.

As well as the development of new drugs, we have also had remarkable achievements in ESG.

In the environmental sector, the company built a 100-kilowatt (kW) solar power generation facility on the roof of a building at the Healthcare Division to cut carbon emissions from its manufacturing process and increase the proportion of renewable energy. Furthermore, the company has declared its support for the TCFD, the Climate Change Disclosure Framework, to respond to climate change on a corporate-wide level and plans to reduce HLB's internal temperature rise (ITR) to within 1.5°C by 2030 by establishing and implementing strict environmental targets.

In the social sector, we have launched the HLB Group Social Contribution page, allowing employees to easily browse the group's various social contribution activities, including sponsoring a "Goodshare Korea" that supports hungry children.

In the area of corporate governance, we have created a nominating committee and an audit committee under the board of directors to enhance their independence and transparency. We have also eliminated the "golden parachute" program with major affiliates to prevent damage to shareholder value through undue protection of management rights.

HLB is set to make a leap from a local to a global pharmaceutical and bio company. Our new drugs will soon be used to save the lives of people around the world, elevating our status in the global arena. Accordingly, HLB will continue to sincerely fulfill its ESG responsibilities for a sustainable future and to grow as a company that meets global standards.

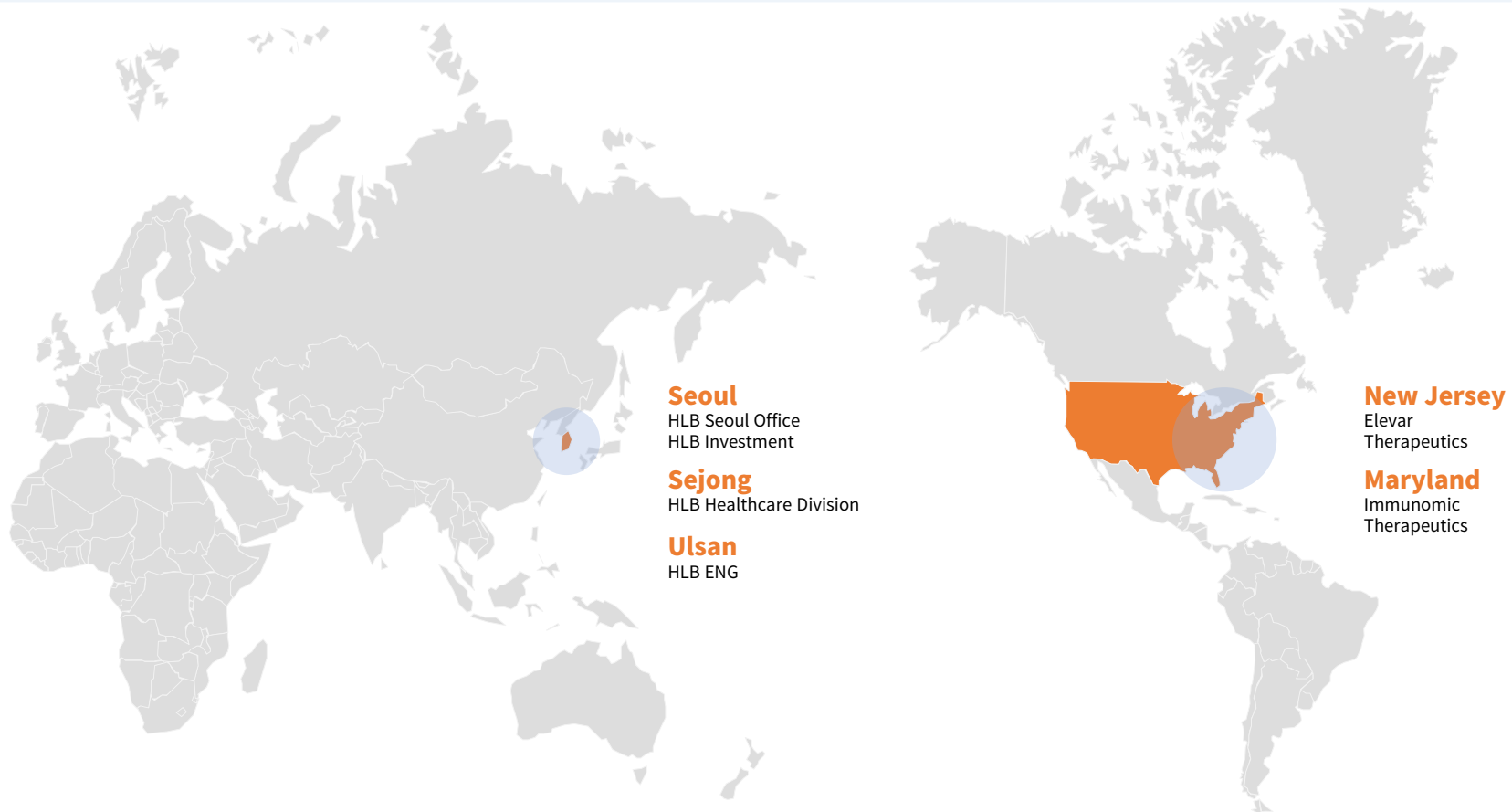
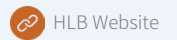
Thank you for your unwavering support for our exciting and challenging journey.

Chairman / CEO **Jin Yang Gon**

CEO **Kim Dong Gun**

## Company Profile

Since it was founded in 1975 as Kyungil Yacht Industry, HLB's history has been one of relentless development of life-saving technology. We had strived to save lives at sea as the nation's only lifeboat manufacturer, and now working hard to save even more lives with our new Best-in-Class anti-cancer drugs. Against the huge barriers of cost, time, and low success rate, we still have our trust in the value of life-saving technologies



# Company Profile

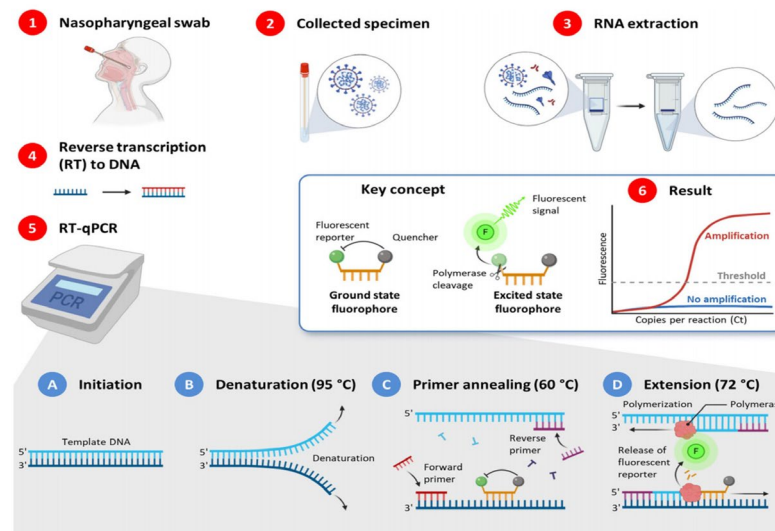
## HLB Healthcare Division

HLB Healthcare Division manufactures a wide array of healthcare products, including specimen collection kits for Covid-19 testing (in vitro diagnostic medical devices), assorted antibody kits, blood glucose diagnostic devices, disinfectants including alcohol swaps that are essential for personal hygiene (quasi-drugs), skincare/beauty products (cosmetics), and veterinary drugs and boasts of major customers including domestic and international pharmaceutical companies and diagnostic device makers. We are developing innovative products and services focused on the prevention and diagnosis of diseases and the monitoring of patients by using nanoparticles in various forms such as graphene, carbon nanotubes, and magnetic beads,

Company Name	HLB Healthcare Division
CEO	Baek Yoon Ki
Date of Incorporation	May 2008
Address	10-5, Myeonghaksandanseo-ro, Yeondong-myeon, Sejong
Revenue	1,618 Billion KRW
Employment	114 employees
Main Business	In vitro diagnostic medical devices, alcohol swaps, hand sanitizers, etc.



## In Vitro Diagnostics and Bio healthcare



### Biomedical Devices



Specimen Swabs



Specimen transport media

### Animal Non-Medical Products



Oral Wipes



Ear Wipes

### Non-Medical Products



Alcohol Swabs



Eol Swabs

### Cosmetics



Nose Wipes

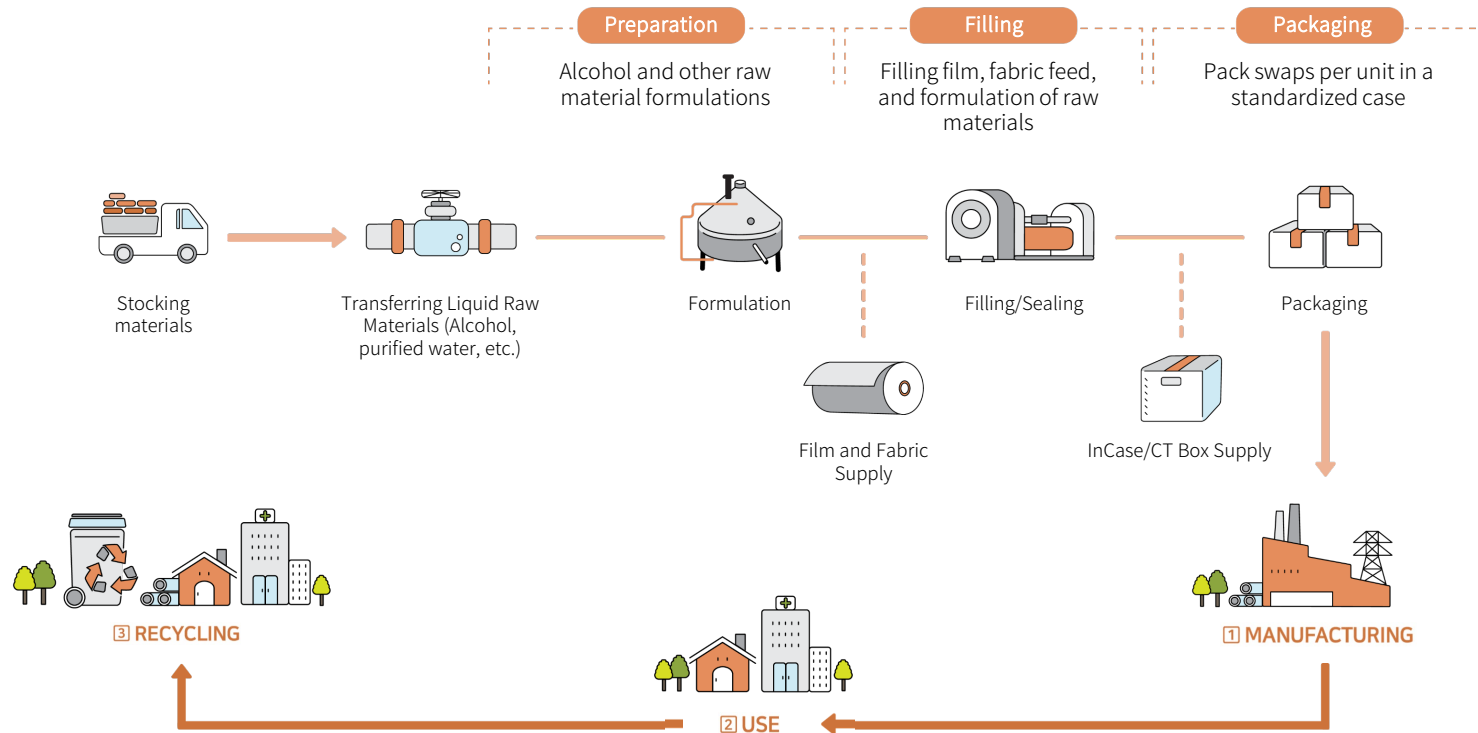


Cleansing tissues

## Company Profile

### Alcohol Swap Production Process

Alcohol swaps, one of the main products of the HLB Healthcare Division, are disposable nonwoven products immersed in alcohol to prevent diseases and infectious diseases by disinfecting skin and wound areas and disinfecting medical tools. We are striving to expand product development using eco-friendly materials and establish a low-carbon circulation economy system through recycled materials.



## Company Profile

### HLB ENG

Since its establishment in 1975, HLB ENG has the longest history and unparalleled know-how in the field of small and specialized shipbuilding in Korea, having built more than 7,000 vessels such as lifeboats, government vessels, and fishery guidance vessels over the past 40 years. On June 20, the company was selected by the Ministry of SMEs and Startups as a business partner for the 'Hydrogen Fuel Cell Propulsion Small Vessel for Eco-Friendly Ships' project, leading the development and commercialization of environment-friendly ships. HLB ENG has been recognized for its technological prowess by being the first to domestically produce glass fiber reinforced pipes (GRE/GRP pipes), used in marine plants and power plants, and supply them to large domestic and international heavy industry and chemical companies

Company Name	HLB ENG
CEO	Do Soon Ki
Date of Incorporation	March 1975
Address	216-53, Dangwol-ro, Onsan-eup, Ulju-gun, Ulsan
Revenue	179 Billion KRW
Employment	42 employees
Main Business	Lifeboats: General type, free-fall type, rescue boat / Specialized vessels: Government vessels, pilot boats, operating vessels



### Specialized Vessels



RIB boat



Marine Engine



Fast rescue boat



Government vessels &amp; Fishing boat



Lifeboat &amp; Hook

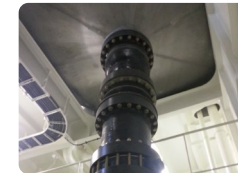
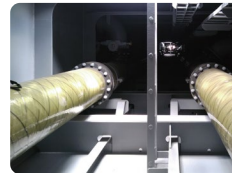


Safety gear



Patrol boat

### Marine Offshore



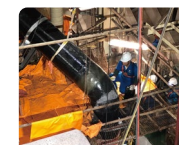
### GRE PIPE



CHAMPIONSHIP SOx Retrofit



SOx Retrofit



LPG Carrier



PEGASUS Retrofit



## Company Profile



### HLB Investment



HLB Investment is a venture capital (VC) company registered with the Ministry of SMEs and Startups under the Act on Special Measures for the Promotion of Venture Businesses enacted in May 2021, and is engaged in the business of investing in startups and venture companies through the formation of unions such as venture investment associations. Since being authorized by the same act in May 2022, the company has been expanding our business through the formation of venture investment associations and is currently operating the first venture investment association (investment commitment of 10 billion won).

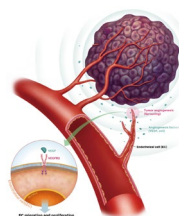
Company Name	HLB Investment
CEO	Im Chang Yoon
Date of Incorporation	May 2021
Address	8F, 44, Seolleung-ro 90-gil, Gangnam-gu, Seoul
Asset under Management	100 Billion KRW
Employment	8 employees



### Elevor Therapeutics



Since its founding in 2005, the company has been based in the US developing new anti-cancer drugs by introducing substances in research or early clinical stages and is 100% owned by HLB. Rivoceranib, an oral targeted anti-cancer drug that selectively blocks the vascular endothelial cell receptor (VEGFR-2), is being developed as a treatment for multiple cancers, including gastric cancer (GC), HCC, colorectal cancer (CRC), and adenocarcinoma (ACC). It is also developing Apealea®, a third-generation reformulation of paclitaxel, approved in Europe for the treatment of ovarian cancer, to be used for the treatment of ovarian and breast cancers.



