



社是

우리는 社會正義에 따라  
企業의 社會的責任을 다하고  
global市場에서 認定받는  
優秀한 製品을 開發하여  
人類의 健康과 福祉向上에 이바지한다.

東亞쏘시오그룹 會長 姜信浩

OUR PLEDGE

To fulfill the demands of social justice, we endeavor to fulfill our corporate social responsibility. We also use new sciences and technologies to contribute to the promotion of human health and welfare.



our traction and impact on a sustainable future to come

Joong-Hee Kang, the founder of Dong-A Socio Group, was known for serving a cauldron-cooked rice to all his guests in a time when Korea was not economically affluent. The generosity and the reciprocating loyalty built on the cauldron have turned into the foundation of Dong-A Socio Group. His lifestyle of treating his customers and other people in equal sincerity has become the basis of the Group's business ethics. Which is why we have established the "Jeong-Do (鼎道)"<sup>1)</sup> management as our ethical management.

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

True to the spirit of valuing people and saving community, Dong-A Socio Group will tirelessly take on challenges that can improve the health and happiness of humanity. In this Integrated Report, titled "Gamasot"<sup>2)</sup>, we will present how we spent our time and efforts walking the right path in 2019.

<sup>1)</sup> Chinese characters meaning "cauldron" and "way"

<sup>2)</sup> Korean words meaning "cauldron"

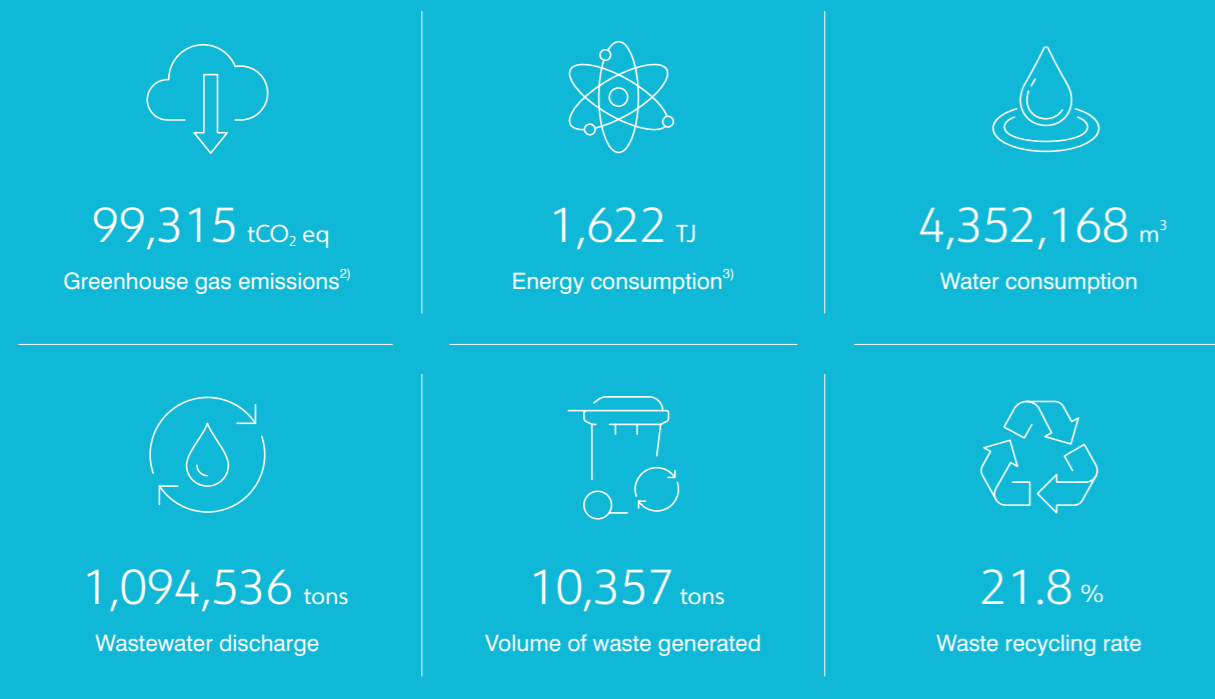
# Key Figures

KEY FIGURES

## PROFIT<sup>1)</sup>



## PLANET



## PEOPLE<sup>1)</sup>



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

<sup>2)</sup> Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, Yongma Logis, Soo Seok, Korea Sinto

<sup>3)</sup> Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, Soo Seok

GAMASOT 道

### our traction and impact on a sustainable future to come

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## Honorary Chairman's Message

Dong-A Socio Group will stay true to its founding principles of integrity, sincerity, and consideration for others even in this era when change is the norm, thereby pursuing sustainable management devoted to the health of humanity and the environment.



### Dear Readers,

I thank all stakeholders for your keen interest in and ardent support of Dong-A Socio Group. We have been engaged in the business of caring for the health of humanity based on our founding principles of integrity, sincerity, and consideration for others. Upholding this primary mindset, we will stay true to the belief that new drug development is our way of contributing to society.

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

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

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

Thank you.

姜信浩

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

## CEO's Message

By creating economic value, fulfilling social responsibilities, and practicing humanity-focused management to the core values that we have been upholding near 90 years, we will stay true to “Jeong-Do” management and pursue sustainable growth together with all stakeholders.



### Honorable stakeholders,

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

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

### First, we fulfill the company's social responsibilities in accordance with social justice.

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

### Second, we develop outstanding products that have gained a global recognition.

A company must continually develop new products in order to handle its social responsibilities. To this end, we conduct feasibility study on all new business projects, and upon seeing positive findings, establish viable investment plans, such as venture capital investment and strategic alliance. We have adopted a multi-channel R&D process suitable for the latest paradigm of new drug development in order to build a global-standard system based on our expertise as a pharmaceutical company and to maximize the value of our bio pipeline. As a result, in November 2019 Dong-A ST launched DA-3880, a biosimilar of darbepoetin-alfa which stimulates erythro-

poiesis, in Japan. In the following month, together with Japan's Meiji Seika Pharma, Dong-A Socio Holdings commenced a phase I clinical trial in Europe for a biosimilar of Stelara, a psoriasis treatment.

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

### Third, we contribute to improving the health and welfare of humanity.

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

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

Thank you.

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

# D-FINE

## OUR TRACTION

### Jeong-Do Management

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

Based on Jeong-Do management, all of us at Dong-A Socio Group will ruminate over the founding principles of integrity, sincerity, and consideration for others, and enhance management transparency and conduct social responsibilities in accordance with ISO 26000 for corporate social responsibility and ISO 37001 for anti-bribery management systems which are international standards on ethical management. Jeong-Do management goes beyond the business essence of profit generation and centers on realization of happiness and sharing among employees and members of society through practice of social justice. This is the right path that Dong-A Socio Group is taking toward sustainable growth.





## VISION 2025

Healthcare business is essential to the protection of the lives and safety of humanity. Having seen the importance of the business ahead of others, Dong-A Socio Group proactively responded to industry trends by completing the adoption of a holding company structure in 2016, and in the following year set "VISION 2025", a value system and the direction for employees to take in the changed organization. The significance of the new vision is that Dong-A Socio Group is shifting its business focus toward a new future and striving "to be a global healthcare player by establishing distinctive competencies in each business area" based on its long-established founding principles – integrity, sincerity, and consideration for others.

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



# Sustainability Commitment

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

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

 Sustainable Management

P. 31



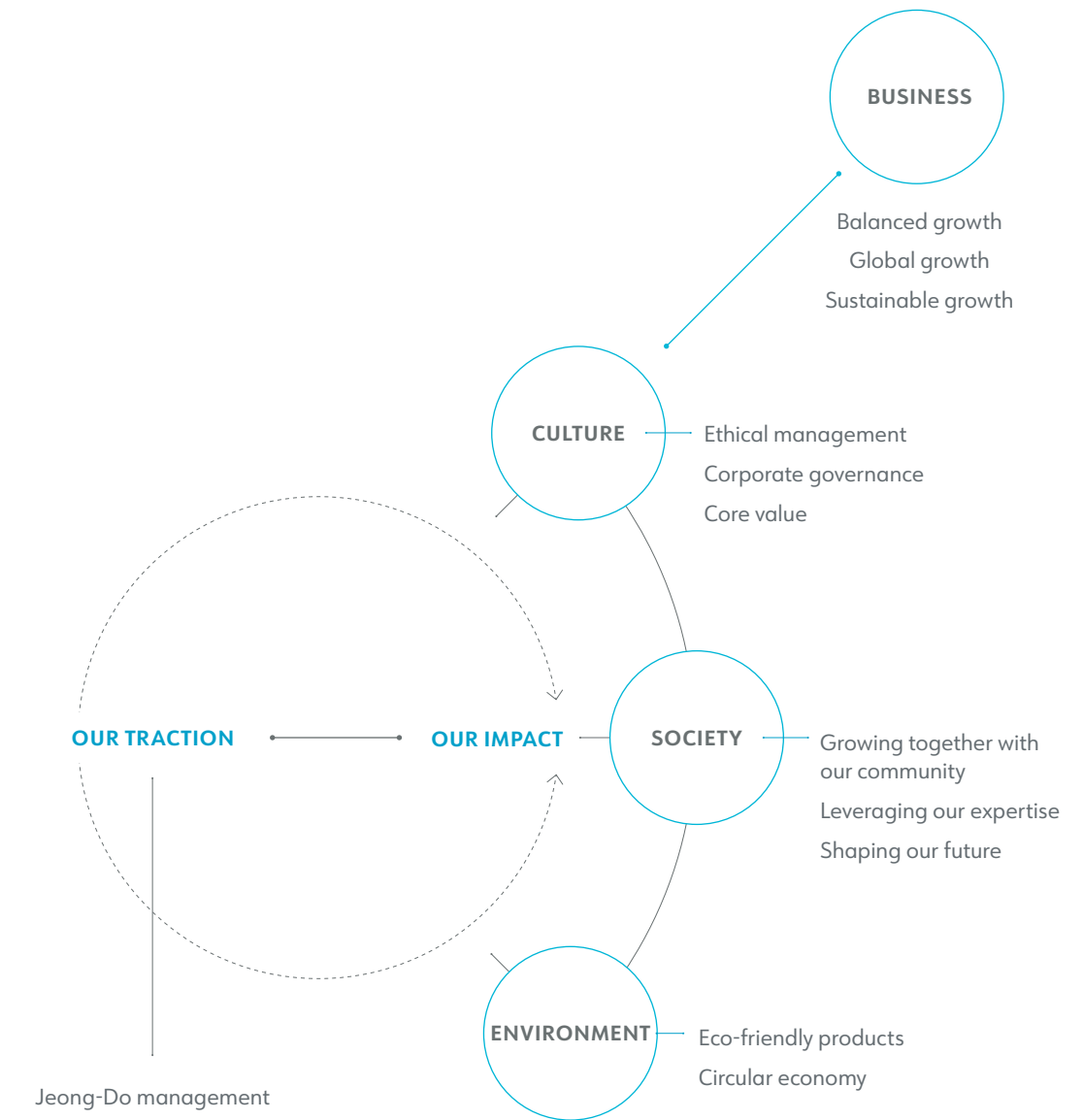
\* The UN Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all. They address the global challenges facing humanity, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. Under the slogan "Leave no one behind", the UN SDGs present 17 goals and 169 detailed goals to be achieved by 2030.