Rivoceranib



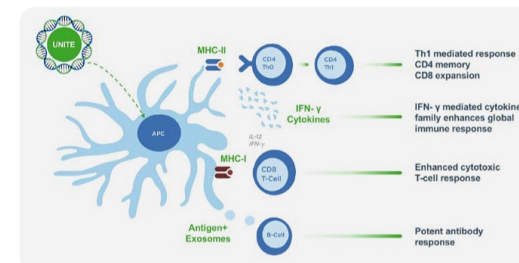
Apealea®



### Immunomic Therapeutics



Since its founding in 2006, it is a US-based biotechnology company pioneering research into nucleic acid immunotherapy platforms, in which HLB holds a 41.11% stake. The company is developing therapeutic vaccines that enhance the function of cytotoxic T cells by targeting specific antigens to lysosomes and increasing their antigen presentation ability based on the next-generation immunotherapy platform 'UNITE' developed in partnership with Johns Hopkins University in the US. Currently, a Phase 2 clinical trial is underway for glioblastoma (GBM).



UNITE®

## 2022/2023 Highlights

### Rivoceranib, ASCO 2022 Researcher Achievement Award winner

At the American Society of Clinical Oncology (ASCO) on June 3, HLB announced 28 clinical results for its novel cancer drug Rivoceranib, and the investigator who led the trial for HCC was awarded the ASCO 2022 Annual Meeting Merit Awards.



### Rivoceranib Achieves Longest Patient Survival for Liver Cancer Treatment

HLB reported results from a Phase 3 trial of its targeted anti-cancer agent Rivoceranib in first-line treatment of HCC, with median overall survival (mOS) reaching 22.1 months, breaking the 20-month barrier for the first time, and the highest in the history of HCC treatments.

### Next-generation of CAR-T cell therapy designated as FDA orphan drug

SynKIR-110, a CAR-T cell therapy from Verismo Therapeutics has been designated as an orphan drug by the US FDA for mesothelioma. The great news came right after a rare approval that was granted by the FDA about a month after submitting a Phase I Investigational New Drug (IND) application.



### Merkel cell carcinoma drug gets FDA fast-track designation

Immunomic Therapeutics' ITI-3000, a cell therapy vaccine being developed by the HLB US affiliate for the treatment of Merkel cell carcinoma (MCC), has been granted Fast Track designation by the US FDA.



### Rivoceranib approved for first-line HCC treatment in China

On January 31, the Shanghai Stock Exchange reported that China's National Medical Product Administration (NMPA) approved the Rivoceranib+Camrelizumab combination as a first-line therapy for HCC. It's been about 3 years and 9 months since the global Phase 3 trial began in April 2019, and it has become the fifth new drug approved as a first-line treatment for HCC.

### Next-generation CAR-T therapies get FDA fast-track designation

SynKIR-110, a next-generation CAR-T therapy from Verismo Therapeutics, received fast-track designation from the US FDA for mesothelioma.

### Rivoceranib completed FDA New Drug Application for HCC

After completing all the New Drug Application preparations for Rivoceranib, a targeted anti-cancer drug being developed as a first-line treatment for liver cancer, the company submitted a New Drug Application to the U.S. FDA on the 16th. This marked a milestone in Korean bio-history, as HLB finally entered the NDA stage, approximately 12 years after its first global clinical trial for Rivoceranib in 2011.



### HLB to hold its first BioForum

HLB held a BioForum in Songdo in April 2023 to establish interests among affiliates and create synergy through network formation and information sharing.



### HLB Group signs business agreement to prepare for commercialization of Rivoceranib

HLB has entered into business agreements with Elevar Therapeutics, HLB Life Science and HLB Pharmaceutical for the production, sale and distribution of Rivoceranib.

## 2022/2023 Highlights

### HLB declares support for TCFD · TNFD

In May 2023, HLB declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD) to be carbon neutral and responsive to the climate crisis.



### HLB Opens a group social contribution channel

In May 2023, HLB concluded a business agreement with NAVER Happybean to launch an environmentally friendly social contribution page and campaigns while conducting fundraising activities through 'Green Together,' the company's environmental and social contribution campaign.

### HLB Reveals 2045 Net-Zero Roadmap

Recently, HLB announced its 2045 Net-Zero roadmap through its BOD in order to meet the carbon emission reduction requirements under the National GHG Reduction Target (NDC).

### HLB to be certified an anti-corruption management system (ISO 37001)

HLB has obtained ISO 37001 certification for transparency in governance and the establishment of an advanced ethical management system.



### HLB wins the Best Family-friendly Management Certification

HLB was recognized as the Best Family-friendly Management in 2022 for its efforts to establish a 'culture of work' and family balance by implementing shortened working hours, flexible working hours, spousal maternity leave, remote working hours, and base offices.



### HLB to Reach \$176 billion in revenue and \$38 billion in operating income

HLB recorded 176 billion KRW in sales last year due to increased sales of its healthcare division due to COVID-19. Operating profit was 38 billion, recording an operating profit ratio of about 21%, turning into a surplus. (based on separate financial statements)

### HLB acquires HLB Innovation

HLB plans to strengthen its existing business by acquiring KOSDAQ-listed HLB Innovation (formerly PSMC), while expanding support for the development of CAR-T cell therapy by Verismo Therapeutics based on its stable financial structure.



### HLB splits off HLB ENG

HLB will be transformed into a complete bio company by finalizing the HLB ENG division process, and HLB ENG will become a 100% subsidiary of HLB as an unlisted corporation.



### HLB Named as the 2023 Korea Sustainability Leaders 150

HLB was selected as the "2023 Korea's top 150 sustainable companies" by Germany's global market research firm Statista, which comprehensively analyzed the ESG performance of more than 1,200 companies in Korea.






# ESG strategy

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17	New Drug Development	23	Certificates and Awards
20	New Growth Engines		

## ESG Management System

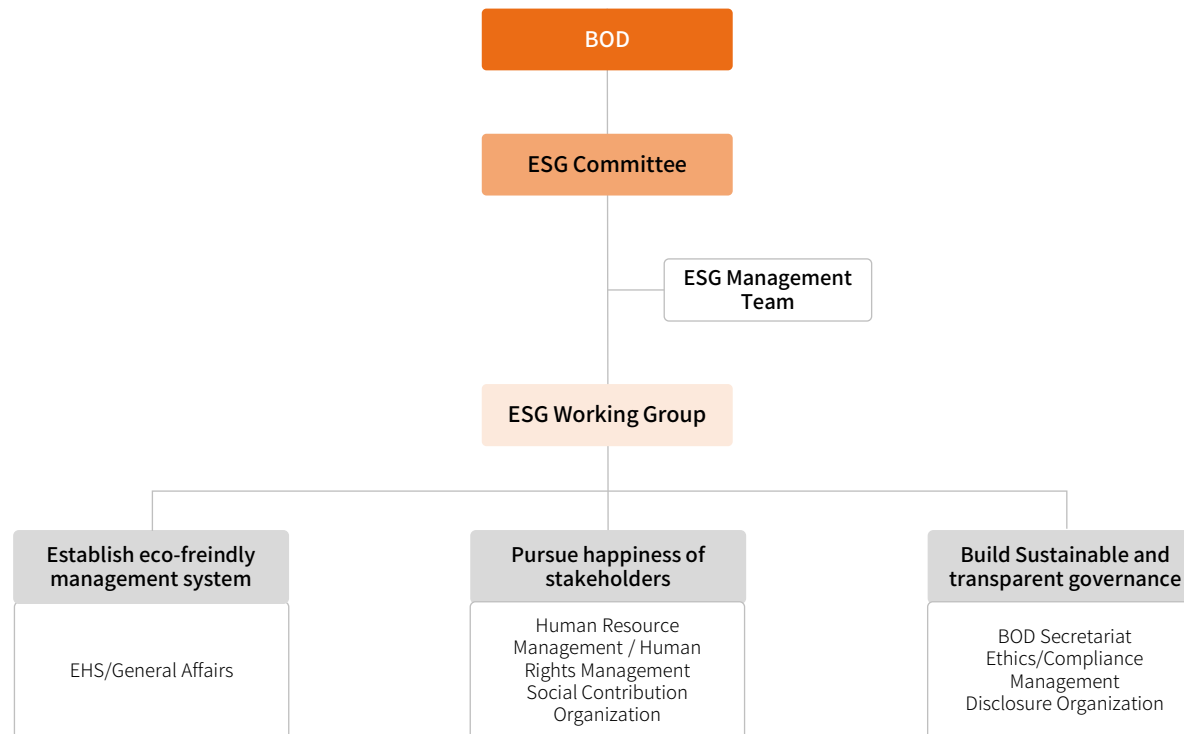
At HLB, we are well aware that an integrated view between our ESG promotion strategy and business strategy is essential for advancing our ESG management. Accordingly, we have aligned our ESG management vision and strategic directions with our corporate mission and vision. As a global innovative partner in the vaccine/bio sector, HLB aims to be a leader in creating a socially and environmentally sustainable future, from the basic research and development stage to the final stage of the value chain where our products are distributed to customers around the world.

<b>Mission</b>	Human Life Better (Enriching human life through life-saving technologies)		
<b>Vision</b>	Providing growth solutions that continue to create the highest future value by creating synergies and maximizing profits in HLB Group's pharmaceutical and bio businesses		
<b>ESG Vision</b>	Practical corporate ethics, mature corporate citizenship, warm capitalism		
<b>Strategic directions</b>	Low-carbon Management 	Pursuing stakeholder happiness 	Building sustainable and transparent governance 
<b>Focus Areas</b>	Achieving carbon neutrality and increased use of renewable energy	Managing Supply Chain ESG Risk	Ensuring fair trade compliance through anti-corruption · compliance management
	Reducing pollutants to minimize environmental impact	Empowering employees and establishing a safety and health system	Strengthening diversity, inclusion, and equity policies
	Green product development and biodiversity conservation	Enhancing social impact	Advancing a board-centered risk management system

## ESG Management System

HLB has established a framework for promoting ESG management in earnest. We operate the ESG Committee under the BOD as the highest deliberation and decision-making body for ESG management, discuss ESG issues through management meetings including executive meetings, and establish an ESG management promotion system that operates the ESG Practice Council to execute improvement tasks and generate results under the three ESG strategic directions.

The ESG Committee reviews the mid- to long-term directions and goals for ESG management, monitors the progress of ESG activities and improvement tasks, and promotes the internalization of our ESG management by providing advice and review to the BOD on major issues. The ESG Management Team, a dedicated ESG organization, serves as the secretariat of the ESG Committee while providing reporting and decision-making support to the BOD, and is responsible for enterprise-wide ESG practices including ESG information disclosure and response to external rating agencies. The ESG Implementation Council is composed of organizations related to the three ESG strategic directions and implements short-, medium-, and long-term improvement tasks.



# Materiality Assessment

## Materiality Assessment Process

### STEP

01

### Configuring issue pools through internal and external environmental analysis

We derived our own issue pool based on sustainability standard issues that fall under external disclosure requirements and sustainable items related to corporate risk and future direction.

### STEP

02

### Review issues and derive topics

By reviewing the GRI issue pool for responding to external assessments and HLB's own issue pool for responding to risks and setting the future direction, we eliminated duplicate issues and identified 15 material topics.

### STEP

03

### Impact analysis for employees and external stakeholders

We collected opinions on sustainability topics by conducting an online survey of internal and external stakeholders and identified key issues for employees and stakeholders.

- Survey period: May 22 - May 26, 2023
- Participants: 35 employees, 399 stakeholders including suppliers, media, and shareholders (434 total)
- Questionnaire: Materiality assessment of 15 sustainability issues

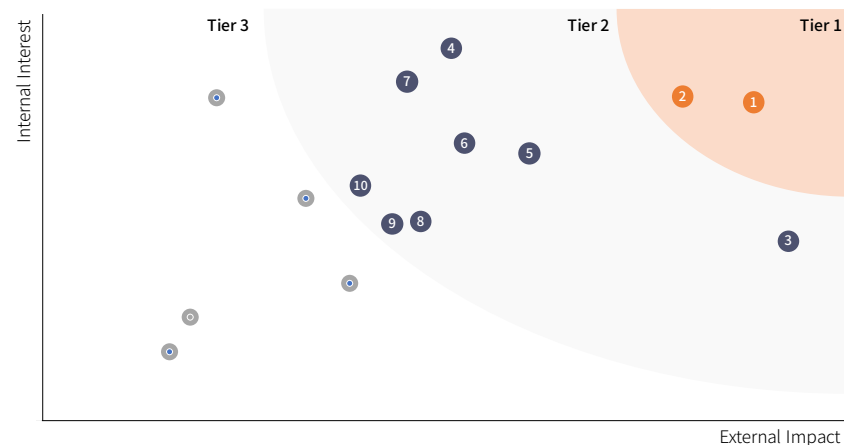
### STEP

04

### Set priorities and focus areas

We reviewed the global ESG standard indicators and our own issue pool derived by analyzing the business environment to select the top two items out of 15 general topics as material topics (1st Tier). According to the distribution of the results, the 3rd to 10th tier is classified as the 2nd Tier, and the 11th to 15th tier as the 3rd Tier.

## Assessment Results



No.	Issues	Category	Pages
1	Expand therapeutic areas through drug discovery	Tier 1	17-19
2	Create new growth engines for global market expansion		20
3	Enhance shareholder value by creating and distributing economic value	Tier 2	-
4	Develop employee capabilities and attract talented people		40
5	Strengthen communication through stakeholder engagement and interactions		42, 47
6	Manage potential risks proactively and comprehensively		33, 34
7	Fair performance evaluation and compensation		43
8	Comply with laws and regulations, including fair trade and anti-corruption		34
9	Consider ESG management priorities when making new business investment decisions		15
10	Expand intellectual property and strengthen its utilization		-
11	Secure the DEI of the BOD and establish a transparent decision-making system	Tier 3	43, 44
12	Safe and responsible supply chain ESG management		37
13	Improve organizational culture and work-life balance		38, 39
14	Reduce pollution emissions and minimize environmental impacts		26-31
15	Carbon Neutrality to mitigate climate change		27-28

# New Drug Development

## Rivoceranib

Rivoceranib is an oral targeted anti-cancer drug that selectively inhibits the vascular endothelial growth factor receptor 2 (VEGFR-2), a key player in intratumoral neovascularization. It was approved for the treatment of GC indications for the first time in the world as a synthetic VEGFR-2 inhibitor and is currently marketed in China for the treatment of GC and HCC. A New Drug Application (NDA) has recently been submitted to the U.S. FDA for the first-line treatment of HCC.

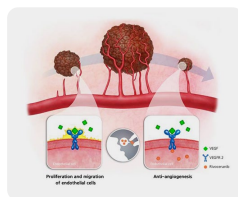
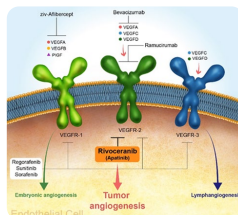
Its high efficiency has been proven in various cancers, including GC, CSC, and non-small cell lung cancer (NSCLC).

Rivoceranib has demonstrated versatility in combination therapy with a range of drugs, including chemotherapeutic and immunotherapeutic agents, and is currently undergoing various clinical trials.

## Mechanism of action

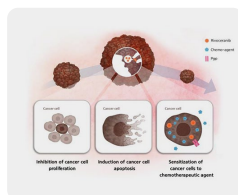
### 1. Neoangiogenesis inhibition

Rivoceranib is a tyrosine kinase inhibitor (TKI) small molecule that selectively inhibits VEGFR-2, a receptor signaling system on vascular endothelial cells that is involved in neovascularization in cancer, thereby inhibiting cell proliferation and migration and preventing the formation of new blood vessels.



### 2. Anti-cancer effects and overcoming drug resistance

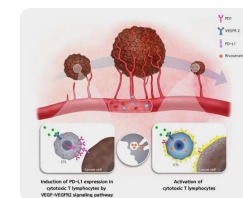
The most common cause of cancer treatment failure is multidrug resistance, where cancer cells develop cross-resistance to several different types of anticancer drugs simultaneously. Drug-resistant cancer cells can block the movement of anticancer drugs into the cancer cells while increasing the movement of anticancer drugs out of the cells, thereby reducing the efficacy of anticancer drugs.



It can also alter the chemotherapeutic drugs that enter the cell, making them unable to work. Rivoceranib improves efficacy by preserving intracellular concentrations of anticancer drugs by inhibiting the activity of P-glycoproteins that increase multidrug resistance or drug release.

## 3. Immune activation and boosting the effectiveness of immuno-oncology drugs

Rivoceranib activates immunity in the tumor microenvironment by reducing the expression of the immune checkpoints PD-1, Tim-3, and Lag-3 on CTLs and stimulating the secretion of the immune-activating factors IFN- $\gamma$  and IL-2. These mechanisms are anticipated to produce synergistic effects in combination therapy with immune checkpoint inhibitors.



## Pipeline

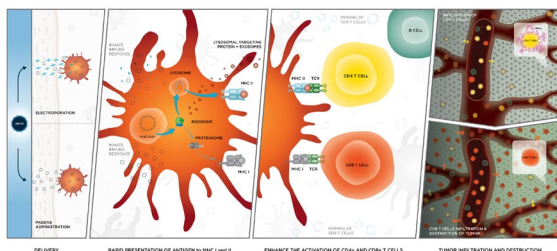
Indication	Single / Combo	Phase I	Phase II	Phase III	Note
GC (Stage 3)	Single	Completed (Orphan Drug)			
HCC (Stage 1)	Combo (Camrelizumab)	Completed (Orphan Drug)			NDA Submitted
ACC (Stage 1)	Single	Completed (Orphan Drug)			
GC (Stage 2)	Combo (Paclitaxel)	In progress			
CSC (Stage 3)	Combo (Lonsurf)	In progress			

## New Drug Development

### UNITE®

UNITE, short for "Universal Intracellular Targeted Expression," is a powerful next-generation immunotherapy platform technology that targets specific antigens to the lysosomes of dendritic cells (DCs) to boost their ability to present antigens and activate immune responses, including not only cytotoxic T cells but also memory T cells and B cells. It is applicable to cancers and allergies and is highly scalable

### Mechanism of action



### 13 pipelines, including GBM Therapy



At present, Immunomic Therapeutics has 13 pipelines in the areas of cancer, infectious diseases, and allergy. ITI-1000, nearing the end of Phase II, is a treatment for glioblastoma multiforme (GBM), with clinical results showing a 7-fold increase in 5-year survival over conventional chemotherapy and a median overall survival (mOS) of more than 23 months, making it a potentially novel treatment in the GBM market with no clear.

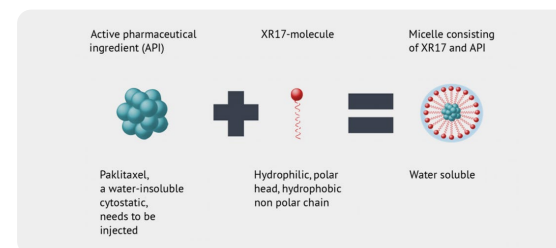
### Main pipelines

Therapies	Indication	Candidate Selection	Non-clinical	Phase I	Phase II
ITI-1000	GBM				
ITI-1001	GBM				
ITI-3000	Merkel Cell				
ITI-AB1	Immunogateway Inhibitors				
ASP-JRCv2.0					
ASP-0892	Allergies				
ASP-2390					
Animal Health	Animal Therapy				

### Apealea®

Apealea® is a 3rd generation version of paclitaxel that was approved in Europe in November 2018 for the treatment of ovarian cancer. It is a product that does not use the solubilizing agent 'Cremophor' included in the existing paclitaxel, not requiring pretreatment before injection, and has a shorter injection time, thereby improving patient convenience while minimizing side effects.

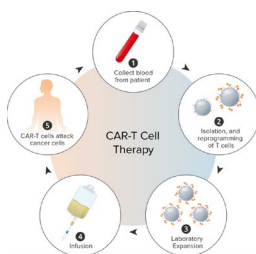
### Mechanism of action



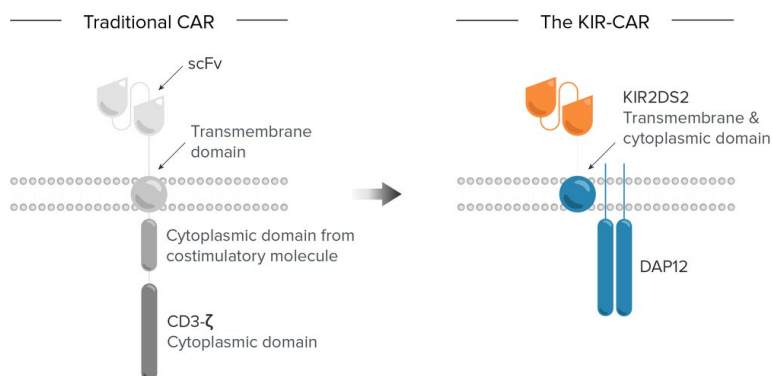
## New Drug Development

### SynKIR™ (KIR-CAR)

CAR-T is a cell therapy in which T cells are genetically engineered to express an artificial immune receptor. While existing CAR-T based on a single recombinant structure is limited in persistence in the body, indications, and safety, Verismo has the world's first SynKIR™ platform that expresses a multi-chain receptor that resembles the receptor structure of NK immune cells on T cells, and is expected to have high scalability, efficacy, and safety for various cancers.



### Mechanism of action



### Main pipelines

KIR-CAR can not only treat hematologic cancers, a common indication for CAR-T therapies, but also solid tumors. Verismo is currently showing therapeutic effects on various solid tumors that are considered to be the limitations of existing CAR-T therapies.

Verismo has a pipeline of anti-cancer drugs for various solid tumors such as mesothelioma, ovarian cancer, pancreatic cancer, and GBM.

Therapies	Indication	Candidate Selection	Non-clinical	Phase I	Phase II
SynKIR-110	Mesothelioma				
	Ovarian cancer				
	Pancreatic cancer				
SynKIR-410	GBM				
SynKIR-310	Blood cancer				



## New Growth Engines

HBS, "HLB Bio ecosystem," was established to support a number of pharmaceutical and biotechnology companies in the group from drug development to distribution, and to create synergies through organic cooperation between them. The HBS is a system based on open innovation in which HLB Life Science, HLB Cell, Hwajin Medical, Shinhwa Advance, HLB Science, Elevar Therapeutics, Immunomic Therapeutics, and other bio-related companies, as well as NanoGen, Vivesto, Hengrui Pharmaceuticals, and other partners, as well as top overseas universities, work together organically to create results in clinical, development, and sales areas.

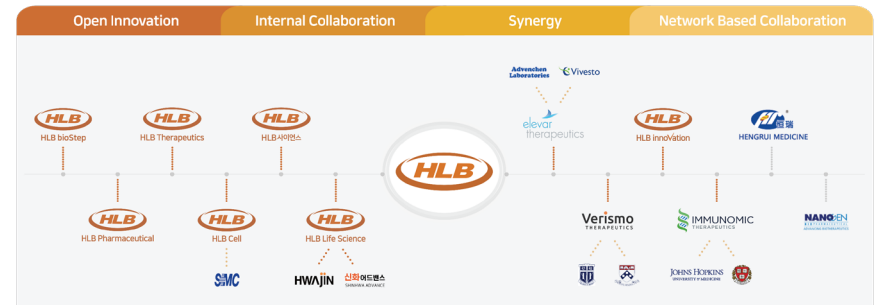
We are rapidly expanding the bio-pipeline of the Group. The HBS. HLB, Elevar Therapeutics, HLB Life Science, and China's Hengrui Pharmaceutical are working together to strengthen technical collaboration on Rivoceranib, including joint clinical trials and data sharing, to expand indications in GC and HCC. In September 2020, HLB Life Science also acquired the domestic rights to another oral targeted anti-cancer drug, Pyrotinib, from Hengrui Pharmaceutical.

HLB also acquired US drug developers, Immunomic Therapeutics and Verismo Therapeutics, to develop CAR-T therapies and cellular immunotherapies that enhance T-cell function.

In April 2021, HLB opened an integrated research center in Dongtan, Gyeonggi-do. It is home to the group's bio-related companies that are working not only on new drug development in their respective areas but also conducting various types of collaborations. Through regular tea breaks and seminars, we are trying to respond to the rapidly changing bio-business ecosystem and enhance our R&D capabilities by sharing various information.

In April, we held the first HLB Bio Forum since the foundation, where 150 employees from affiliates in the bio sector gathered to understand each other's technologies and discuss ways to collaborate.

### HLB Bio ecosystem



### Role of Affiliates














<b>HLB Healthcare Div. (R&amp;D, Manufacture)</b> Manufacture/distribute diagnostic device, alcohol swap	<b>HLB Life Science (R&amp;D, Manufacture)</b> Development of oncology new drug (domestic) Manufacture/distribute diagnostic device
<b>HLB Therapeutics (R&amp;D, Distribution)</b> Development of treatment for eye diseases and GBM Distribute Cold chain medicines	<b>HLB Pharmaceutical (Research, Manufacture, Distribution)</b> Manufacture/distribute medicine, functional foods, Development of IMD
<b>HLB Science (R&amp;D)</b> Develop peptide-based anti-septic, Alzheimer treatment	<b>HLB bioStep (Research)</b> No.1 domestic non-clinical CRO for efficacy test
<b>Elevar (Development, Distribution)</b> Global pharma company focusing on oncology new drug development	<b>HLB Cell (R&amp;D, Manufacture)</b> Cell treatment, surgical coagulant, tissue engineering product development
<b>Verismo Therapeutics (R&amp;D, Manufacture)</b> Research and develop next generation CAR-T treatment	<b>Immunomic Therapeutics (R&amp;D)</b> Develop UNITE platform based anti-cancer vaccine
<b>Hwajin Medical (Manufacture, Distribution)</b> Manufacture/distribute medical syringes, supplies	<b>Shinhwa Advance (Supply)</b> Distribute & supply domestic medicine, supplies



## UN SDGs Performance

Since 2021, HLB has been participating in the United Nations Sustainable Development Goals (UN SDGs).






We are committed to fulfilling our responsibilities as a corporate citizen in the environmental and social sectors by establishing a group social contribution channel, building solar power generation facilities for carbon neutrality, and disclosing our 2045 Net-Zero Roadmap.

UN SDGs			Directions and Main Activities	Pages
	<b>Goal 1</b>	End poverty in all its forms everywhere	Supporting vulnerable populations with medicines and donations	35
	<b>Goal 3</b>	Ensure healthy lives and promote well-being for all at all ages	Supporting employee sports activities, flexible work arrangements, and health screenings	38,39
	<b>Goal 4</b>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Systematic talent development strategy based on the training system map by position	40
	<b>Goal 6</b>	Ensure availability and sustainable management of water and sanitation for all	Establishing environmental goal KPIs and actions	26
	<b>Goal 8</b>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Achieving financial stability through the transition to surplus	11,12
	<b>Goal 9</b>	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Expanding treatment areas for rare diseases	17-19
	<b>Goal 10</b>	Reduce inequality within and among countries	Declaration of the Ten Principles on human rights policies and anti-corruption	36, 45
	<b>Goal 11</b>	Make cities and human settlements inclusive, safe, resilient and sustainable	Support for English-language newspapers and arts and cultural activities in the military	35
	<b>Goal 12</b>	Ensure sustainable consumption and production patterns	Reuse all used water after a hydrostatic test	26
	<b>Goal 13</b>	Take urgent action to combat climate change and its impacts	Environmental Management System (ISO14001) Certified	23
	<b>Goal 15</b>	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Community conservation efforts	35
	<b>Goal 16</b>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Disclosing BOD and ESG committee operations	43, 44
	<b>Goal 17</b>	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	Join and support global initiatives (UNGC, TCFD, etc.)	22

## Initiatives

HLB has been an active member of a variety of global initiatives starting from UNGC in 2022 to ensure sustainability.

In 2023, we joined the environmental initiatives TCFD - TNFD, and CDP, and WEPs, the social initiative for gender equality and women's empowerment.

Initiatives	Joined	Description	
	Carbon Disclosure Project (CDP)	2023.06	Carbon Disclosure Project joined by more than 18,700 companies in 91 countries around the world.
	Women's Employment Principles (WEPs)	2023.06	A joint initiative of UN Women and the United Nations Global Compact for Women's Empowerment, offering guidance and actions to promote gender equality and women's competitiveness.
	Taskforce on Climate-related Financial Disclosures (TCFD)	2023.05	A council was established by the Financial Stability Board (FSB), an international organization, in 2015 to encourage companies to disclose climate change-related information and to integrate it into organizational decision-making.
	Taskforce on Nature-related Financial Disclosures (TNFD)	2023.05	A council was established by the FSB, an international organization, in 2015 to understand the financial and banking implications of climate change and to incorporate climate change risk into investment decisions.
	UN Global Compact	2022.03	A principle-based framework for companies that identifies 10 corporate social principles in the areas of human rights, labor, environment, and anti-corruption.

## Certificates and Awards

HLB was recognized as the Best Family-friendly Management for its efforts to establish a culture of work and family balance by implementing shortened working hours, flexible working hours, spousal maternity leave, remote working hours, and base offices for the first time among group affiliates by the Ministry of Gender Equality & Family.

In addition, the company was selected as a 2023 Sustainable Leader by STATISTA, a German market research organization, in recognition of its efforts to enhance policies and systems to secure transparency in governance as well as various activities in the environmental and social sectors.