# D-FINE

## OUR IMPACT



Jeong-Do management  
VISION 2025  
Sustainability commitment

CULTURE

SOCIETY

ENVIRONMENT



CULTURE

# Building a strong sustainability culture

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

Ethical Management

### COMPLIANCE & ETHICS

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



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

Peter Pu \_ Managing Director, BSI Korea

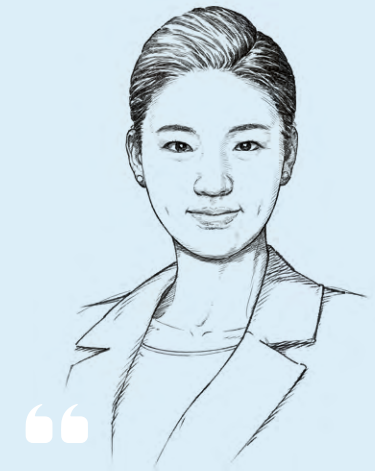
Linking UN SDGs

Corporate Governance



### TRANSPARENCY

Dong-A Socio Holdings and Dong-A ST are making continuous efforts to communicate with stakeholders in a transparent manner, including proactive disclosure of their corporate governance policies. As a result, Dong-A Socio Holdings' governance rating improved from C in 2018 to A in 2019 in an ESG evaluation conducted by the Korea Corporate Governance Service, while Dong-A ST's rating went up from B to B+.



Reasonable decision-making is possible only when there is a sound check and balance system between the BOD and top management. This is the strength that Dong-A ST has gained by improving its governance, which will enhance the company's fundamental value, not to mention the value for its shareholders and other stakeholders.

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

Linking UN SDGs

Vision & Core Value



### GREAT WORKPLACE

"Do Don't 1010" is a campaign aimed at creating a happy workplace. To find out what aspects of work do or don't contribute to building an ideal workplace, all employees were asked in a survey to list 10 things that they'd like to see more and less. The year-round campaign is run along with two other campaigns – "D-Style Hero Recommendation" campaign of identifying hidden heroes championing Do Don't 1010 and spreading the Group's values and "Haebahaeba"<sup>1)</sup> campaign urging employees to spend less time in meetings yet be more productive by better preparing more substantive materials in advance. As a result of these efforts, Do Don't 1010 is evolving into an employee code of conduct.

<sup>1)</sup> Meaning that the company changes when the meeting culture changes

SOCIETY

# Making positive social impacts

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

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

Linking UN SDGs



## OUR COMMUNITY

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



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



Min-Sun Kim \_ ST Pharm



Linking UN SDGs

Social Contributions



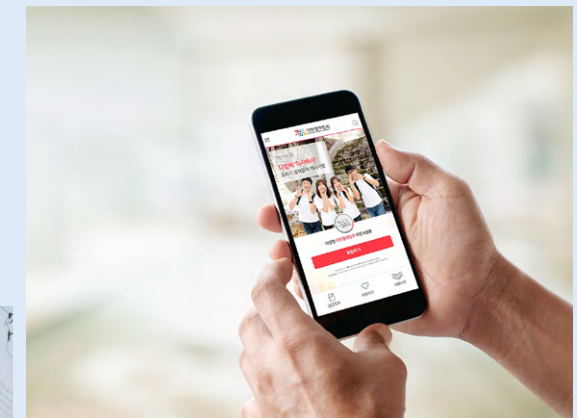
## OUR FUTURE

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

Website of Dong-A Pharmaceutical's Tour Korea for College Students <http://www.kukto.co.kr>

## OUR EXPERTISE

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



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



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

# ENVIRONMENT

## Respect for the environment we share

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

Linking UN SDGs

CSV Story



### ECO-FRIENDLY PRODUCTS

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



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



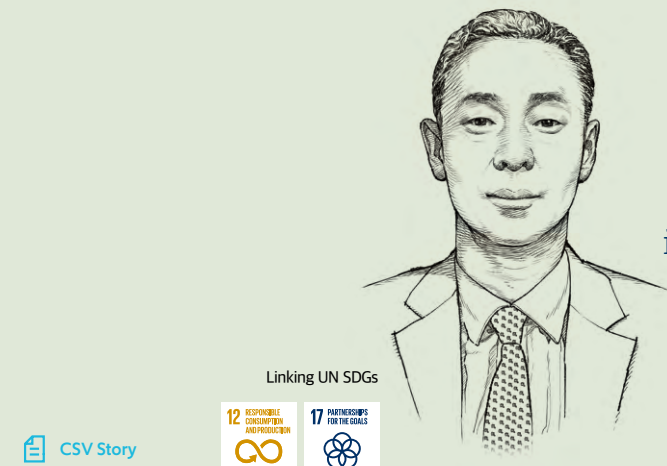
Hyun-Woo Hwang \_ Consumer



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



Dong-Woo Kim \_ Brand Manager of POCARI SWEAT, Dong-A Otsuka



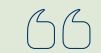
Linking UN SDGs

CSV Story



### CIRCULAR ECONOMY

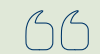
Dong-A Socio Group not only works to minimize the negative impact that its products have on the environment, but also thinks ways of recycling the products into useful resources and thus creating eco-friendly value. Soo Seok has established a system of collecting and recycling glass bottles into new products. As of the end of 2019, the company recorded 31,655 tons in waste glass recycled, which is a year-on-year rise of 6.7% and accounts for 66% of total production. Yongma Logis conducts the business of collecting and storing pharmaceutical waste from drug stores at its warehouses and transporting the collected waste to local governments at a regular interval.



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



Hyuk-Soo Kyoung \_ Managing Director, Head of Manufacturing Division, Soo Seok



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



Myung-Sook Choi \_ Pharmacist



## BUSINESS

In 2019, combined sales of Dong-A ST and Dong-A Pharmaceutical exceeded KRW 1 trillion, a record performance since 2013 when the former Dong-A Pharmaceutical was split into Dong-A Socio Holdings, Dong-A ST, and Dong-A Pharmaceutical.

### Total Sales<sup>1)</sup>

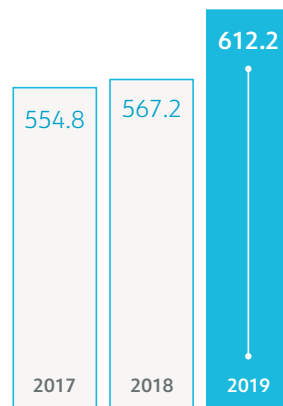
(Unit: KRW billion)



### Dong-A ST<sup>2)</sup>

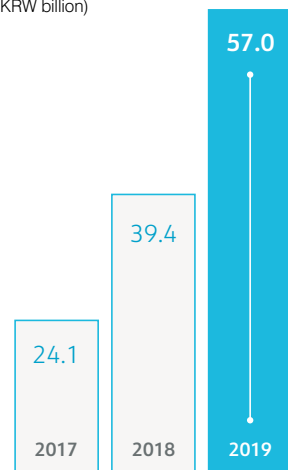
#### Sales

(Unit: KRW billion)



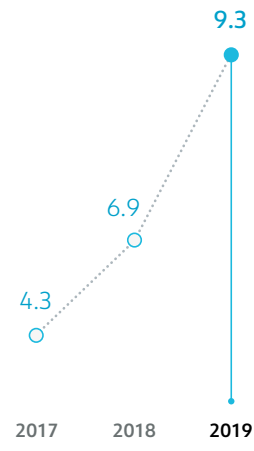
#### Operating profit

(Unit: KRW billion)



#### Operating profit margin

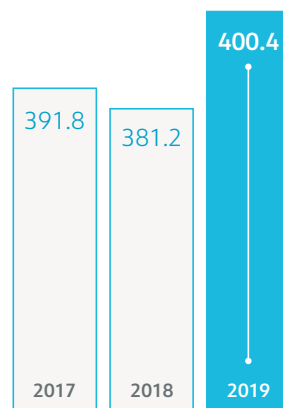
(Unit: %)