Certificates and Awards		Joined	Description
	Anti-Corruption Management System (ISO 37001)	2023.06	An international standard as a prescriptive global guideline for reasonable and proportionate constitutional policies, procedures, and control systems for corruption/bribery risks arising from the activities of all commercial enterprises/institutions.
	2023 Sustainability Leaders (Statista)	2023.05	German market research firm Statista analyzed the sustainability performance of more than 1,200 publicly traded companies to identify the top performers.
	Best Family-friendly Management (Ministry of Gender Equality & Family)	2022.12	Awards certification to companies and public institutions that exemplify family-friendly systems to enable employees to balance work and family.
	Quality management system (ISO 9001)	2021.06 (renewed)	An enterprise-wide management system that involves all members of the organization across business activities, led by the CEO, to fulfill customer needs and ensure customer satisfaction, and quality.
	Environmental management system (ISO 14001)	2020.07 (renewed)	A system for managing the environmental impacts associated with all activities of an organization, products, and services as part of the management system for the products or the various operational activities it provides.

# ESG performances

25 Environmental

32 Social

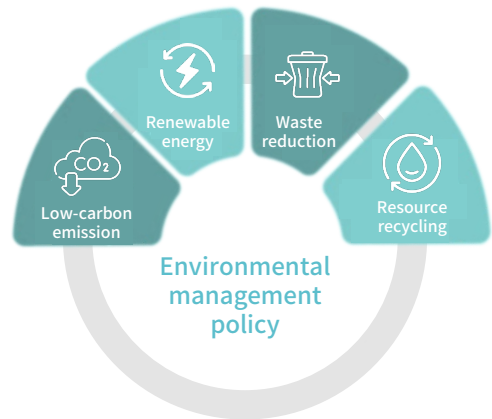
41 Governance

Environmental



# Environmental Policy

HLB establishes environmental goals by area including greenhouse gas, energy, waste, and resource recycling, and systematically manages performance data compared to annual goals. Also, HLB handles all business for the operation of an environmental management system and compliance with environmental regulations



## Efforts to Reduce Waste

Classify industrial waste and general household waste (top priority on recycling)  
In-house partner processing and waste disposal  
Process improvement through quality management  
Formation of an Environmental Improvement Committee and campaign activities

## Energy Use Management

Adopt PC management programs  
Application of LED lamps in the factory, add automatic timer function, continue investment in high-efficiency facilities

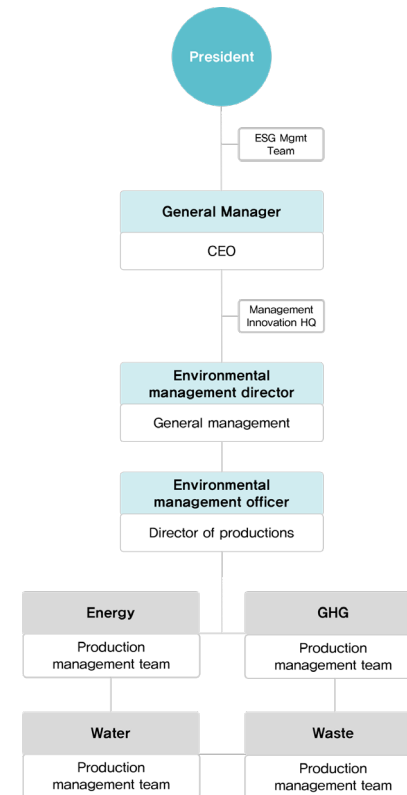
## Water Pollution Management and Activities

Reuse of all water after water pressure test  
Participate in prevention activities  
Regularly inspect facilities and conduct leak prevention activities  
Store waste in designated places to prevent secondary water pollution

## Air Pollution Management

Install absorption facilities for air purification  
Install dust collection equipment to improve the working environment  
Self-measurement of absorption and filtration equipment and monitoring activities

## Environmental Management System

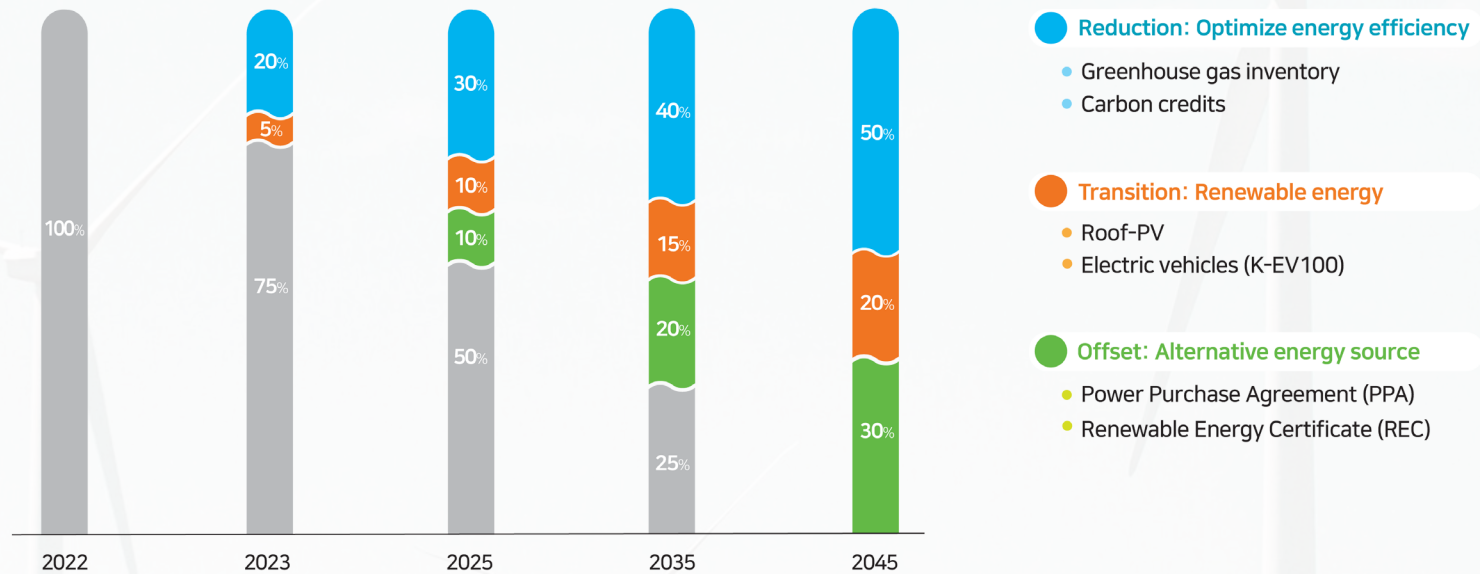




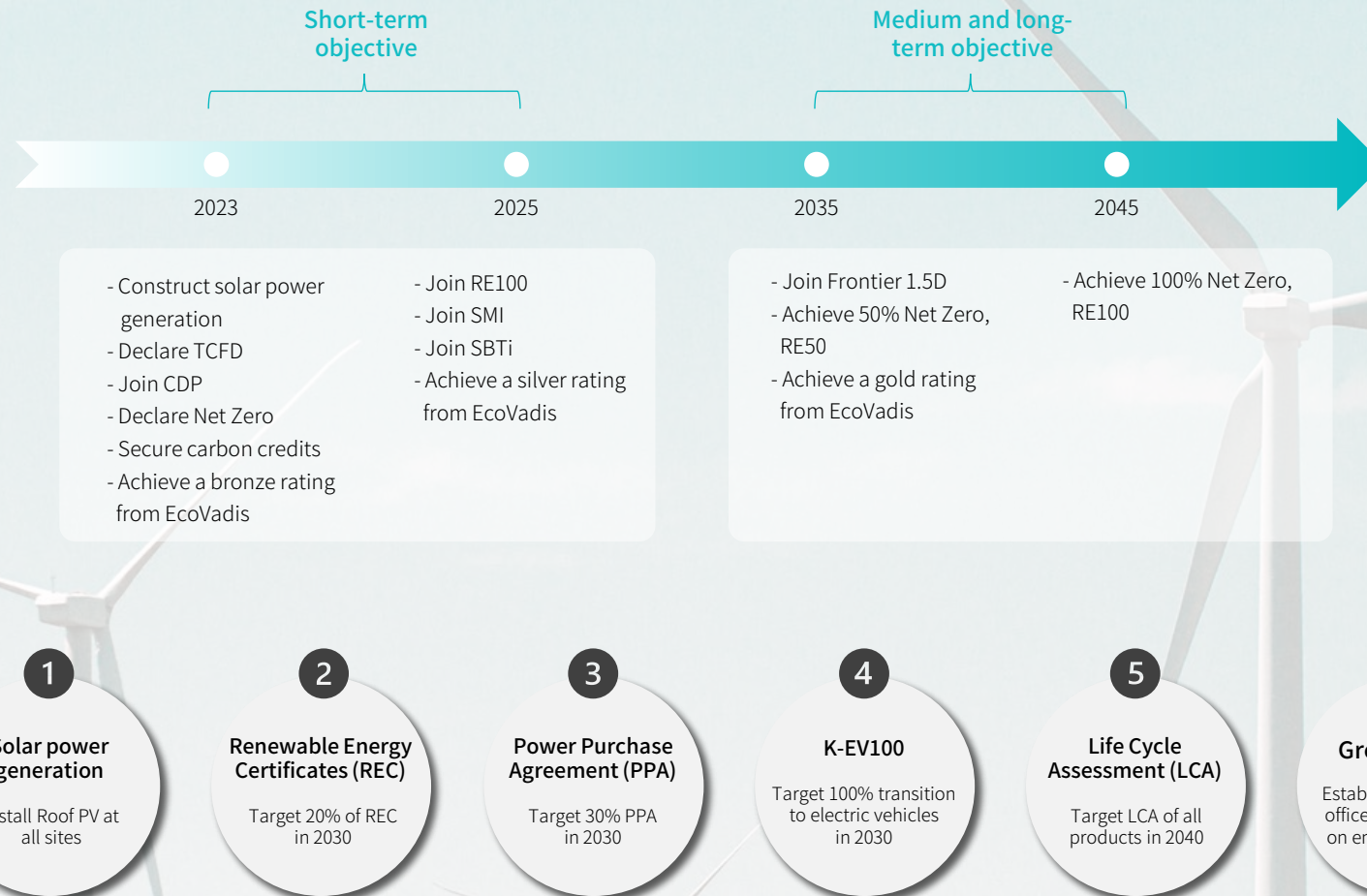
## 2045 Net-Zero Roadmap

To achieve 2045 Net Zero, HLB is preparing the introduction of renewable energy. HLB plans to reduce greenhouse gas emissions by establishing a greenhouse gas inventory, securing carbon credits, installing Roof-PV, transitioning to electric vehicles (K-EV100), PPA, and purchasing REC. Exceptionally, in 2022, the company was the first domestic pharmaceutical & bio company to achieve Net Zero.

Although explosive growth is expected in sales after 2025, HLB is pushing for step-by-step reductions in carbon emissions to gradually expand the company's transition to renewable energy and reach 2045 Net Zero. In 2023, the company aims to achieve the scientific reduction goals linked to SBTi (Science-Based Targets initiative), and reduce and maintain the implied temperature rise of the company to 1.5 degrees Celsius by 2030



## 2045 Net-Zero Roadmap





## Eco-friendly System

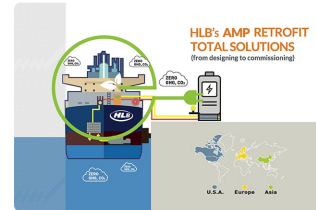
### Renewable Energy

#### Roof PV

In order to reduce carbon emissions in the production stage and increase the rate of use of renewable energy, HLB constructed a solar power generation facility of about 7116 square feet on the rooftop site of Plant 2. This will replace about 4% of total energy use per year with renewable energy and reduce about 10% of total greenhouse gas emissions. The company plans to gradually increase the percentage of renewable energy use to about 20% by 2025 through solar and wind power generation.



## Green Products



### GHG emissions and noise reduction

#### AMP(Alternative Maritime Power)System

Shipowners and shipping companies receive cost reductions such as port entry fees and anchorage charges as incentives for the installation of the AMP system and the use of land power

\*Reduce emissions of greenhouse gases such as sulfur, nitrogen, and carbon dioxide

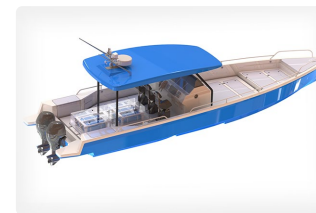


### True green transportation

#### Electric vessels

Pure eco-friendly vessels that can deliver performance and power comparable to conventional engine vessels, with the low-power electric propulsion system that can be installed on government vessels, patrol boats, cruise ships, and fishing boats.

\*Unlike hybrid propulsion vessels that use diesel, 100% of the power is supplied by electricity, and thus zero environmental pollutant emissions



### Future of Eco-friendly Vessel System

#### Hydrogen vessels

Hydrogen vessels have various advantages not only in environmental aspects such as emission reduction, low noise, and vibration, but also in future trends and marketability such as a relatively simple operating system, the possibility of price reduction, and integration of maritime autonomous surface ships.

### Green Revenue

(Unit: KRW)

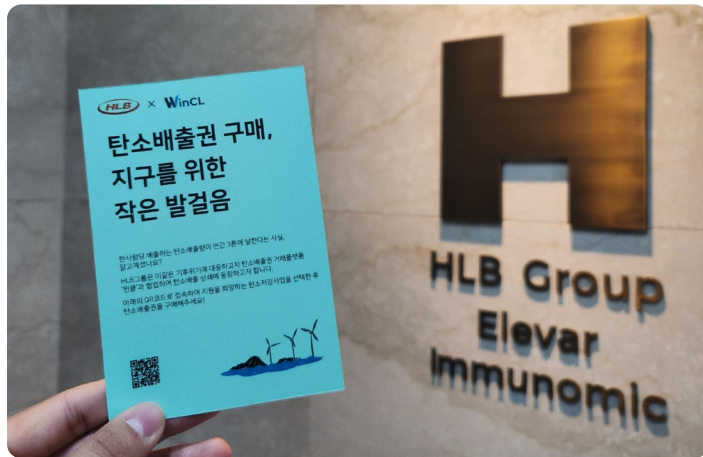
Category	2021	2022	2023
Electric ships	418,486,102	5,756,114	N/A

## Green Activities

### Carbon credits

HLB directly purchases carbon credits certified by “Verra,” a global certification authority, through the carbon emission marketplace platform, offsets carbon credits, and practices climate.

In the first half of 2023, HLB offset 600 tons of carbon credits, half of the company's total carbon emissions, and given that the average daily carbon footprint per employee is approximately 9kg, the company offset the daily carbon dioxide emissions of about 67,000 employees through the company's environmental campaign ‘Green Together.’



### Run for Us

Run for Us is a plogging campaign of HLB Group that aims to run for the Earth and Us. About 100 executives and employees of HLB, HLB Life Sciences, and HLB Global participated in environmental conservation activities such as picking up trash while walking and running along the Han River in Apgujeong, Seoul, Seongsu-dong, Sejong Myeonghak Industrial Complex, and Jinha Beach in Ulsan. Through ESG activities such as Run for Us, HLB plans to continue to contribute to the community and create a warm organizational culture that increases community awareness among executives and employees

Distance ran together

670.6km

Time ran together

290hr



Amount of trash collected

1,660ℓ

Total number of events

4회

(As of 2022)



## Green Activities

‘Green Together’ is a compound word of ‘Green’ and ‘Together,’ created with the aim of practicing eco-friendly activities together in daily life.