### Dong-A Pharmaceutical

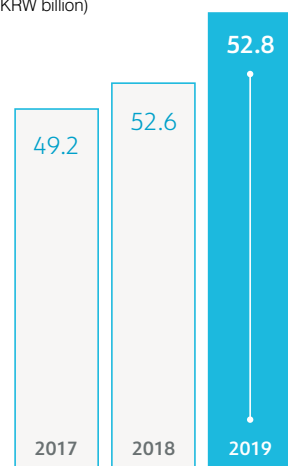
#### Sales

(Unit: KRW billion)



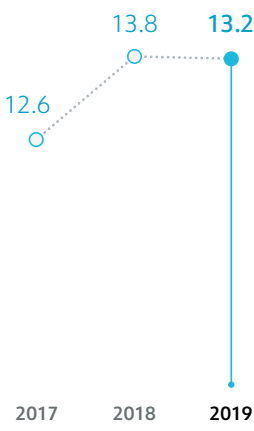
#### Operating profit

(Unit: KRW billion)



#### Operating profit margin

(Unit: %)



<sup>1)</sup> Combined sales of Dong-A ST and Dong-A Pharmaceutical

<sup>2)</sup> Based on separate financial statements

## Creating Shared Values

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

# GROUP OVERVIEW

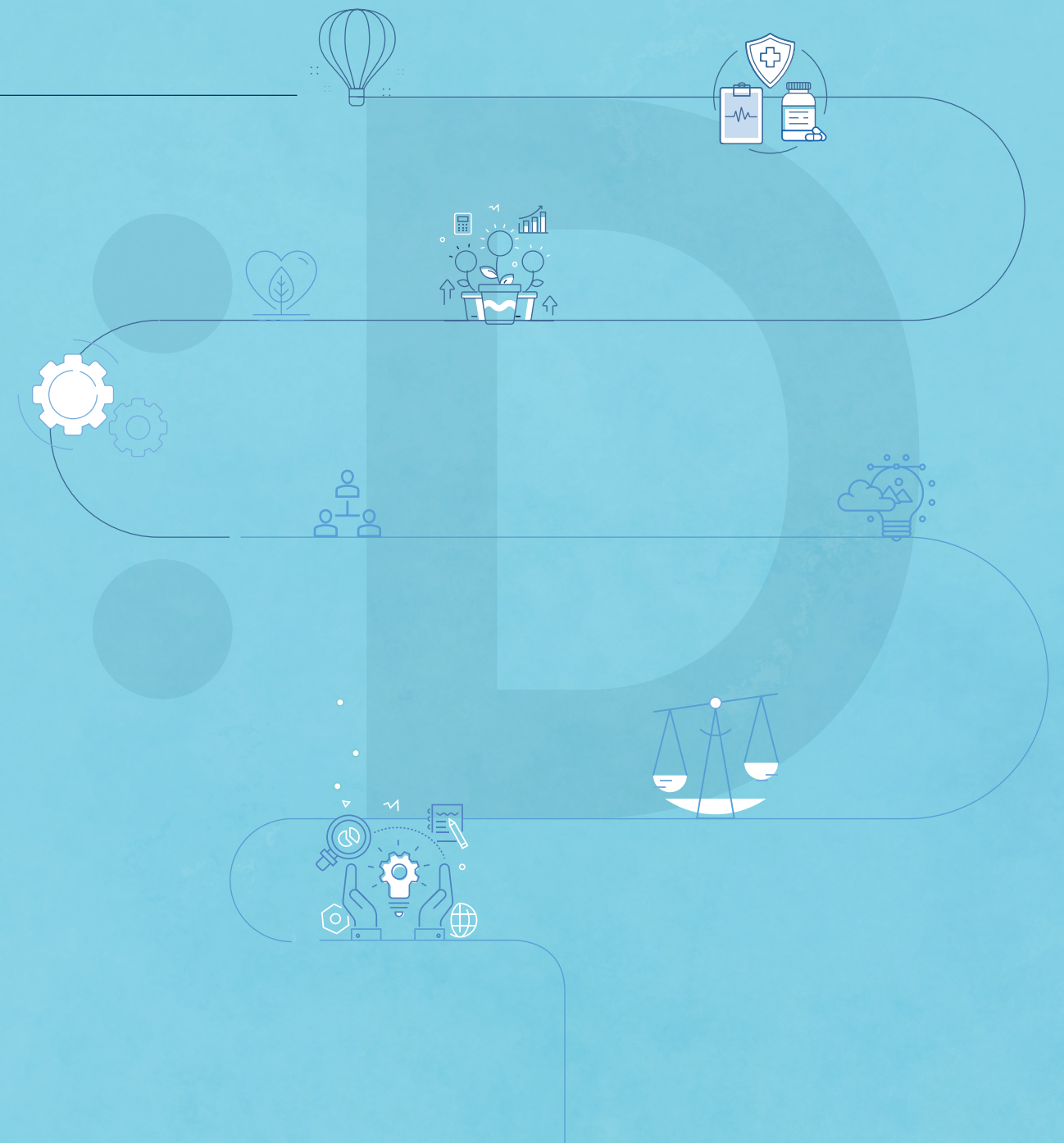
026  
Dong-A Socio Holdings

028  
Vision & Core Value

031  
Sustainable Management

032  
Business Model

034  
CSV Story



# Dong-A Socio Holdings

## Company Overview

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

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



COMPANY NAME	Dong-A Socio Holdings Co., Ltd.
CEO	Jong-Hyeon Han
ESTABLISHMENT	August 9, 1949
HEADQUARTERS	64, Cheonho-daero, Dongdaemun-gu, Seoul
SALES	KRW 769.7 billion
OPERATING PROFIT	KRW 52.8 billion
TOTAL ASSETS	KRW 1,358.6 billion
TOTAL LIABILITIES	KRW 746.9 billion
NO. OF EMPLOYEES	173 <sup>1)</sup>

<sup>1)</sup> Including outside directors

\* As of December 31, 2019

## Stock Ownership

Shareholder name	Relationship	Type of share	Number of shares	Ownership (%)
Jung-Seok Kang	Largest shareholder	Common stock	1,692,715	27.58
Jong-Hyeon Han	Executive officer of the company	Common stock	500	0.01
Soo-Jeong Park	Executive officer of the company	Common stock	1,111	0.01
Min-Young Kim	Executive officer of the company	Common stock	14	0.00
Sung-Keun Park	Executive officer of the company	Common stock	690	0.01
Ho-Jin Choi	Executive officer of the affiliate	Common stock	162	0.00
Sangju Institution	Foundation	Common stock	30,315	0.49
Sooseok Cultural Foundation	Foundation	Common stock	26,766	0.44
National Pension Service	Shareholder who acquire more than 5% of the outstanding shares	Common stock	832,173	13.56
Shinyoung Asset Management	Shareholder who acquire more than 5% of the outstanding shares	Common stock	538,682	8.78
Glaxo Group Limited	Shareholder who acquire more than 5% of the outstanding shares	Common stock	409,693	6.67
Employee Stock Ownership Plan	Shareholder who acquire more than 5% of the outstanding shares	Common stock	379,123	6.18
<b>Total</b>			<b>3,911,944</b>	<b>63.73</b>

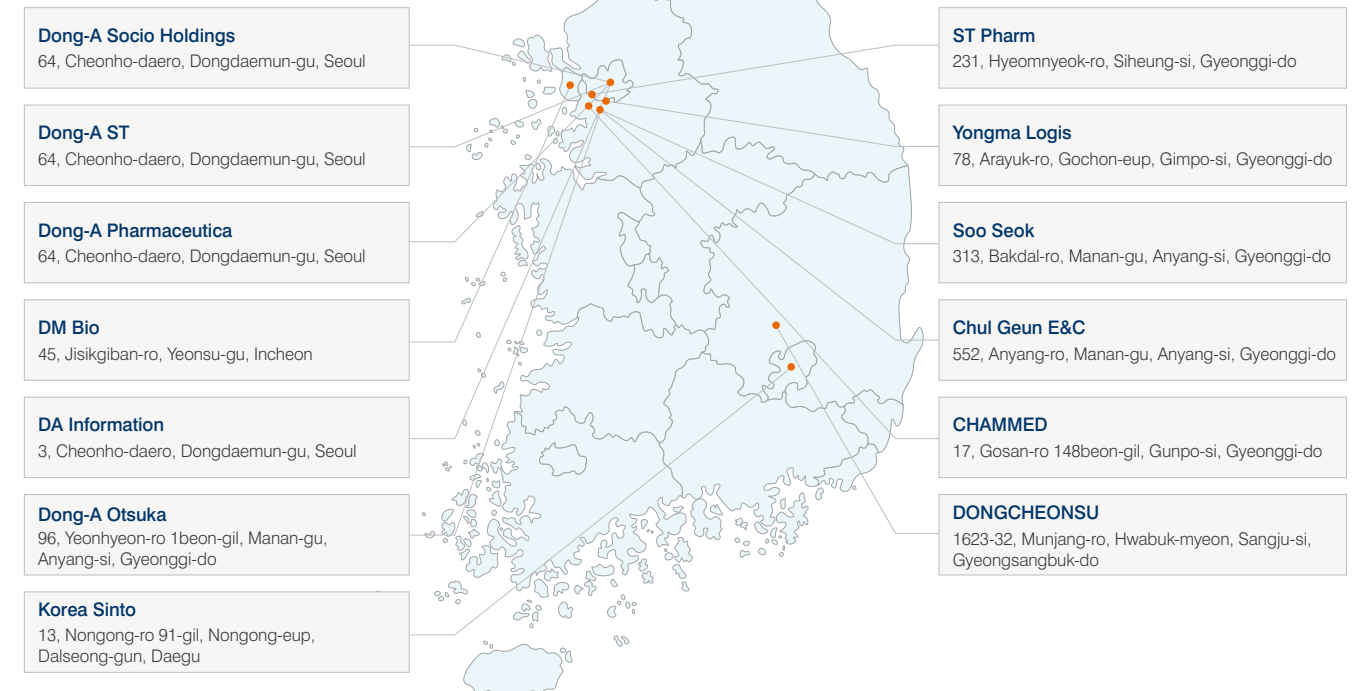
\* As of December 31, 2019

## Dong-A Socio Group Affiliates

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

<sup>1)</sup> Dong-A Socio Holdings, Dong-A ST, ST Pharm

### Headquarters of the Group Affiliates



### Overview of the Group Affiliates

	Company name	Classification	Business areas	Ownership of Dong-A Socio Holdings (%)
Listed	Dong-A ST	Subsidiary	Manufacturing and sales of drugs	22.81
	ST Pharm	Subsidiary	Manufacturing and sales of APIs	32.68
Unlisted	Dong-A Pharmaceutical	Subsidiary	Manufacturing and sales of drugs	100.00
	DM Bio	Subsidiary	Manufacturing and sales of drugs	51.00
	CHAMMED	Sub-subsidiary	Manufacturing and sales of medical equipment	–
	Dong-A Otsuka	Subsidiary	Manufacturing and sales of non-alcoholic beverage	49.99
	Yongma Logis	Subsidiary	Road freight transportation	100.00
	Soo Seok	Subsidiary	Manufacturing and sales of bottle glass	100.00
	DONGCHEONSU	Subsidiary	Manufacturing and sales of mineral water	100.00
	Chul Geun E&C	Subsidiary	Construction	100.00
	DA Information	Subsidiary	Development of application software	100.00
	Dong-A Medicare	Subsidiary	Equity acquisition of other companies	100.00
	Induspark	Sub-subsidiary	Lease and supply of real estate	–
	NS Investment	Other affiliate in Korea	Investment in startups	–
	CuOracle Co., Ltd.	Sub-subsidiary	Research & development of new drugs	–
	MS dangjin 1st Co., Ltd.		Asset securitization	–

\* As of December 31, 2019



# Vison & Core Value

Dong-A Socio Group Vision System [VISION 2025]



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

- 01 Constant innovation**  
Start small and scale the size of innovation
- 02 New perspectives**  
Think outside the box to sharpen competitive edge
- 03 A spirit of challenge**  
Develop a spirit of challenge that does not fear failure
- 04 Sincerity and tenacity**  
Have sincerity and tenacity to get things done
- 05 Act promptly**  
Respond promptly to healthcare market and trend changes
- 06 Never stop changing**  
Make continuous efforts to change
- 07 Open-minded**  
Embrace change with an open mindset instead of being complacent
- 08 Lead by example**  
Take the lead and lead by example
- 09 Create synergy**  
Create synergy through partnerships based on mutual trust
- 10 Win-win**  
Understand and identify with each other's goals, and pursue win-win
- 11 Proactive communication**  
Communicate with others based on keen consideration
- 12 Act with consistency**  
Act honestly and fairly with consistent words and conduct
- 13 Social responsibilities**  
Fulfill social responsibilities as a healthcare company responsible for the health and happiness of humanity
- 14 Sharing and contributions**  
Continually practice the values of sharing and volunteering that include employees, customers, and society
- 15 Self-development**  
Share experiences and knowledge, and grow systematically
- 16 Sense of responsibility**  
Develop a sense of responsibility and ownership based on expertise



**:D (colon D)**  
The colon (:) that signifies "rest and recovery" is combined with D which signifies "Dong-A Socio Group" to symbolize the bright smile of customers, society, and Dong-A family members.

## VISION 2025

### OUR MISSION

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

### OUR VISION

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

### OUR STRATEGY

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

## Core Value

### OUR CORE VALUE

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

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

**Trust Others** Based on the belief that trust is a foundation for greater innovation, we will build a strong relationship of trust and a win-win relationship with all of our stakeholders by communicating actively and cooperating seamlessly with them.

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

## PROGRAMS TO IMPLEMENT CORE VALUE

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

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

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



**Haebahaeba Project** “Haebahaeba”, meaning that the company changes when the meeting culture changes, is a project based on the understanding that “organizational culture itself is a way of work”. It is Dong-A’s unique way of having meetings that is intended to practice one element of Do Don’t 1010 which is to “make preparations in advance for meetings and have shorter yet more productive meetings” aimed at making the work process efficient and improving outcomes. It enables the establishment of a meeting culture that promotes reasonable decision-making and reaches conclusions through meeting preparations and efficient meetings that are led by leaders (meeting organizers) and active participation by attendees. It is expected to bring about considerable changes to our way of work.



**Creation and Distribution of Economic Value of Dong-A Socio Group<sup>1)</sup>**

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

(Unit: KRW billion)

Classification		2017	2018	2019
<b>Creation of economic value</b>	Sales	690.3	707.5	<b>769.7</b>
<b>Distribution of economic value</b>	Dividend	6.1	6.1	<b>6.1</b>
	Interest expense	12.0	12.0	<b>13.4</b>
<b>Shareholders &amp; investors</b>	Total	18.1	18.1	<b>19.5</b>
	(Value-to-sales ratio, %)	(2.6)	(2.6)	<b>(2.5)</b>
<b>Employees</b>	Salaries	127.1	126.9	<b>141.0</b>
	Employee benefits	16.5	20.2	<b>21.7</b>
	Total	143.6	147.1	<b>162.7</b>
	(Value-to-sales ratio, %)	(20.8)	(20.8)	<b>(21.1)</b>
<b>Suppliers</b>	Raw material expenses	160.5	150.0	<b>93.4</b>
	Outsourcing expenses	32.1	12.4	<b>28.5</b>
	Total	192.6	162.4	<b>121.9</b>
	(Value-to-sales ratio, %)	(27.9)	(23.0)	<b>(15.8)</b>
<b>Government &amp; local communities</b>	Income tax	14.6	-9.2	<b>18.7</b>
	CSR expenditures	4.9	4.0	<b>4.0</b>
	Total	19.5	-5.2	<b>22.7</b>
	(Value-to-sales ratio, %)	(2.8)	(-)	<b>(2.9)</b>
<b>Total distributed economic value</b>		<b>373.8</b>	<b>322.4</b>	<b>326.8</b>
<b>(Value-to-sales ratio, %)</b>		<b>(54.2)</b>	<b>(45.6)</b>	<b>(42.5)</b>

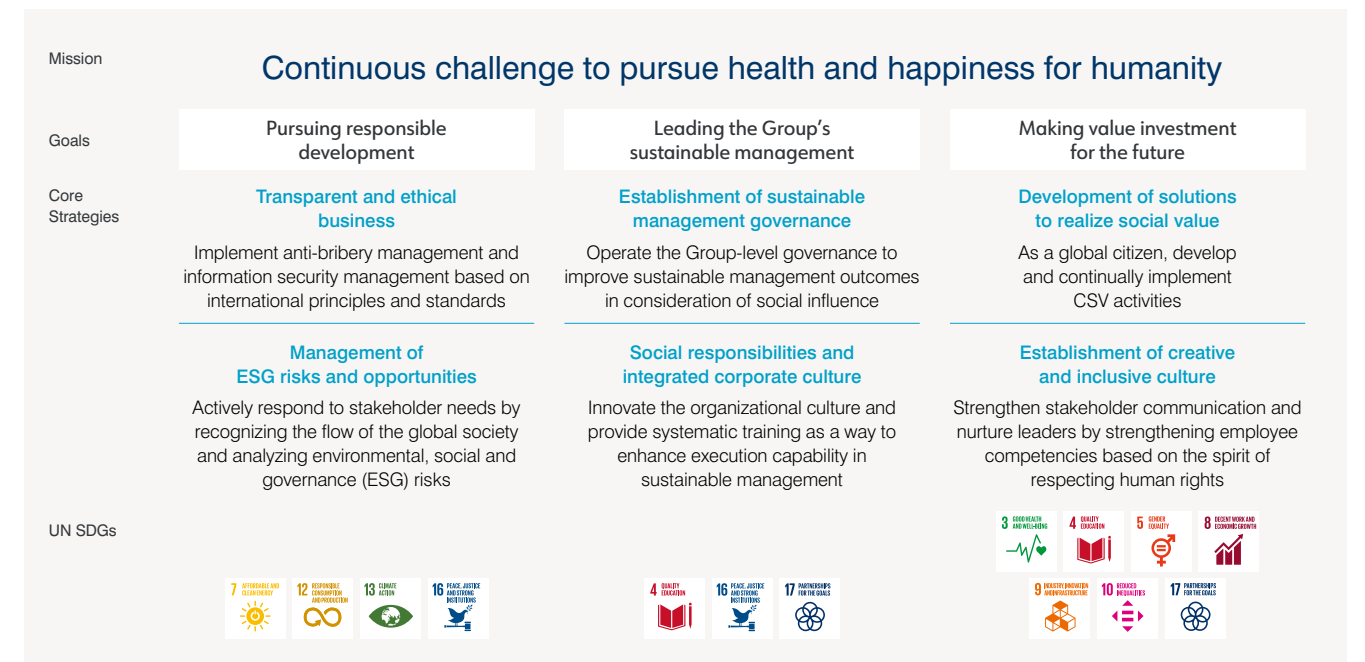
<sup>1)</sup> Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, DM Bio, CHAMMED, Dong-A Otsuka, Yongma Logis, Soo Seok, Korea Sinto, DONGCHEONSU, Chul Geun E&C, DA Information