Starting with the SNSB campaign in December 2022, the company is promoting an environmental preservation practice campaign for executives and employees and planning various campaigns that can recognize the importance of the environment to executives and employees, such as biodiversity conservation activities.

### SNSB Campaign



#### Save papers

Please reduce the excessive use of paper

- Double-sided print/ Print 2 pages on one side (2x1, 1x2)
- Practice OTP (1 day 10 prints), printing no more than 10 pages per day



#### No disposable products

Please use multi-use items instead of disposable items

- Use mugs instead of paper cups in the office
- Use a tumbler instead of a disposable cup for take-out drinks



#### Save energy

Save standby power

- Turn off the computer and monitor when leaving the office
- The last person to leave the office turns off the lights



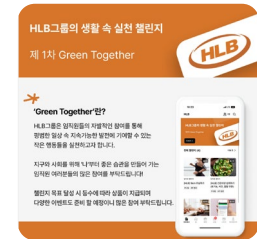
#### Buy eco-friendly products

Please use eco-friendly/recycled products for products used by everyone

- Diary
- Soap
- Tissue/Wet wipes
- Plates

### Green Challenge

The company strives to enhance the positive corporate image and employee awareness of environmental issues and social responsibilities through in-house ESG activities by organizing meaningful challenges related to environmental activities, health care, and social activities such as purchasing carbon credits and participating in social contribution activities.



### Carbon-reduced coffee

HLB is implementing climate action by replacing the company's coffee with coffee beans grown on net zero certified farms with carbon-reduced coffee roasted with 100% renewable energy. The company has been purchasing coffee beans regularly since early 2023 and expects to reduce about 5 tons of carbon a year.



### Water-saving faucet

To raise awareness and improve the current water shortage problem, HLB has replaced all faucet nozzles in the Seoul office with water-saving faucets with up to 50% water-saving effects and will continue water-saving activities by identifying and managing water usage in the long run.





# Social



Staff Lounge at HLB Healthcare Division

## Safety & Health

HLB recognizes safety and health as the top responsibility of the company and carries out various activities to support the safety and health care of its members. In particular, the company strives to prevent safety-related accidents through continuous improvement of company-wide safety and health management, compliance with the Fatal Accident Act, and employee training.

### EHS Management System

HLB has established an EHS (environment/health/safety) management system with the ultimate goal of a disaster-free workplace based on human respect. With EHS management as the core value, the company plans to solidify its position as an EHS leader in the industry by following EHS management values and policies such as creating a safe working environment, safety and health management of employees of HLB and partner companies, and internalization of environmental management.



#### Environment

Prevent air, water, waste, and soil pollution and minimize environmental effects



#### Health

Prevent addiction and disease caused by hazardous substances and promote health

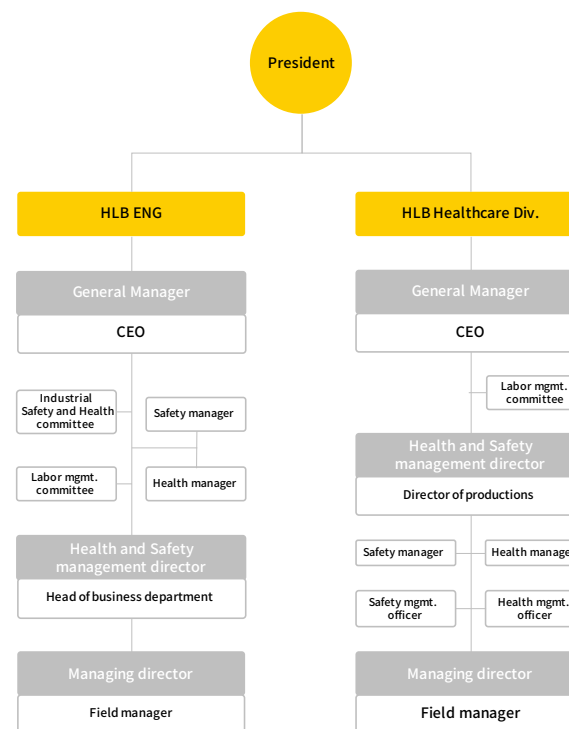


#### Safety

Safely protect workers' lives and facilities through accident prevention

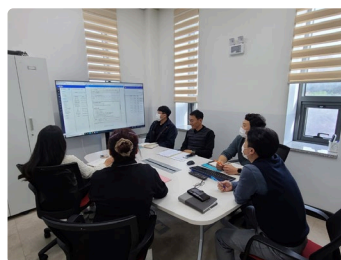
### Safety and Health Management System

HLB strives to improve safety and health management capabilities and safety culture awareness throughout the value chain of the company such as headquarters, workplaces, and partners. In addition, the company identifies safety and health risks by project and company and conducts effective management activities from the beginning phase of the project.



### Board of Safety and Health

The company has formed a Board of Safety and Health to deliberate and vote on major matters related to safety environment and health. The Industrial Safety and Health Committee is composed of the same number of employers and workers and carries out planning and inspecting various activities related to employee safety and health.



# Serious Accidents and Safety Management System

## Serious accidents management

HLB is conducting a thorough investigation of causes and preventive measures to prevent recurrence in the event of fatal accidents, and zero fatal accidents occurred in 2022. Moreover, the company plans to review overall safety and health management activities such as management system, manpower and organization, and budget to eliminate gaps in the system and continuously improve completeness. Emergency response training is conducted at all sites, and fire, explosion, and collapse drills are conducted depending on the situation on the site.

**2,160hr**

Total training hours

**12 cases**

Improvement measures

**0 cases**

Number of violations

**2 times**

Number of fire safety education

## Prevention of safety accidents

HLB strives to establish safety and health compliance management. In 2022, safety and health improvement measures and inspection confirmations are used to improve the level of safety and health compliance management and prevent negligent accidents, and supplementary measures will be established throughout the safety and health audit system and management system to increase the level of compliance management onsite. In addition, the company will further solidify the trust of stakeholders by preventing business disruptions caused by various disasters, including COVID-19, and enhancing the ability to restore core duties.

## Health activities in the workplace

In order to prevent industrial diseases that may occur in the workplace, the company analyzes working conditions that affect the human body to prevent musculoskeletal diseases such as improving hand tools and working methods and providing physical protective equipment. In addition to health checkups, HLB is conducting measurements on health hazards such as noise and dust at all workplaces and plans to continue to eliminate inherent potential risks.

## Identification of risk factors in workplaces and measures

No.	Risk factors	Measures
1	Film tension roller exposure (cotton rod packaging facility)	Install protective cover and emergency stop buttons
2	Pneumatic discharge noise (cotton rod packaging facility)	Install solenoid valve silencers
3	Risk of negligent accidents when mixing substances subject to management	Provide safety protective equipment for chemical substances and training on the direction for use
4	Protection of workers in sealing and cutting sectors (alcohol swap equipment)	Install safety sensors
5	Need to prepare safety gear management plan	Install safety gearboxes, write safety gear ledger, etc.
6	Risk of negligent accidents for workers when replacing films	Make and provide mobile truck
7	Risk of negligent accidents due to the absence of a knife storage box (four-sided packaging machine)	Purchase knife replacements and exclusive storage boxes
8	Exposure risk of bottom wiring of belt conveyors (four-sided packaging machine)	Organize wires
9	Risk of negligent accidents due to exposure of corners (four-sided packaging machine)	Install corner pads
10	Risk of negligent accidents due to sharp anti-pollution partitions	Install corner pads
11	Dry eyes due to dust in the workplace	Measure and manage dust and install safety gears
12	Risk of negligent accidents of workers when moving subsidiary materials	Make and provide mobile truck
13	Unable to respond quickly in the event of an accident because the emergency switch is too far	Correct and reinstall the location of emergency switches
14	Risk of bottom wire dragging of belt conveyors (four-sided packaging machine)	Organize wires and pneumatic hoses
15	Risk of negligent accidents due to short-filling room hoses and lack of valve	Install hoses and check valves
16	Risk of negligent accidents due to high power strips of dividers	Replace with walled power strips

## Health and safety education

Content	
• Safety education of the Serious Accidents Punishment Act (SAPA)	• Prevention of jamming and falling
• Prevention and management education of spring fatigue	• Material safety data sheet (MSDS) training
• Prevention of disasters in high-temperature working environments in summer	• Prevention of suffocation disaster, cause, and prevention of job stress
• Work safety of manual carriage, types and use of safety gears	• Maintenance and repair work safety of mechanical equipment
• Importance of structure, movement, and organization by disaster case	• Prevention of disasters in winter, type, and use of fire extinguishers
• Industrial safety and health education	



## Social Contribution

### Social contribution channel

To ease the economic and psychological burn of underprivileged patients in the communities suffering from diseases, HLB will work with Happy Bean to become a company that pursues the healthy life of mankind. We will continue to strive for Human Life Better considering patients, families, and medical staff who are eagerly awaiting new treatment options and new drugs. Also, HLB will continue to practice sharing to realize warm capitalism, mature corporate citizenship, and practical corporate ethics.



### Goodshare Korea

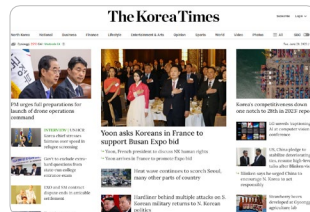
The Goodshare campaign was launched in 2019 to help undernourished children. HLB has been providing annual sponsorship since 2023 to support the good influence that can benefit children as well as restaurants



### Campaign for sending English Newspapers

The Korea Times has been conducting the 'Campaign for sending English Newspapers' to help soldiers consistently learn English during their service and use their abilities after returning to society.

HLB has been participating in the campaign since 2022 in return for the hard work of the Korean soldiers



**에이치엘비**

생명을 살리는 기술로, 따뜻한 나눔을 실천합니다

관련 키워드

#HLB #항암신약개발 #임직원기부

총 기부	5,310,000원
배분 모금함	2개

파트너 홈    전체 프로젝트    후원 모금함

Since 2023 with Happybean | 과학 기술업

### Human Life Better

HLB는 'Human Life Better', 즉 사람을 살리는 기술을 통해 인류의 삶을 더 풍요롭게 만든다는 사명감을 가지고 2008년 이후 지난 15년간 표적항암제 '리보세라닙'의 개발에 매진해 왔습니다. 2023년 5월 16일, 국내 바이오 기업으로는 처음으로 항암신약에 대한 글로벌 임상상을 모두 마치고, 미국 FDA에 간암 1차 치료제로 신약허가신청 (NDA)을 완료했습니다. 저희는 앞으로도 새로운 치료 옵션, 더 좋은 신약을 간절히 기다리는 환자분들과 가족, 의료진들을 생각하며, Human Life Better를 향한 노력을 멈추지 않을 것입니다. 또한, 따뜻한 자본주의, 성실한 기업시민, 실천적 기업윤리를 위한 나눔활동을 이어가도록 하겠습니다.



# Human rights and Diversity

## Human rights management policy

HLB's human right policies are based on international human rights norms such as UNGPs, the Universal Declaration of Human Rights, and the ILO Convention, and strictly adheres to the top 10 human rights policies with the aim of respecting and protecting the human rights of various stakeholders of HLB, including executives, employees, and partners



Human rights policy (KOR)

## Roadmap for human rights management

### Systemization

- Establish policies and organize human rights activities in relevant departments
- Establish and implement the Human Rights Impact Assessment process

### Regularization

- Implement Human Rights Impact Assessment
- Establish human rights risk assessment and improvement tasks

### Advancement

- Expand the scope of human rights risk management
- Enhance proactive risk management

## Declaration of Support for the Women's Empowerment Principles (WEPs)

HLB has officially declared its support for UN's Women's Empowerment Principles (WEPs). The company is committed as a global corporate citizen to support the Sustainable Development Goals (SDGs) and will continue its efforts to create an organizational culture and a good company to work with regardless of gender.

### WOMEN'S EMPOWERMENT PRINCIPLES



WEPs Profile

## Certification of Best Family-friendly Management

HLB has obtained a certification as the 'Best Family-friendly Management' organized by the Ministry of Gender Equality and Family. The company will actively attend to the improvements and requirements of our employees and introduce various systems to improve work-life balance.



## Percentage of female employees

# 43.1%

## Percentage of female managers<sup>1</sup>

# 7.4%

1) Manager or higher

## Facilities for the visually impaired

To facilitate the mobility and convenience of facility use for the visually impaired, convenience facilities such as spotted blocks and braille signs are provided in the office.



## Complaint Management Committee

The HLB Complaint Management Committee was established in 2023 to receive, consult, and promptly investigate and handle complaints from executives and employees.



## Employee Rest Area

HLB created a women-only lounge and staff lounge utilizing the space on the roof of the building and office space. By providing an environment where employees can spend time outside of work, increased work productivity and employee satisfaction within the organization are expected.



Women-only lounge  
(HLB Seoul office)



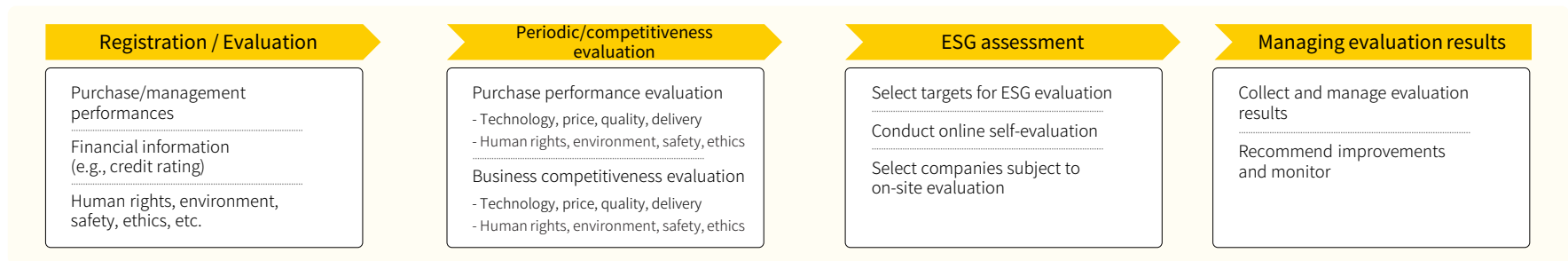
Staff lounge  
(HLB Healthcare Div.)



# Supply Chain

## Partner selection process

HLB operates a fair and transparent process for selecting new partners to meet HLB's direction of business and requirements. The company conducts a competitive evaluation to determine business competitiveness such as technology, quality, cost, delivery, management, and finance and comprehensively judge sustainability (environmental and ethics).



## Code of Conduct

HLB established the Code of Conduct in January 2023 to encourage all partners of HLB to fulfill their responsibilities as global corporate citizens. Referring to the Responsible Business Alliance (RBA) Code of Conduct, our Code of Conduct consists of 12 sections in 5 categories, including items such as labor rights, safety and health, environment, ethics, fair trade, and complaint reporting system. HLB requires major partners the signature of the CEO on the Partner Compliance Contract.