Sustainable Management

Sustainable Management Strategy

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

Sustainable Management Strategy System



Major Outcomes of Sustainable Management

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

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

**Jong-Hyeon Han** \_ CEO & President of Dong-A Socio Holdings

Pursuing responsible development	Leading the Group’s sustainable management	Making value investment for the future
<b>New</b>	<b>100%</b>	<b>25%</b>
ISO 37001 system ISO 26000 system ISO 27001 system Greenhouse gas inventory system	Diagnosis of sustainable management of the Group affiliates	R&D expenses to sales
<b>90.2%</b>	<b>New</b>	<b>27.4 hours/person</b>
Employee pledge to practice Jeong-Do management	Establishment and holding of the Dong-A Socio Group Social responsibility Council (DSC)	Hours of job training per employee
<b>B+</b>	<b>183</b>	<b>New</b>
ESG evaluation conducted by the Korea Corporate Governance Service	No. of participants in sustainable management trainings	Issuance of Integrated Report

\* Based on Dong-A Socio Holdings

# Business Model

## CAPITAL INPUT

### FINANCIAL CAPITAL | Financial capital of Dong-A Socio Group

Total assets  
KRW 1,358.6 billion (9.4% ↑)

Total shareholders' equity  
KRW 746.9 billion (1.5% ↑)

Sales  
KRW 769.7 billion (8.8% ↑)

### HUMAN CAPITAL | Employees who share the vision of Dong-A Socio Group

No. of employees  
5,483 (6.2% ↑)

Years of service  
8.1 years (2.5% ↓)

Mentoring participants\*  
206 (102.0% ↑)

Safety training hours per employee  
16.1 hours/person (6.3% ↓)

Job training hours per employee  
23.2 hours/person (9.3% ↓)

\* Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, DM Bio

### INTELLECTUAL CAPITAL | Knowledge-based intangible assets of Dong-A Socio Group

R&D expenditures  
KRW 21.5 billion (3.2% ↓)

Expenses for building and maintaining ISO systems  
KRW 160 million

Obtaining and maintaining international systems\*  
Certified in 7 areas

\* ISO 9001, ISO 13485, ISO 37001, ISO 27001, ISO 14001, FSSC 22000, ISO 45001

### NATURAL CAPITAL | Natural resources used by Dong-A Socio Group

Energy consumption\*  
1,622 TJ

Water consumption  
4,352,168 m<sup>3</sup> (8.9% ↑)

\* Including 5 affiliates – Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, and Soo Seok – that began to collect data

### SOCIAL CAPITAL | Internal and external stakeholder network of Dong-A Socio Group

Operation of K-whistle, an anti-corruption reporting system of the Group affiliates

CSR expenditures  
KRW 3,950 million (2.4% ↓)

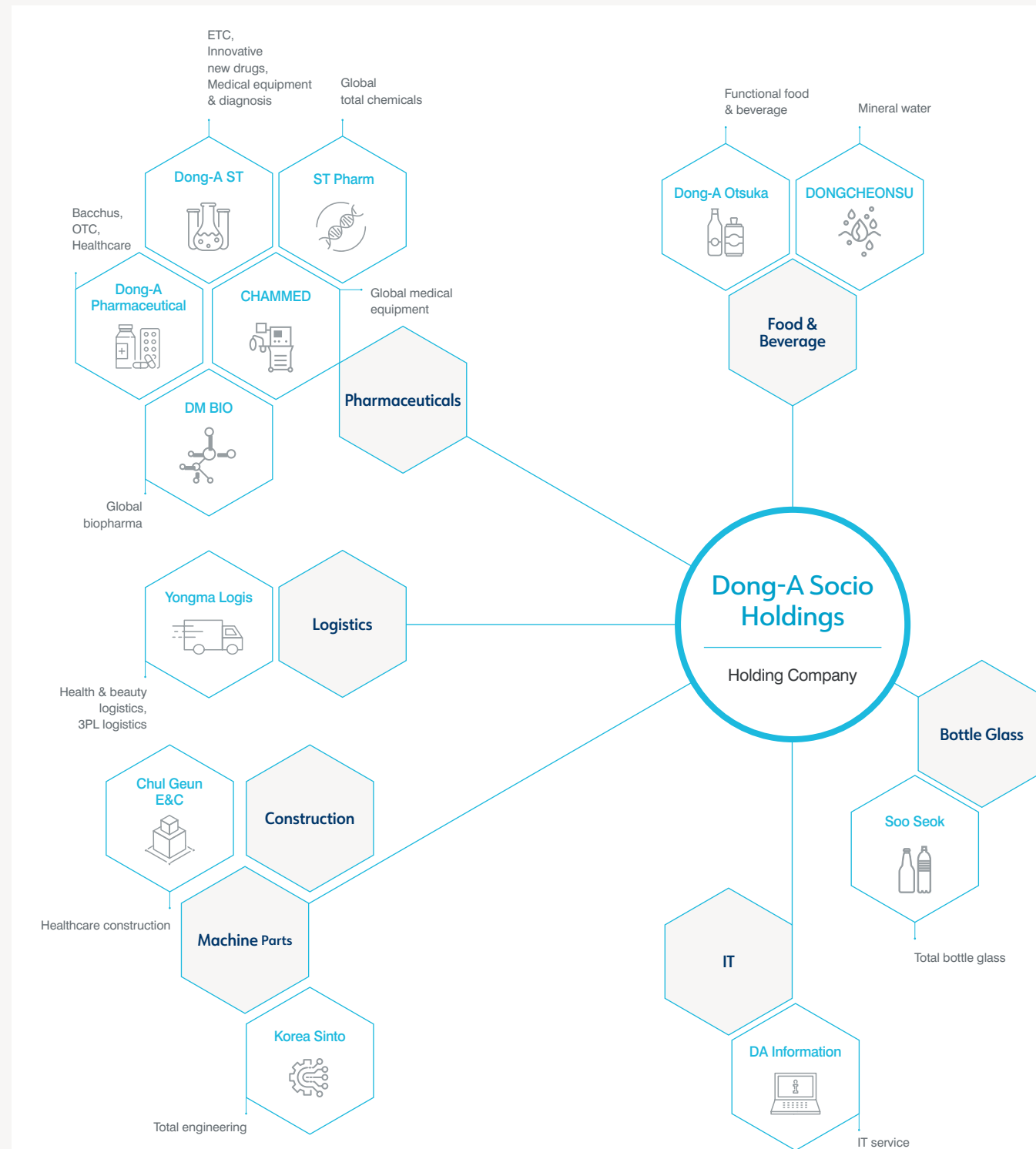
Employee participation rate in CSR  
29.3% (12.6% ↓)

Group affiliate participation rate in CSR activities in celebration of the Group founding  
100% (13 affiliates)

Raw material expenses paid to suppliers  
KRW 473.4 billion (6.3% ↑)

### MANUFACTURED CAPITAL | Newly established buildings and infrastructure of Dong-A Socio Group

Office	Plant	R&D Center	Warehouse
1	1	1	1



**MISSION** Continuous Challenge to Pursue Health and Happiness for Humanity

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

## CAPITAL OUTPUT

### FINANCIAL CAPITAL

Operating profit  
KRW 52.8 billion (4.5% ↑)

Amount distributed to shareholders and investors  
KRW 19.5 billion (8.1% ↑)

Tax paid  
18.7 billion

### HUMAN CAPITAL

Amount distributed to employees  
KRW 162.7 billion (10.6% ↑)

Employee turnover rate  
9.1% (25.2% ↓)

No. of industrial accidents  
19 cases (5.6% ↑)

Nurturing internal lecturers  
152 persons (102.0% ↑)

No. of self-directed learners  
17,000

### INTELLECTUAL CAPITAL

No. of patents  
510 cases

No. of intellectual property rights  
10 cases

No. of trade mark rights  
2,329 cases

No. of newly acquired certifications of international systems  
4 cases

### NATURAL CAPITAL

Greenhouse gas emissions  
99,315 tCO<sub>2</sub> eq (12.6% ↓)

Wastewater discharge  
1,094,536 m<sup>3</sup> (0.3% ↑)

Volume of waste generated  
10,357 tons (4.9% ↑)

Waste recycling rate  
21.8%

### SOCIAL CAPITAL

Handling rate of reported cases  
100%

CSR expenditures to operating profit  
7.5% (6.6% ↓)

No. of beneficiaries of CSR activities  
8,046 (9.6% ↑)

Outsourcing expenses paid to suppliers  
KRW 28.5 billion

### MANUFACTURED CAPITAL

Office	Plant	R&D Center	Warehouse	Headquarters	HR Development Center	Dormitory
35	19	4	1	2	2	2

## CSV Story



### Dong-A Pharmaceutical

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



#### BUSINESS VALUE

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

#### SOCIAL VALUE

Contribute to realizing a circular economy  
Reduce harmful substances  
Increase consumer awareness of environmental protection

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

#### Launching drugs that contribute to resolving social issues

- **Development of a non-steroidal treatment for prevention of drug misuse and abuse**  
Launched the Itch-none Cream which eases skin-itching symptoms
- **Research on preservative-free prescriptions for consumer health**  
Applied non-preservatives to the Champ, a cold medicine for children

#### Reducing negative environmental impact

- Changed raw materials and packaging materials to expand recycling
- Changed the packaging of Garglin to a transparent bottle
- Changed Bacchus plastic bags to paper bags
- Used recycled paper for producing Jordan Green Clean
- Changed a plastic bag made of HDPE<sup>1)</sup> material to an eco-friendly biodegradable bag
- Used soybean oil ink for the FATION product and packaging material

<sup>1)</sup> High Density Polyethylene: Eco-friendly non-toxic plastic from which endocrine disruptors are not detected



### Dong-A Otsuka

#### Green Challenge of POCARI SWEAT



#### BUSINESS VALUE

Curtail costs from reducing PET use  
Enhance the eco-friendly corporate image  
Increase eco-friendly products

#### SOCIAL VALUE

Promote resource circulation of PET bottles  
Reduce greenhouse gas emissions  
Increase consumer awareness of environmental protection

#### Green Milestones of Dong-A Otsuka

##### Apr. 2011

- Adopted the O-HOT Pack System
- Made the POCARI SWEAT 500ml PET lightweight

##### Mar. 2012

- Made the POCARI SWEAT 1.5l PET lightweight
- Made the POCARI SWEAT 620ml PET lightweight

##### Mar. 2013

- Became the first in Korea to adopt an eco-friendly label that can be easily separated
- POCARI SWEAT BLUE LABEL CAMPAIGN (19 weeks)

##### Apr. 2014

- POCARI SWEAT BLUE LABEL CAMPAIGN (18 weeks)

##### Apr. 2015

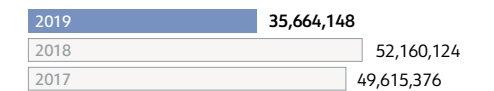
- POCARI SWEAT BLUE LABEL CAMPAIGN (17 weeks)

##### Oct. 2019

- POCARI SWEAT BLUE LABEL CAMPAIGN (8 weeks)

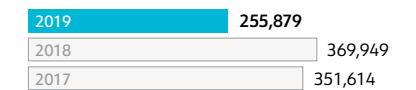
#### PET production

Accumulated **137,439,648 EA**



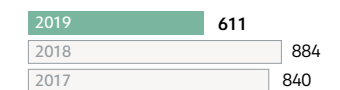
#### Reduction of PET consumption

Accumulated **977,442 Kg**



#### Reduction of carbon emissions

Accumulated **2,335 Tons/Year**



<sup>1)</sup> Sum of POCARI SWEAT production (500ml, 620ml, 1,500ml)

<sup>2)</sup> Reduction per volume (500ml-6.2g, 620ml-5.5g, 1,500ml-9g)

<sup>3)</sup> CO<sub>2</sub> emission coefficient: Applied 2.389kg CO<sub>2</sub>e/kg (PET carbon emission coefficient 2.37Kg CO<sub>2</sub>e/kg + recycled carbon emission coefficient 0.019Kg CO<sub>2</sub>e/kg)

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

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

In addition to eco-friendly processes and efforts to reduce energy consumption, Dong-A Otsuka is holding a wide array of eco-friendly events based on the theme, "Challenge of POCARI SWEAT". Leading activities include the BLUE LABEL CAMPAIGN and RUNNING CREW LIVESWEAT Plogging<sup>1)</sup> through which the company improves consumer awareness and encourages them to take small actions in daily life for the environment. Dong-A Otsuka will continue to conduct eco-friendly activities that can be joined in by various stakeholders, including consumers, to help protect the natural environment and further strengthen its positive image as an eco-friendly company.

<sup>1)</sup> A combination of "jogging" and "plocka upp", Swedish for "picking up". It refers to picking up waste while enjoying running.



Yongma Logis

Collecting Leftover Medicines through Partnership



BUSINESS VALUE

- Expand nation-wide projects related to unused drugs in the future
- Advance into business related to pharmaceutical business
- Strengthen partnerships with customers
- Enhance the corporate image

SOCIAL VALUE

- Prevent environmental pollution (water, soil)
- Minimize animal and plant contact to prevent deformity
- Resolve anxiety in the general population
- Contribute to improving government programs to collect and dispose unused medicines

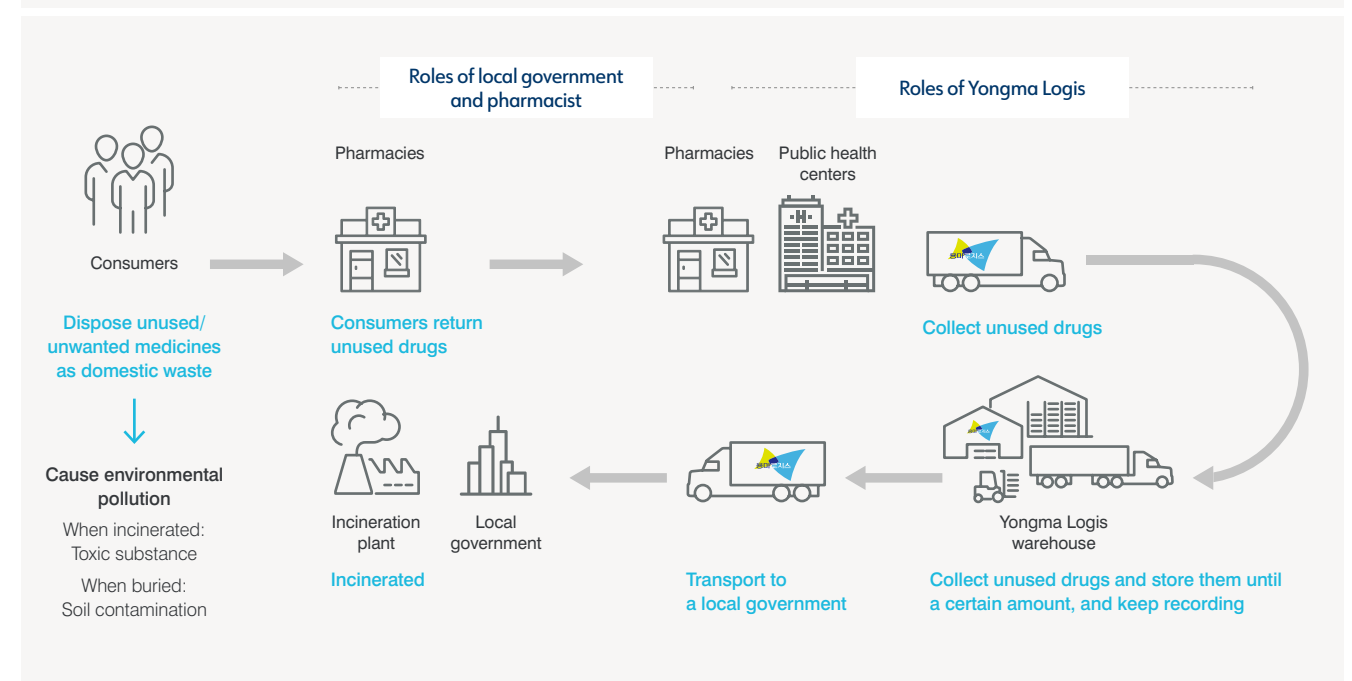
**SUSTAINABILITY CONTEXT** There has been an excessive number of leftover medicines that consumers no longer use. Because many people have a misunderstanding that unused drugs are categorized as general waste, unused drugs are handled as domestic waste. However, the highly-concentrated chemicals of drugs dissolve in sewage and become the cause of seawater and water pollution, and if they are buried when domestic waste is handled, they cause soil pollution. As the issue regarding drug disposal is gaining importance, the Ministry of Environment and the Korean Pharmaceutical Association organized a program to collect unused/unwanted medicines. In 2019, a local government ordinance of "Standards on Managing Disused Drugs, Etc." was established, and 59 local governments from among 262 local governments across the nation adopted it.

However, some pharmacists experienced limitations in collecting and storing unused drugs in pharmacies if an individual consumer brings the medicines to a pharmacy, and therefore they began to avoid collecting unused drugs. Local governments also found it difficult to allocate vehicles to move unused drugs to incineration plants and manage relevant records, and their use of parking lots as a space for collection caused environmental pollution. As a company specializing in drug logistics, Yongma Logis looked into a way that would enhance the convenience of pharmacists, who are its final customers, and use its logistics system to fulfill social responsibilities.

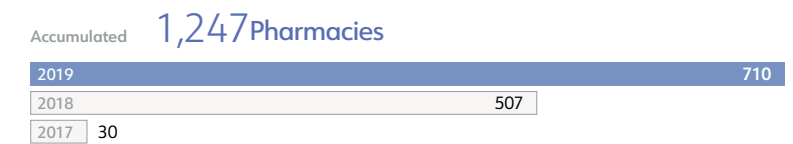
**OUTCOMES** Yongma Logis collects unused/unwanted medicines that are collected at pharmacies when it makes shipments to pharmacies and stores the medicines in its warehouse until a certain amount is collected, and then requests a vehicle so that the drugs can be transported to the incineration-handling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

Partnership Milestones of Yongma Logis

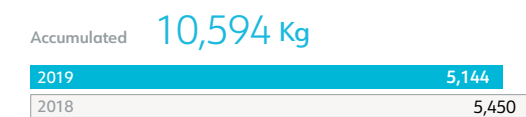
	2017	2018	2019		
Local government with which a partnership agreement was formed	Anseong-si, Gyeonggi-do	Anseong-si, Gyeonggi-do	Pyeongtaek-si, Gyeonggi-do	Jungnang-gu, Seoul	Seongbuk-gu, Seoul
Public health centers and pharmacies	30	50	250	177	203