## EcoVadis

In 2023, HLB obtained the Bronze for the company's sustainability rating from EcoVadis. To ensure stable supply chain management, the company will meet ESG levels required by the global market and lay the foundation for sustainable growth



### I Human rights and labor

- Voluntary employment
- Prohibition of child labor and discrimination
- Compliance with working hours
- Wages and benefits
- Humanitarian treatment and prohibition of discrimination
- Freedom of association

### II Ethical management

- Business integrity
- Prohibition of illicit gains
- protection of intellectual property

### III Health and safety

- Industrial safety
- Emergency response plan
- Industrial hygiene and education

### IV Environmental sustainability

- Environmental licensing
- Prevention of pollution and resource reduction
- Regulation of materials

### V Complaint reporting system

- Operation of a complaint report system

## Benefits

To support executives' and employees' work-life balance, HLB strives to stabilize life and improve welfare. Various welfare programs for company life, family, and leisure are operated to induce work immersion by enhancing the morale and motivation of the members and providing a better quality of life.

Financial Wellbeing	Student support for children	• Full tuition for middle and high school children and up to 50% tuition for university (community college) children
	3·5·7 System	• Reward mid- and long-term employees: 3 years (300,000 won), 5 years (500,000 won), and 7 years (700,000 won)
	Residential support for dispatched employees	• Support settlement housing costs for dispatched employees (2 years)
Time & Refresh	Welfare points	• 360,000 won worth employee's welfare mall points per year
	Birthday gifticons	• 30,000 won worth of mobile coupons
	Flexible work system	• Employees choose their working hours freely to increase work productivity
	Casual day	• Dress-down day every Friday
	Cultural get-together	• Support cultural get-togethers once a quarter to promote fellowship among members (cultural performances, exhibitions, movies, sports, etc.)
	Refresh leave	• At least 3 days of Rest-and-Recuperation (R&R) for employees who have worked 10 years or more
	Recreational facilities	• Six premium resorts (Sono, Hanhwa, Kensington, Hoban Resom, Oak Valley, Lotte)
Workplace	Smart work	• Support a work environment where employees can work creatively outside of the office
	Green office	• An air purification system on the office walls to create a pleasant office environment
	Staff lounge	• Separate rest areas for men and women to recover from fatigue (Seoul office) • Parks and lounges utilizing the roof of the building (Healthcare Div.)
	Facilities for the visually impaired	• Equip facilities such as spotted blocks and braille signs for the convenience of the visually impaired
Meal & Snack	Snacks & beverages	• Free lounge accessible for 365 days
Growth	Education expenses	• Freely purchase books necessary for work / Support education for growth
	External education	• Fully support participation fee for attending seminars, conferences, forums, conferences, etc.
	Office equipments	• Provide the latest-model laptop for smooth work performance
Wellness	Accident insurance	• Separate accident insurance that can be compensated for areas that are not covered by the four major insurance
	Comprehensive medical checkup	• Support comprehensive medical checkups for employees and direct family members (300,000 won/year)
	Club activities	• Provide in-house club activity expenses for executives and employees with various interests
Family	Family Day	• Leave work at 4:00 PM every third Friday of the month
	Family events	• Congratulations and condolences for important family events (e.g., marriage, childbirth, funeral, etc.) and provide congratulatory leave and aid

## H Board



In 2022, HLB Group established the H Board (HLB Junior Board) consisting of young and talented people from the group's employees to the manager level to provide opportunities to listen to the difficulties of junior-level employees and participate directly and indirectly in the management of the company. H Board is taking the lead in introducing advanced systems for improving the working environment, strengthening communication channels, recruiting major talents, preventing brain drain, improving employee welfare in each company, and establishing a bright and creative in-house culture.



### Coworking space (FASTFIVE)

Provide a working environment without space constraints



### 'Moi-CEO' (Talk with CEO)

Time to talk and interact with the CEO



### Smart work

Telecommuting twice a month



### Family Day

Get off work at 4pm on the third Friday of every month



### Club

Support activity expenses for two clubs per person



### Cultural get-together

Support cultural life once a quarter

### Interview



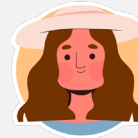
Park Ho Sung  
Financial accounting team

Time for self-improvement opportunities to interact with employees have increased and with the recent implementation of various welfare systems through H Board. I hope to interact with employees of other affiliates through the club activities.



Park Min Young  
Business strategy team

I enjoyed using Smart Work or the shared offices near my house when the weather was bad or I was not feeling well. I hope that more policies will be implemented from the perspective of working-level officials in the future.



Cha Ji Hee  
Financial planning team

On behalf of the employees, I would like to thank the H Board members for their efforts to improve the welfare system. I hope that these small changes will come together to create and establish HLB's exclusive advanced corporate culture. I'll look forward to greater activities next year.

# Education

HLB promotes a systematic human resource development strategy based on the educational system map by position. The company provides various educational programs to strengthen members' capabilities and competitiveness by specifying the types of talent necessary to carry out business strategies, such as global talent to lead the world and talent for technology development research that will lead to innovative growth, and by establishing individualized human resource training strategies.

## Education and Training System

Category	Executive	CL5	CL4	CL3	CL2	CL1
Leadership		Organizational management competencies				
	Executive training courses					
		Leadership reinforcement training at each career level				
		New team leader				
		Candidates for promotion				
Job training		Workshop program by each career level				
	Performance evaluation					
	Multi-rater system					
		On the Job Training (OJT)				
Common/ Value		Introductory training · mentoring for experienced employee				New employee mentoring
		Ethical · security management				
		Introductory training for new employee				
		Prevention of sexual harassment, bullying, and unfair trade				



### Vision

Train future-oriented talents with a challenging spirit, creativity, and communication skills



### Talent

A person who is considerate of others, is not afraid of failure, and constantly practices learning



### Strategy

Enhance ethical management and leadership based on job competency

## Training Program



### Leadership enhancement

- Training to strengthen leadership by class (new employees, middle management, executives)
- Workshop training by position and job for consideration and communication



### Improve leadership that can establish a talent development system based on job competency

- Implement professional job training to establish an efficient work process
- Develop job processing skills by strengthening job competencies faithful to the basics



### Establish an ethical management education system

- Ethical management and security
- Sexual harassment/and workplace bullying prevention education
- Workplace etiquette



# Governance

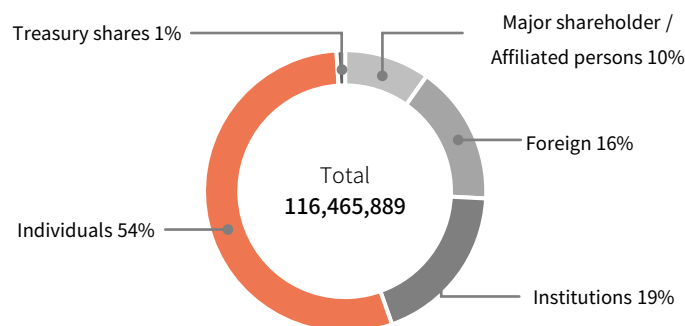




# Shareholder Rights

## Shareholder Status

HLB is a KOSDAQ-listed company with 9.8% of the largest shareholders and affiliated parties, 90.1% of institutional investors, foreigners, and minority shareholders, and 0.1% of treasury stock. The total number of shares is 116,465,889, and the total capital is KRW 1,003,067,915,861(separate standard) and KRW 698,978,330,322(consolidated)



## Shareholders' rights protection system

HLB protects the rights and interests of shareholders by attending to and collecting their opinions on corporate management. HLB immediately discloses major management matters of the board of directors, and through a resolution of the board of directors on February 26, 2020, the company has decided to use the electronic voting system from the 35th regular shareholders' meeting to improve the convenience of shareholders in exercising voting rights. Furthermore, necessary information such as the status of major shareholders and the details of stock issuance are provided to shareholders through various channels including the company website.

 Charter of Corporate Governance (KOR)

## Annual Shareholders' meeting

HLB holds a general shareholders' meeting every year to share the management status to collect shareholders' opinions on the direction and management of the company and protect their rights and interests. The company notifies and announces in advance the venue and agenda of the general shareholders' meeting.

Matters confirmed by the resolution of the meeting are immediately announced publicly and delivered to stakeholders such as shareholders, and major management matters closely related to investor interest are announced on the Electronic Disclosure System (DART), Korea Exchange, and the HLB website

## Communication with shareholders

HLB regularly shares its corporate management performance with shareholders through shareholders' meetings, performance presentations, domestic and international Non-Deal Roadshows, and IR meetings. In addition, information on the status of major shareholders, stock issuance details, investor explanations, performance announcement data, and analyst reports can be found on the company's website.

HLB is developing a plan to facilitate communication with shareholders. The company will expand regular and occasional corporate briefing sessions to strengthen IR activities and expand the base of investors and participate in major overseas conferences to expand overseas investors' stakes.

HLB will also continue to address asymmetry information related to investment based on continuous communication with investment analysts and analyze competitor performance and IR activities in the industry and use them for key management decisions.

Category	No. of shares	Ownership
Major shareholder and Affiliated persons	11,469,381	9.85%
Foreign investors	18,864,845	16.20%
Domestic institutions and companies	22,097,993	18.97%
Individuals	63,899,796	54.87%
Treasury shares	133,874	0.11%
<b>Total</b>	<b>116,465,889</b>	<b>100%</b>

## BOD Composition and Operation

HLB Board of Directors consists of a total of nine directors, three non-executive directors, and 6 executive directors. Within the Board of Directors, an audit committee consisting of all non-executive directors and a non-executive director candidate recommendation committee has been established

(As of March 2023)

Category	Name	Title	Full-time	Position	Major Career	Tenure of Office	Tenure
Internal Directors	Jin Yang Gon	Chairman / CEO	Full Time	General Management	CEO of HLB Director of HLB Life Science Director of HLB Pharma	13 yrs	~2026.03
	Kim Dong Gun	CEO	Full Time	General management	CEO of HLB Former General Mgmt. director of HLB Former Vice president of Danal	2 yrs	~2024.03
	Jay Hwang	President	Full Time	Marketing director	Director of HLB Nomad team Former CEO of JSAA Healthcare Former Director of International Business Div. of Cell Biotech	2 yrs	~2025.03
	Im Chang Yoon	Vice Chairman	Part Time	Investment director	Vice Chairman of HLB Former CEO of HLB Investment Former CEO of HLB Power	1 yr	~2026.03
	Baek Yoon Ki	President	Full Time	Management director	Mgmt. director of HLB Former Vice president of HLB Life Science Former Vice president of HLB Global	1 yr	~2026.03
	Jang In Keun	Director	Part Time	Bio strategy planning	Director of Bio strategy planning Div. of HLB Deputy director of HLB Cell Medical research center	1 yr	~2026.03
Independent Directors	Choi Gyu Joon	Director	Part Time	Audit committee member	Independent director of HLB Independent director of Ensol Bio Sciences Former Vice president of Korea IR Council	3 yrs	~2025.03
	Yang Choong Mo	Director	Part Time	Audit committee member	Chief director of Gyeonggido Business & Science Accelerator (GBSA) Special professor of Jeonbuk National University Former Director of Saemangum Project	1 yr	~2026.04
	Park Yeon Hwa	Director	Part Time	Audit committee member	Fulltime auditor of VI Asset Management Head of the Financial Supervisory Service Former professor of finance education, sent from Korea Exchange	1 yrs	~2026.03

### Appointment and remuneration

HLB directors are appointed transparently and fairly based on their ability to contribute to the development of the company. Candidates who have no transaction history with HLB for the past three years and have been recommended by the non-executive director candidate recommendation committee in recognition of their capability are appointed as directors with approval from the board of directors and the regular shareholders' meeting. In addition, directors' remuneration is paid within the limit of directors' remuneration approved by the general shareholders' meeting in accordance with the Commercial Act and the HLB articles of association.

Articles of Association

### Board Skills Matrix (BSM)



Category	Jin Yang Gon	Kim Dong Gun	Jay Hwang	Im Chang Yoon	Baek Yoon Ki	Jang In Keun	Choi Gyu Joon	Yang Choong Mo	Park Yeon Hwa
Management	●							●	
Bio						●			
Finance					●				●
Marketing			●						
IR				●			●		
Law		●							

## BOD Composition and Operation

### Current status of Board activities

The HLB Board of Directors operates under the principle of holding regular board meetings more than once each quarter, and temporary board meetings are held frequently to make decisions on key issues as needed. In addition, the board of directors is notified five days before the meeting to convene so they have enough time to review the agenda

(As of 2022)

No.	Date	Agenda
1	01.03	Report and announcement of close of merger / Branch setting / Revision of the operation regulations of the board of directors
2	01.12	Enactment of ESG committee regulations / Branch setting
3	01.27	Change of contents of the acquisition of shares of other corporations
4	02.10	Acquisition of shares of other corporations
5	02.23	Finalization of financial statements (2021) / Convocation of regular shareholders' meetings / Granting of stock purchase options
6	03.14	Addition of agenda items at the 37th regular shareholders' meeting / Report on the operation status of the internal accounting management system
		Report on the operation evaluation of the internal accounting management system / Joint guarantee for borrowing from subsidiaries
7	03.22	Report on corruption prevention management policy / Report on human rights policies / Approval of corporate governance charter
8	03.29	Confirmation of financial statements (2021) correction
9	03.29	Issuance of the 35th non-registered non-guaranteed private non-separable convertible bond & bond with warrant
10	03.30	Holding a business briefing session (IR) / Withdrawal of partial items from the 37th regular shareholders' meeting
11	04.13	Minutes of the regular shareholders' meeting
12	04.13	Signing of a subsidiary fund supplement agreement
13	04.27	Acquisition of shares of other corporations / Lending money to affiliates / Transfer of shares of other corporations
14	04.27	Joint guarantee of advance payment of affiliates / Change of details regarding the joint guarantee of advance payment of affiliates
15	05.27	Holding a business briefing session (IR)
16	05.27	Issuance of the 36th non-registered non-guaranteed private convertible bonds
17	05.31	Issuance of the 37th non-registered non-guaranteed private non-separable convertible bond & bond with warrant
18	06.10	Acquisition of bond certificates related to share certificates of other corporations
19	06.10	Holding a business briefing session (IR)
20	08.12	Resolving capital increase of general public offering of forfeited shares after the allocation of shareholders / Disposition of bond certificates related to share certificate of other corporations
21	08.19	Holding a business briefing session (IR)
22	08.24	Acquisition of shares of other corporations / Conclusion of HLB brand use contract

No.	Date	Agenda
18	09.09	Changes to the schedule of capital increase of general public offering of forfeited shares after the allocation of shareholders
19	09.13	Acquisition of bonds before due of the 35th non-registered non-guaranteed private non-separable convertible bond & bond with warrant
		Establishing and appointing members for the nominating committee
20	09.23	Changes to the schedule of capital increase of general public offering of forfeited shares after the allocation of shareholders
21	10.31	Holding a business briefing session (IR)
22	11.25	Revision of the operation regulations of the board of directors
23	12.15	Acquisition of investment securities of other corporations/ The 38th term of stock dividends

### Committee

(As of March 2023)

Category	Role	Chairman	Internal Directors	Independent Directors	# of meetings held	Agenda
ESG Committee	- Select and report ESG tasks - Approve the company's ESG strategies - Report ESG activities - Report execution results of social contribution	Choi Gyu Joon	Jay Hwang	Yang Choong Mo	4	- Enactment of corporate governance charter - Enactment of Anti-Bribery management policy - Enactment of the human rights policy - Report on ESG report - Establishment of Code of Conduct
Nominating Committee	- Recommend candidates for independent directors to the board	Choi Gyu Joon	-	Park Yeon Hwa Yang Choong Mo	1	- Recommendation of candidates for independent directors (2 people)
Audit Committee	- Audit the company's accounting and business - Appoint, change, and dismiss external auditors, etc.	Park Yeon Hwa	-	Yang Choong Mo Choi Gyu Joon	-	

Regulations on Committees of HLB



ESG Committee



Nominating Committee



Audit Committee

### External Auditor

Name	Appointment	Term	Recent Opinion
EY Korea	January 2023	3 yrs	Clean



# Anti-corruption Management

## Anti-Bribery Management Policy

In order to establish an anti-corruption management system and establish ethical management and compliance management to grow healthy in various relationships and fulfill social roles and responsibilities, HLB discloses its anti-corruption management policy as follows

### 1 Chapter 1. General rule

HLB complies with domestic and international laws and regulations on corruption prevention, and does not engage in any corruption, including receiving or demanding money or valuables from business stakeholders, giving bribes, or making illegal requests.