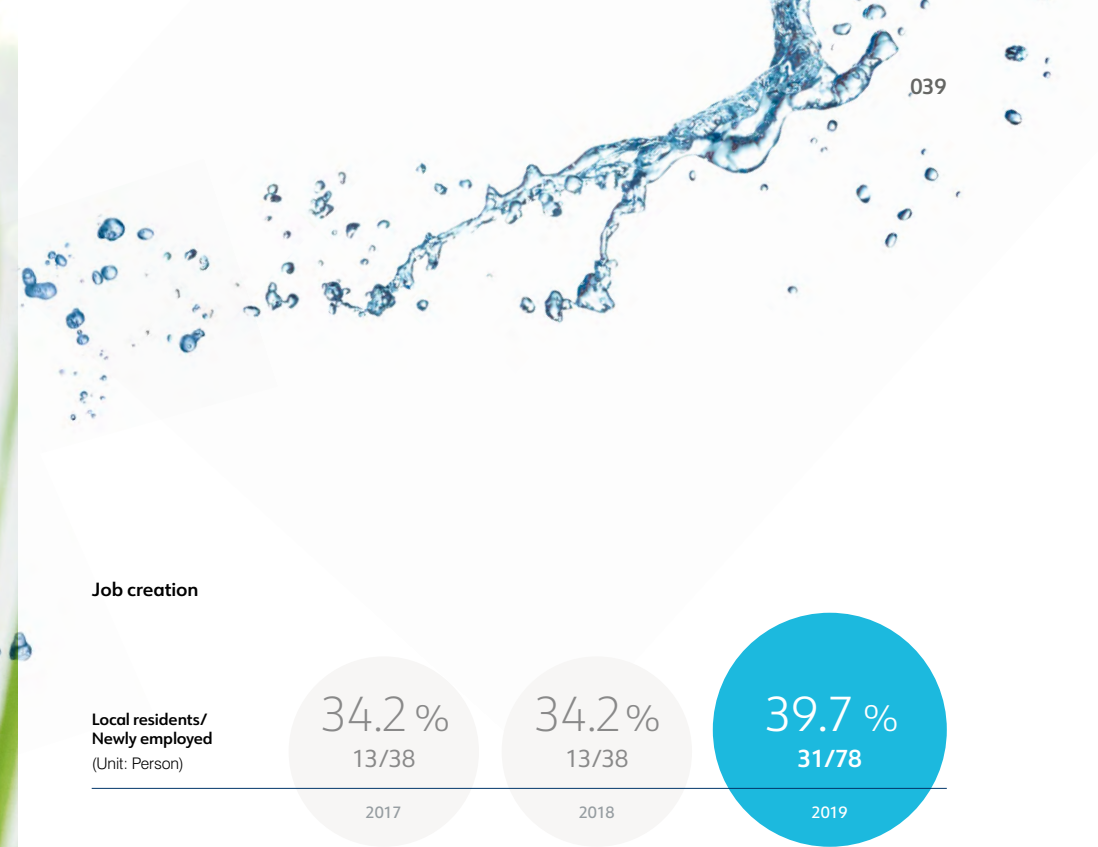
No. of pharmacies from which unused drugs are collected



Amount of unused drugs collected<sup>1)</sup>



<sup>1)</sup> Began to collect data in 2018



Soo Seok

Towards a Sustainable Circular Economy



BUSINESS VALUE

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

SOCIAL VALUE

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

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

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

Volume of glass bottles produced

48,273 Tons

2019	48,273
2018	49,383
2017	50,276

Volume of waste glass used

31,655 Tons

2019	31,655
2018	29,655
2017	28,690

Waste glass usage rate

66 %

2019	66
2018	60
2017	57

Sustainable Products



DONGCHEONSU

Prospering in Harmony with the Local Environment



BUSINESS VALUE

- Enhance the corporate image by providing products that place top priority on the environment
- Secure distinctive competitiveness through stable quality
- Form trust with local residents
- Hire people who have a high understanding of the local community

SOCIAL VALUE

- Preserve the environment
- Create jobs
- Improve the quality of life of local residents through underground water management

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

**OUTCOMES & FUTURE PLANS** DONGCHEONSU conducts an environmental impact assessment every five years. In addition, the company monitors local residents' underground water consumption and change for environmental inspection, thereby prospering in harmony with the local environment. Establishing solid trust with local residents is needed above all to implement sustainable management. To this end, DONGCHEONSU operates a local resident participation committee, where it explains and promotes understanding of evaluations conducted by the Ministry of the Environment, and jointly identifies causes and solutions for local underground water issues. It is also reducing the weight of empty bottles to reduce carbon emissions<sup>1)</sup>, and is contributing to job creation by hiring residents with a high understanding of the region.

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

<sup>1)</sup> The preform weight for a 500mL bottle was reduced from 17g to 14.6g, and the 2.0L bottle was reduced from 38g to 36.2g in July 2015

# SUSTAINABLE DA FAMILY

042  
Dong-A ST

052  
Dong-A  
Pharmaceutical

058  
ST Pharm

061  
DM Bio

064  
CHAMMED

066  
Dong-A Otsuka

070  
Yongma Logis

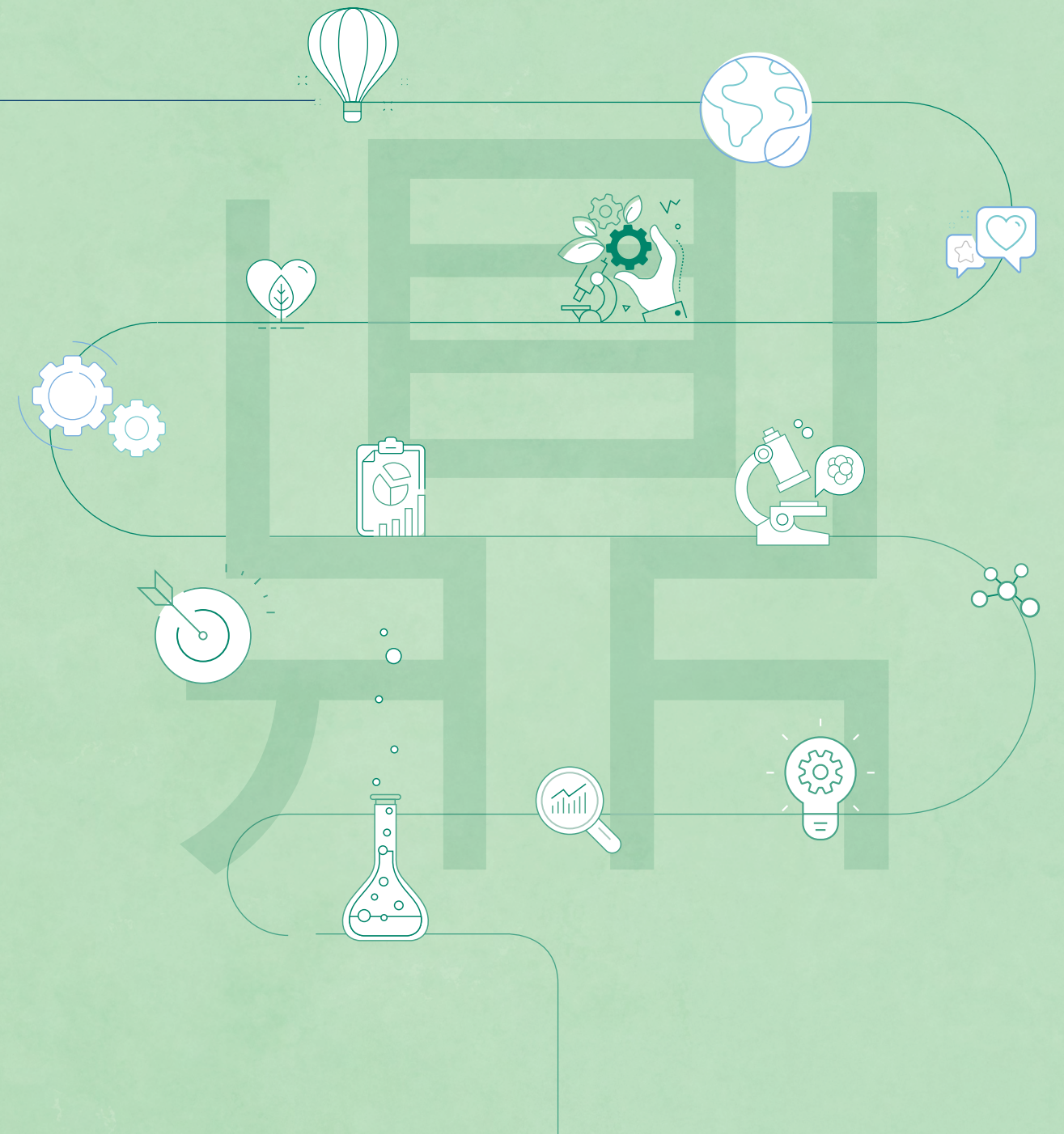
073  
Soo Seok

076  
Korea Sinto

079  
DONGCHEONSU

081  
Chul Geun E&C

084  
DA Information



# Dong-A ST



CEO & Chairman of Dong-A ST  
Dae-Sik Eom

### CEO Message

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

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

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

### R&D Division

Established in 1977, the Dong-A ST Research Center performs a pivotal role in the company's development of new drugs. By combining the expertise and commitment of the Research Center with the company's R&D investment, Dong-A ST has developed the most in-house original drugs amongst any other Korean pharmaceutical companies. Stillen, the first original drug developed in-house by the company, is a treatment for gastritis and was launched in 2002. Zydena, launched in 2005 as the first erectile dysfunction treatment in Korea, was the company's second in-house developed original drug. Motilitone is a functional dyspepsia treatment, and was released in 2011 as Dong-A ST's third in-house developed original drug. The fourth was Sivextro, an oxazolidinone class antibiotic, which was licensed-out to the global market in 2007, and then successfully launched by a partner company in the U.S. and Europe in 2014 and 2015 respectively, as a treatment for acute bacterial skin and skin structure infections (ABSSSI). This signified Dong-A ST's successful global commercialization of an in-house developed original drug by licensing it out. The fifth original drug developed in-house is

Suganon, a diabetes treatment of the DPP-4 inhibitor class, which was launched in Korea in 2016. Suganon has also been licensed-out in several major countries. Through partner companies, Suganon was launched in India in 2019 under the product name Valera, received new drug application (NDA) approval in Russia, and is in the process of making an application for approval in Brazil. Dong-A ST's R&D expertise has thus received both global and domestic recognition in the market, and the company will continue to make efforts to maintain a competitive novel drug pipeline.