### 2 Chapter 2. Prohibition of corruption, including money and bribes

HLB strictly prohibits various corruption such as receiving or demanding money or valuables from business stakeholders, giving bribes, or making illegal requests.

### 3 Chapter 3. Establishment of a corruption prevention system

HLB will establish, operate, and continuously improve an effective management system to prevent and minimize various corruption.

### 4 Chapter 4. Corruption prevention and compliance management pledge

All members of HLB comply with all internal regulations operating under the corruption prevention management policy, signs the corruption prevention and compliance agreement on a regular basis, and adhere to the regulations.

### 5 Chapter 5. Appointment of a director for corruption prevention

For transparent and effective corruption prevention management, HLB appoints a corruption prevention compliance director and ensures independent status and gives the authority and responsibility necessary to prevent corruption.

### 6 Chapter 6. Role of the corruption prevention director

Centering around the corruption prevention director, HLB establishes and implements corruption prevention goals to prevent and reduce the company's corruption risks and continues to improve the corruption prevention management system.

### 7 Chapter 7. Protection of the rights of informants of corruption

HLB keeps the personal information of the informant related to corruption strictly confidential. If the informant is an employee, his/her identity is thoroughly protected, and the employee is protected against retaliation or other unfavorable treatment.

### 8 Chapter 8. Disciplinary actions for corrupt acts

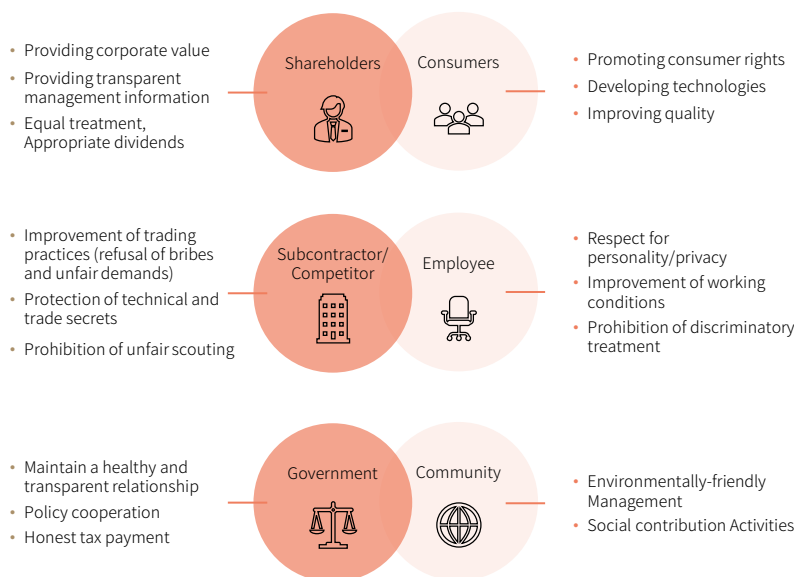
HLB takes disciplinary action and other corresponding measures when a member violates regulations related to corrupt acts or fails to take reasonable measures to prevent violations even when he/she has been aware of the corrupt act.

# Ethical Management

HLB established ethical management principles with the belief that “the beginning of sustainable management in the true sense is the practice of transparent management.” Ethical standards considering various stakeholders and standards for determining decisions and actions of members in all management activities have been established. In addition, the company’s ethical standards are based on HLB Group’s management philosophy and ethical management culture, providing consistent principles to members

## Ethical Management Strategy

Through ethical management, HLB will be reborn as a company that customers and partners want to do business, a company stockholders want to invest in, a company that executives and employees want to work for, and a company that fulfills its responsibilities to the nation and society.



## Practicing Ethical Management



### 1. Ethical Management Pledge

Every year, the company requires all employees and partners to sign a pledge of ethics management practice, become familiar with ethical management regulations, and promise to comply with policies and systems. The pledge states that employees and partners will not provide unfair trade or fraud/corrupt act, make illegal solicitations or provide money and valuables prohibited by related laws in compliance with ethical regulations and corruption prevention regulations.



### 2. Declaration of Interests System

If it is determined that conflicts of interest may occur during the performance of duties, transparent transaction practices are established by reporting them in advance to prevent unfair results. Every year, the company requests interest reports from all executives and employees of the company's partners.



### 3. Reporting system for unethical behavior and protection of informants

A reporting and reward system is being operated to prevent unethical behavior related to work and to establish an ethical corporate culture. HLB guarantees the confidentiality of the informant to prevent disclosure of the informant's identity and protect the informant from disadvantage.



### 4. Self-inspection of ethical management compliance

Every year, a survey checklist of compliance with ethical management regulations is prepared to allow employees to inspect themselves and to improve their understanding of related regulations and seek improvements.



### 5. On-site hearing of ethical management

On-site hearing for employees and partners is conducted to diagnose the level of ethical management practice and collect opinions on the need for improvement. In addition, whether the results of the on-site hearing are implemented is checked and the results are reflected in work.



### 6. Ethical Management Education and Promotion

The company provides collective education and cyber education on ethical management and produces and promotes information related to ethical management through newsletters, animation videos, and cartoons to enhance employees' understanding of ethical management and their willingness to comply.

# Ethical Management

## Ethical management reporting system

In order to establish a fair and transparent management and ethical corporate culture, HLB releases ethical norms, which are the criteria for making decisions and actions of members. In addition, an online reporting channel is operated so that all stakeholders can freely receive ethical management counseling and report on violations of ethical norms and ethical standards practice guidelines.

The contents of the report and the identity of the informant are thoroughly protected, and through thorough investigation, the facts of the report are received are identified, and follow-up measures such as disciplinary action are implemented in accordance with regulations and procedures



## Reporting Subject

- ☒ Receiving money and valuables or entertainment from internal and external stakeholders in relation to their duties
- ☒ Taking unfair profits or abusing one's authority by using one's position or duties
- ☒ Causing economic damage to the company by wrongful means or intent
- ☒ Providing economic benefits to the counterparty to obtain fraudulent profits
- ☒ Violating relevant laws and regulations in transactions with the company
- ☒ Other unethical acts that are inappropriate

## Contact

Website	HLB Ethical Management
Email	compliance@hdboat.com
Phone	02) 3453-1975
FAX	070) 4757-4757
Address	15F, 420 Teheran-ro, Gangnam-gu, Seoul

## Charter of Ethics

- ☒ First, we perform our duties honestly and fairly based on a high sense of ethics.
- ☒ Second, we always put the value of our customers first with the best solutions and services.
- ☒ Third, we respect stakeholder value by realizing profits through efficient management.
- ☒ Fourth, transactions with partners are transparent and fair, striving to mutually develop according to the principles of mutual benefit.
- ☒ Fifth, we comply with various laws and regulations of the state and the community and contribute to the development of the community through voluntary community service.
- ☒ Sixth, we will become the best experts through continuous self-improvement efforts with pride.
- ☒ Seventh, we protect our honor and dignity, do not cheat, and prioritize the company's interests when performing our duties.

## Reporting process



# Factbook

49	ESG Data
53	GRI Standards Index
55	KRX ESG Index
56	Greenhouse Gas Validation Report
57	Independent Auditor's Report

# Economic

## Consolidated Balance Sheet

(Unit: Million KRW)

	2020	2021	2022
<b>Assets</b>			
<b>Current Assets</b>	<b>251,573</b>	<b>188,142</b>	<b>343,615</b>
Cash and cash equivalents	220,678	99,797	195,695
Trade receivables	11,747	34,035	15,140
Financial assets measured at fair value	3,217	-	8,391
Other current financial assets	3,771	29,245	106,529
Inventories	4,874	13,811	12,344
Income tax receivable	252	8,404	1,396
Other current assets	7,035	2,851	4,120
<b>Non-Current Assets</b>	<b>454,905</b>	<b>555,550</b>	<b>623,651</b>
Financial assets at fair value	53,261	29,625	36,098
Other non-current financial assets	636	8,708	5,134
Investments in associates	106,500	133,624	184,738
Other non-current assets	757	1,218	1,302
Investment property	2,586	19	19
Property, plant and equipment	19,892	41,459	51,560
Intangible assets	263,845	339,536	344,778
Deferred tax assets	7,428	1,362	21
<b>Total Assets</b>	<b>706,477</b>	<b>743,692</b>	<b>967,265</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>	<b>98,027</b>	<b>121,819</b>	<b>200,370</b>
Accounts payable	3,271	5,084	3,721
Borrowings	43,992	21,217	115,187
Other current financial liabilities	48,778	84,012	72,572
Financial guarantee liabilities	114	12	47
Contract liabilities	1,688	563	1,033
Other current liabilities	183	1,291	1,419
Current income tax liabilities	-	9,641	6,390
<b>Current income tax liabilities</b>	<b>51,021</b>	<b>109,688</b>	<b>67,918</b>
Non-current borrowings	614	47,378	320
Other non-current financial	9,032	10,049	13,441
Other non-current liabilities	26	25	25
Non-current financial guarantee	44	44	-
Deferred tax liabilities	41,061	52,254	54,018
Present value of defined benefit	245	(62)	113
<b>Total Liabilities</b>	<b>149,048</b>	<b>231,507</b>	<b>268,287</b>
<b>Capitalization</b>			
Controlling interest	479,751	435,957	637,937
Capitalization	26,492	53,309	58,237
Share premium	775,815	779,884	893,667
Other capital items	(237,106)	(214,213)	(181,367)
Retained earnings (deficit)	(85,449)	(183,022)	(132,598)
Non-controlling interest	77,678	76,227	61,041
Total Capital	557,429	512,185	698,978
<b>Total Liabilities and Equity</b>	<b>706,477</b>	<b>743,692</b>	<b>967,265</b>

## Consolidated Income Statement

(Unit: Million KRW)

	2020	2021	2022
<b>Sales</b>	56,177	69,826	179,708
<b>Cost of Goods sold</b>	45,869	48,759	113,463
<b>Gross Profit</b>	10,308	21,067	66,245
<b>SG&amp;A Expenses</b>	71,620	122,086	140,910
Operating income (loss)	(61,312)	(101,018)	(74,665)
Other income	882	5,948	726
Other expenses	30,547	2,858	4,039
Financial income	20,565	7,155	20,514
Financial expenses	12,566	11,320	21,543
Gain (loss) on investment in associates	(10,225)	(8,356)	(9,404)
Net income (loss) before income taxes	(93,202)	(110,449)	(88,411)
Income tax expense (benefit)	(4,486)	1,157	10,193
<b>Net Income (loss)</b>	<b>(88,716)</b>	<b>(111,607)</b>	<b>(98,603)</b>
Attribution of Net Income (loss)			
Attributable to owners of the parent	(80,093)	(98,125)	(78,159)
Non-controlling interest	(8,623)	(13,481)	(20,444)
Other Comprehensive Income	(15,171)	25,266	21,424
Items not reclassified to profit or loss	(533)	1,410	(42)
Actuarial gains and losses	(56)	357	(71)
Gains and losses on equity instruments measured at fair value through other comprehensive income	(477)	1,053	28
Items that may be reclassified to profit or loss	(14,639)	23,857	21,466
Changes in equity in earnings	1,686	1,025	7,800
Gain or loss on translation of foreign operations	(16,325)	22,832	13,666
<b>Total Comprehensive Income</b>	<b>(103,888)</b>	<b>(86,340)</b>	<b>(77,180)</b>
Attribution of total comprehensive income			
Attributable to owners of the parent	(95,264)	(75,370)	(60,632)
Non-controlling interests	(8,623)	(10,970)	(16,547)
<b>Earnings per share</b>			
Basic earnings (loss) per share (Unit: KRW)	(768)	(923)	(729)
Diluted earnings (loss) per share (Unit: KRW)	(768)	(923)	(729)

# Environmental

## Energy Consumption

(Unit: GJ)

	Category		2020	2021	2022
HLB Healthcare Div.	Direct Energy	LNG	429	692	675
	Indirect Energy	Electricity	8,860	10,259	10,122
	<b>Total</b>		9,289	10,951	10,797
HLB Seoul Office	Direct Energy	Gasoline	757	1,284	851
	Indirect Energy	Electricity	79	179	160
	<b>Total</b>		836	1,463	1,011
<b>Total Usage</b>			10,125	12,414	11,808
<b>Energy Intensity<sup>1)</sup></b>			72.8	28.2	7.3

## GHG Emissions

(Unit: tCO<sub>2</sub>e)

	Category	2020	2021	2022
HLB Healthcare Div.	Scope 1	25	37	37
	Scope 2	430	491	484
	<b>Total</b>	455	528	521
HLB Seoul Office	Scope 1	51	86	57
	Scope 2	4	9	8
	<b>Total</b>	55	95	65
<b>Total Emissions (Scope1+2)</b>		510	623	586
<b>GHG Intensity<sup>2)</sup></b>		3.7	1.4	0.4

## Air Pollutant Emissions

(Unit: kg)

	Category	2020	2021	2022
HLB Healthcare Div.	Dust	0	0	0
	THC(hydrocarbons)	0	0	0
	Styrene	0	0	0
	<b>Total<sup>3)</sup></b>	0	0	0
HLB Seoul Office	Dust	0	0	0
	THC(hydrocarbons)	0	0	0
	Styrene	0	0	0
	<b>Total</b>	0	0	0
<b>Total Emissions</b>		0	0	0

## Water Withdrawal

(Unit: Ton)

	Category	2020	2021	2022
HLB Healthcare Div.		5,000	4,909	7,657
HLB Seoul Office <sup>4)</sup>		1,271	1,155	1,050
<b>Total</b>		6,271	6,064	8,707

## Waste Management

(Unit: Ton)

	Category	2020	2021	2022
HLB Healthcare Div.	Waste Generated	General	112	139
		Designated	0.5	15.4
	<b>Total</b>		112.5	154.4
HLB Seoul Office	Waste Generated	General	2.36	2.36
		Designated	0	0
	<b>Total<sup>5)</sup></b>		2.36	2.36
<b>Total</b>		114.86	156.76	135.26

1) Total usage divided by the revenue of HLB Healthcare Div. (100 Million KRW)

2) Total emissions divided by the revenue of HLB Healthcare Div. (100 Million KRW)

3) HLB Healthcare Div. is not classified as an air pollutant emission facility as there is no combustion of fuel in the production process

4) Based on the percentage of water and sewerage bills in operating expenses of HLB Seoul Office (1.72%)

5) Based on the proportion of waste disposal costs in operating expenses of HLB Seoul Office (1.21%)

\* Scope of reporting environmental data: HLB Healthcare Div., HLB Seoul Office

\* In 2022, we merged with HLB Healthcare Div. (formerly FA) to change our business from 'synthetic resin drying' to 'pharmaceuticals' before spinning off the HLB ENG in 2023. Although not subject to the mandatory disclosure of ESG and GHG emissions, we have been publishing ESG reports since 2022, including HLB ENG, to disclose transparent information to our stakeholders. Despite our business change, many institutions still categorize us as a shipping business, indicating that we have a high environmental ESG risk factor, while some global ETFs include us in the shipbuilding industry. To rectify these errors, the scope of operations has been revised to include HLB Healthcare and the Seoul office from the 2022 report.

# Social

## Employment

(Unit: Person)

Category		2020	2021	2022
Total		109	99	202
By age	Younger than 30	11	9	28
	30~49	76	64	131
	50 or older	22	26	43
Employees	Male	82	74	93
	Female	16	13	87
Executives <sup>1)</sup>	Male	11	12	22
	Female	0	0	0
By location	Healthcare Div. <sup>2)</sup> Before transfer	Before transfer	Before transfer	114
	Seoul office	43	44	46
	ENG	66	55	42
By employment type	Regular	109	99	202
	Non-regular <sup>3)</sup>	0	0	0
By occupational group	Field Careers	10	3	67
	Sales	0	0	15
	Research	0	0	15
	Office work	86	82	78
	Chauffeurs	2	2	3
	Executives	11	12	24

## Turnover and Recruitment

Category	Unit	2020	2021	2022
Average years of service	yr	5.3	3.2	4.3
Total turnover <sup>4)</sup>	Case	16	41	54
Rate of turnover <sup>5)</sup>	%	15	41	29
Total number of new hires	Person	44	27	73
Rate of recruitment <sup>6)</sup>	%	40	27	37

## Diversity of Employees

(Unit: Person)

Category		2020	2021	2022
Female Employee	Rate of female employees	14.4%	11.6%	43.1%
	Rate of female executives	4.2%	4.8%	0%
Disabled	Disabled employees <sup>7)</sup>	6	3	0
Foreigner	Foreign employees	5	4	3
Veterans	Veteran employees	0	0	0

## Parental Leave

(Unit: Person)

Category		2020	2021	2022
Employees who used parental leave <sup>8)</sup>		4	3	2
By gender	Male	3	3	2
	Female	1	0	0
Return-to-work rate after parental leave		100%	100%	100%
Percentage of employees retained for 12 months or more after returning to work		-	-	-

## Childcare Leave

(Unit: Person)

Category		2020	2021	2022
Employees who used childcare leave <sup>9)</sup>		1	0	0
By gender	Male	0	0	0
	Female	1	0	0
Return-to-work after childcare leave		-	-	-
Percentage of employees retained for 12 months or more after returning to work		-	-	-

1) Includes non-registered executive officers

2) HLB Healthcare div. was included in 2022

3) Contractual positions (consultant, technical consultant, outside director, advisor, counselor, external consultant)

4) Total number of retirements by year/ total number of employees at the end of each year

5) Voluntary turnover accounts for 100% of the number of retirements (leaving for study, desired retirement, etc.)

6) Total number of new hires by year/ Total number of employees at the end of each year

7) Persons with disabilities under the Disabled Persons Welfare Act, awards under the National Meritorious Service Act, seriously ill patients requiring medical treatment at all times, etc.

8) Parental leave completers by year

9) Childcare leave completers by year



## Governance

### Directors' and auditors' remuneration

(Unit: Million KRW, Person)

Category		2020	2021	2022
No. of persons	Internal directors	7	8	7
	Independent directors	3	3	3
	Auditors	1	1	1
Total		11	12	13
Total Payout	Internal directors	1,007.3	1,278.7	1,251.4
	Independent directors	63.1	72.0	72
	Auditors	46.8	46.8	46.8
Total		1,117.2	1,397.5	1,370.2
Average payout per person	Internal directors	125.9	159.8	156.4
	Independent directors	21.0	24.0	24.0
	Auditors	46.8	46.8	46.8

### Composition of BOD and executives

(Unit: Person)

Category		2020	2021	2022
No. of BOD members	Internal directors	7	8	7
	Independent directors	3	3	3
Total		10	11	10
By age	30~50	Male	1	1
		Female	0	0
	Total		1	1
	50 or older	Male	9	10
		Female	0	0
	Total		9	10

### Compensation

(Unit: Million KRW, Person)

Category		2020	2021	2022
Average salary <sup>1)</sup>	Total	40	47	63
	Male	42	53	67
	Female	36	46	43
Defined Contribution plans (DC) <sup>2)</sup>	Amount (Seoul Office)	534 <sup>3)</sup>	644	745
	Amount (HLB ENG)	1,007	534	543
	No. of subscribers	76 (ENG 49 + Seoul 27)	65 (ENG 35 + Seoul 30)	60 (ENG 33+ Seoul 27)
Defined Benefit plans (DB)	Amount (Healthcare Div.)	0	0	1,162
	No. of subscribers	0	0	51

### Training

Category	Unit	2020	2021 <sup>4)</sup>	2022
Total training expenses	Million KRW	18	18	32
Annual training hours	hr	2,876	1,914	1,738
Annual training participants	Person	61	60	78
Training expenses per person	Million KRW	0.3	0.3	0.1
Average annual training hours per person	hr	40.6	31.9	34.1

1) Based on the number of employees in the business report

2) Based on total asset valuation

3) Seoul office introduced it in June 2020

4) Revised due to data errors in the previous year's report

# GRI Standards Index

## GRI 2 – General Disclosures

No.	Content	Pages	Note
2-1	Organizational details	6-10	
2-2	Entities included in the organization's sustainability reporting	6-10	
2-3	Reporting period, frequency and contact point	3	
2-4	Restatements of information	50, 52	
2-5	External assurance	55, 56	
2-6	Activities, value chain and other business relationships	6-10	
2-7	Employees		
2-8	Workers who are not employees	51	
2-9	Governance structure and composition	43, 44	
2-10	Nomination and selection of the highest governance body	43	
2-11	Chair of the highest governance body		
2-12	Role of the highest governance body in overseeing the management of impacts		
2-13	Delegation of responsibility for managing impacts	26, 33, 43, 44	
2-14	Role of the highest governance body in sustainability reporting		
2-15	Conflicts of interest	42, 45, 46	
2-16	Communication of critical concerns	26, 33, 43	
2-17	Collective knowledge of the highest governance body		
2-18	Evaluation of the performance of the highest governance body	43	
2-19	Remuneration policies	52	
2-20	Process to determine remuneration	43	
2-21	Annual total compensation ratio	52	
2-22	Statement on sustainable development strategy	14, 15, 26-28	
2-23	Policy commitments		
2-24	Embedding policy commitments	26, 33, 34, 36, 45	
2-25	Processes to remediate negative impacts	26-28, 33-37, 45-47	
2-26	Mechanisms for seeking advice and raising concerns	46, 47	
2-27	Compliance with laws and regulations	36, 46, 47	
2-28	Membership associations	22, 23	
2-29	Approach to stakeholder engagement	16, 42	
2-30	Collective bargaining agreements	51	

## GRI 3 – Material Topics 2021

No.	Content	Pages	Note
3-1	Process to determine material topics		
3-2	List of material topics	16	
3-3	Management of material topics		

## Topic Specific Standards

### Economic Performance(GRI 200)

No.	Content	Pages	Note
201-1	Direct economic value generated and distributed	-	TBC
201-2	Financial implications and other risks and opportunities due to climate change	26-29	
201-3	Defined benefit plan obligations and other retirement plans	52	
201-4	Financial assistance received from government	-	
203-1	Infrastructure investments and services supported	35	
203-2	Significant indirect economic impacts	17-20	
205-2	Communication and training about anti-corruption policies and procedures	40, 45	

### Environment Performance(GRI 300)

No.	Content	Pages	Note
302-1	Energy consumption within the organization	50	
302-3	Energy intensity	50	
302-4	Reduction of energy consumption	26, 29, 30	
303-3	Water withdrawal	50	
305-1	Direct (Scope 1) GHG emissions	50	
305-2	Energy indirect (Scope 2) GHG emissions	50	
305-4	GHG emissions intensity	50	
305-5	Reduction of GHG emissions	26-28	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	50	
306-3	Significant spills	50	

## GRI Standards Index

### Social Performance(GRI 400)

No.	Content	Pages	Note
401-1	New employee hires and employee turnover	51	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	38, 39	
401-3	Parental leave	51	
403-1	Occupational health and safety management system	33, 34	
403-2	Hazard identification, risk assessment, and incident investigation	34	
403-3	Occupational health services	38	
403-4	Worker participation, consultation, and communication on occupational health and safety	33, 34	
403-5	Worker training on occupational health and safety	34	
403-6	Promotion of worker health	38	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	33, 34	
404-1	Average hours of training per year per employee	52	
404-2	Programs for upgrading employee skills and transition assistance programs	40	
404-3	Percentage of employees receiving regular performance and career development reviews	52	
405-1	Diversity of governance bodies and employees	43	
405-2	Ratio of basic salary and remuneration of women to men	52	
406-1	Incidents of discrimination and corrective actions taken	55	0 cases
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	No labor union
408-1	Operations and suppliers at significant risk for incidents of child labor	-	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	
410-1	Security personnel trained in human rights policies or procedures	36	
411-1	Incidents of violations involving rights of indigenous peoples	-	
413-1	Operations with local community engagement, impact assessments, and development programs	35	
413-2	Operations with significant actual and potential negative impacts on local communities	-	
417-2	Incidents of non-compliance concerning product and service information and labeling	26, 33, 34, 36, 45	
417-3	Incidents of non-compliance concerning marketing communications	55	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55	

## KRX ESG Index

Category	Indicator	Content	Pages	Note	
Organization	ESG response	Role of management	Role of management regarding identification/management of ESG issues	26, 33, 44	
	ESG evaluation	ESG risk and opportunity	Evaluation on ESG-related risk and opportunity	14, 27-28	
	Stakeholder	Participation of stakeholders	ESG process participation method by stakeholder	16	
Environment	GHG Emission	Direct emission (Scope 1)	Greenhouse gas emission released into the air from physical equipment or plant owned and managed by the company	50	
		Indirect emission (Scope 2)	Greenhouse gas emission resulting from electricity, cooling/heating and vapor emission purchased or obtained for consumption by the company	50	
		Emission intensity	Greenhouse gas emission released per unit of metric system by activity, production, and other organization	50	
	Energy use	Direct energy use	Energy consumption by a subject owned or managed by an organization	50	
		Indirect energy use	Energy consumption consumed outside an organization such as use and disposal of products for sale	50	
		Energy use intensity	Needed energy consumption per unit of metric system by activity, production, and other organization	-	
	Water usage	Total amount of water used	Total amount of water used by an organization	50	
	Waste discharge	Total amount of waste discharged	Total weight of waste by disposal method such as landfill, recycling, etc.	50	
	Legal violation and accident	Violation of environmental law and incident	Number of cases of environmental law violation and environment-related incidents and measures taken	-	No violations
	Society	Status of employees	Equality and diversity	Status of employees by gender and form of employment, number of sanctions related to discrimination and measures taken	51
New employment and changing jobs			Status of newly employed workers and workers changing jobs	51	
Young intern recruitment			Status of young intern recruitment and ratio of transitioning to full-time employee	-	
Parental leave			Status of employee using parental leave	51	
Health & Safety		Industrial accident	No. of work-related deaths, injuries, and diseases and measures taken	34	
		Product safety	Number of product recalls (collection, destruction, retrieval, corrective action, etc.) and measures taken	-	None
		Labeling & advertising	Violation of labeling and advertising restriction, measures taken	-	No violations
Information security		Protection of personal information	Violations of personal information protection and measures taken	-	No violations
Fair competition		Fair competition & abuse of market dominance	Legal violations related to internal trade, subcontracting, franchise business, dealer transaction, and measures taken	-	No violations

# Greenhouse Gas Validation Report

Business sites subject to verification : Head Office(HLB Healthcare Division), Seoul office  
The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 1&2) of HLB Co., Ltd. (hereinafter “the Company”) in 2022.

## Standards

- ISO 14064-1:2006, ISO 14064-3:2006
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme

## Process

The verification was carried out in accordance with the verification procedures and ISO14064-3 (Specification with guidance for the verification and validation of greenhouse gas statements) for the operation of the greenhouse gas trading system.

## Limitations

The verification has inherent limitations that may arise in the process of applying standards and methods.

## Opinion

- GHG verification has been performed to meet the limited assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “qualified” opinion.

GHG Emissions	Scope 1(Direct)		Scope 2(Indirect)	Total (tCO <sub>2</sub> -eq)
2022	94.655		492.064	585
Energy Consumption	Fuel	Electricity	Steam	Total (TJ)
2022	1.526	10.282	-	11



June 14th, 2023  
Korea Management Registrar (KMR)

CEO

*E. J. Hwang*

# Independent Auditor's Report

## To readers of 2022 HLB ESG Report

### Introduction

Korea Management Registrar (KMR) was commissioned by HLB to conduct an independent assurance of its 2022 ESG Report (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of HLB. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with HLB and issue an assurance statement.

### Scope and Standards

HLB described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal Standards
- Topic Specific Standards
  - GRI 201 : Economic Performance
  - GRI 401 : Employment
  - GRI 404 : Training and Education

As for the reporting boundary, the engagement excludes the data and information of HLB's partners, suppliers and any third parties.

### KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

### Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by HLB to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

### Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with HLB on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.



## Independent Auditor's Report

### Inclusivity

HLB has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

### Materiality

HLB has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

### Responsiveness

HLB prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of HLB's actions.

### Impact

HLB identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment and quantifies such impacts as much as possible.

### Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

### Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with HLB and did not provide any services to HLB that could compromise the independence of our work.



SRV1000  
Sustainability Committee Assurance



June 2023 Seoul, South Korea  
Korea Management Registrar (KMR)

CEO

E. J. Hwang