Dong-A ST is implementing a two-track R&D strategy in order to go beyond the traditional pharmaceutical research and become a global pharmaceutical company through the development of innovative new drugs. In Korea, the company adopts market-focused decision-making in order to quickly develop products which increase the domestic market share, while focusing on developing innovative new drugs that create mid- to long-term value in the global market. In addition, Dong-A ST is adopting external projects through active open innovation, while also making continuous efforts to improve its R&D capabilities, thus strengthening its pipeline.

**KEY ACHIEVEMENTS** Dong-A ST achieved outstanding R&D outcomes in 2019 including the release of new products in Korea and overseas as well as the initiation of global clinical trials and joint research. Moreover, the company expanded research collaboration between the industry and academia through "Dong-A ST Open Innovation Research Project Contest" as a way to provide support for academic physicians and researchers.

Dong-A ST reflected the current market needs and selected high-value products, and undertook formulation studies, using the latest drug delivery system technology to improve patient compliance. In 2017, Dong-A ST formulated Sugamet SR tab, which was launched in 2016, with a reduced particle size that culminated to MFDS's (Ministry of Food and Drug Safety) approval of a new formulation drug, a combination of Suganon, one of Dong-A ST's in-house developed new drugs, and Metformin. In 2019, Dong-A ST completed bioequivalence studies for a further reduction in the formulation size of Sugamet SR tab through which it proved therapeutic equivalence. For Stillen 2x Tab., which was launched in 2016 by applying patent-applied floating technology to Stillen Tab., a different in-house developed botanical gastritis treatment, Dong-A ST completed research aimed at increasing patient compliance and launched a reduced-size formulation while maintaining the same medicinal effects. For DA-5207, a patch-type dementia treatment that has increased convenience based on a once-a-week formulation, a phase I clinical trial has been in progress in Korea since March 2019.

Dong-A ST also saw significant achievements in the global development. In the new chemical entities, a phase I clinical trial was completed in Europe for DA-8010, a treatment for overactive bladders, and a phase IIb clinical trial is under way in Korea. In the area of botanical drugs, the company has established partnerships for entry into the global market. A technology transfer agreement

was signed in 2018 with NeuroBo Pharmaceuticals of the U.S. for DA-9801, a treatment for diabetic neuropathy that completed a phase II clinical trial in the U.S., and DA-9803, a treatment for Alzheimer's disease whose pre-clinical study has been completed. NeuroBo Pharmaceuticals was listed on NASDAQ in 2019, and is preparing materials to enter a phase III clinical trial in 2020 for DA-9801. DA-9805, a treatment for Parkinson's disease, completed a phase II clinical trial in the U.S., and successfully completed a government-funded project by the Ministry of Trade, Industry and Energy and is undergoing preparations for the next step. Dong-A ST received approval from the Japanese Ministry of Health, Labour and Welfare for manufacturing and sales of DA-3880, a biosimilar of erythropoiesis stimulating agent Darbepoetin- $\alpha$ , through its partnership with Sanwa Kagaku Kenkyusho (SKK), a pharmaceutical company in Japan.

### R&D Investment\*

(Unit: KRW billion)



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

### R&D Investment to Sales

(Unit: %)



### R&D Personnel

(Unit: Person)





Dong-A ST is also implementing research strategies that are intended to expedite development by focusing more on improving its R&D capabilities. To this end, the company established CuOracle, a subsidiary to develop metabolic disease drugs including diabetes treatment DA-1241. DA-1241 is an oral type 2 diabetes treatment of the GPR-119 agonist class. A phase Ia clinical trial was completed in the U.S. after commencing in September 2018, and a phase Ib clinical trial is now in progress in the U.S.

Dong-A ST is also actively carrying out collaboration and joint research. In December 2019, the company expanded its dementia treatment pipeline by signing a joint research and licensing-out agreement with the Korea Institute of Science and Technology on tau protein aggregation inhibitor. In addition, it is conducting joint research using its network with domestic and overseas organizations, such as research on immune checkpoint inhibitors and rare disease projects, and strengthening base research capabilities, including drug discovery technology using AI technology, through which it intends to develop new global drugs.

Dong-A ST launched the Dong-A ST Open Innovation Research Project Contest in 2018 to facilitate the cooperation between the industry and academia. It recruited projects every year, and is supporting pre-clinical studies through three rounds of project recruitment and selection processes. The company is supporting research for a total 20 projects that were chosen, including basic

research on immune-oncology biology, basic research on neuro-degenerative diseases, and research on expanding the indications of Dong-A's approved drugs. Dong-A ST's continued efforts to support these projects across basic areas of science and drug repositioning, coupled with its new drug development network will generate greater synergy effects between the company's R&D capabilities and the creativity of academia.

**FUTURE PLANS** In addition to slowing economic growth in domestic and overseas markets that include the pharmaceutical industry, there are growing restraints, such as limited growth of blockbuster drugs and other key products, falling drug prices, and declining R&D productivity. Dong-A ST is determined to overcome these difficult conditions, and become a "leading company equipped with novel global drugs". To this end, Dong-A ST will focus its research efforts on the development of first-in-class drugs, with an emphasis on anti-cancer drugs, as there are still many unmet market needs in this area. In the longer-term, Dong-A ST will also undertake research projects on neuro-degenerative diseases that are in line with Dong-A's business strategy of early global licensing-out, both at the drug discovery stage and pre-clinical stage. In addition, Dong-A ST will strengthen its pipeline and R&D capabilities through open innovation and collaboration with Korean and overseas universities, and research institutes. The company will also run projects through global partnerships, analyze the market environment in detail, expand its business networks, and continue to adopt new technologies.

## R&D Pipeline

Code Name (Brand Name)	Description	Indication	Development Stage	Licensing Availability	
<b>New Chemical Entity</b>	DA-1229 (Suganon/ Sugamet XR)	DPP(Dipeptidyl Peptidase)-4 inhibitor	Type 2 diabetes	Launched (Korea, India)	Available for some territories
	DA-6886	5-HT (Hydroxytryptamine) 4 agonist	Irritable bowel syndrome-constipation	Ph I completed (Korea)	Available
	DA-8010	M <sub>3</sub> receptor antagonist	Overactive bladder	Ph I completed (EU), Ph II (Korea)	Available
	DA-1241	GPR119 agonist	Type 2 diabetes, Non-alcoholic steatohepatitis	Ph Ia completed (USA), Ph Ib (USA)	Available
	DA-5207	Donepezil patch	Alzheimer's disease	Ph I (Korea, India)	Available
	DA-7310	LpxC inhibitor	Gram-negative pathogens	Pre-clinical (Korea)	Available
	<b>Botanical Drug</b>	DA-9801	Botanical drug	Diabetic neuropathy	Ph II completed (USA)
DA-9805		Botanical drug	Parkinson's disease	Ph II completed (USA)	Available
<b>Biopharmaceutical Products</b>	DA-3880	Darbepoetin α biosimilar	Anemia	Ph I completed (EU), Launched (Japan)	Available for some territories
	DA-3131	New anti-VEGF mAb	Age-related macular degeneration	Pre-clinical completed (Korea)	Available
	DMB-3111	Trastuzumab biosimilar	Breast cancer	Ph I completed (Japan)	Available except Japan, EU, Russia, CIS, and Latin America
	DMB-3115	Ustekinumab biosimilar	Psoriasis	Ph I (EU)	Available except Korea and Japan

### [DA-1229; Evogliptin; Suganon/Sugamet XR]

Evogliptin is an anti-diabetic compound of the Dipeptidyl Peptidase-4 (DPP-4) inhibitor class, with high selectivity for DPP-4. A phase I clinical trial of Evogliptin showed that a single administration of Evogliptin 5mg inhibited DPP-4 activity by more than 80%, and a repeated once daily dose of Evogliptin 5mg maintained the inhibition of DPP-4 for more than 24 hours. In the phase II clinical trial, it was confirmed that Evogliptin 5mg significantly decreased HbA1C levels compared to a placebo. In phase III studies, Evogliptin 5mg showed superiority over the placebo, and non-inferiority to Sitagliptin. In addition, Evogliptin does not need dose adjustment in patients with renal impairment and showed a renal protective effect in animal studies, which would be beneficial to diabetic patients with renal disease. Suganon, which is an Evogliptin mononitrate, and Sugamet XR, a combination drug with Metformin, was launched in Korea in March and May, 2016, respectively. For the global markets, Dong-A ST signed licensing-out agreements with Alkem Laboratories in India for India and Nepal in 2012. Dong-A ST also made a license-out agreement with Eurofarma Laboratórios in Brazil for the territory of Brazil and 17 countries in Latin America in 2014 and 2015. Also, Evogliptin was licensed to GEROPHARM in Russia for development and sales in Russia, Ukraine, and Kazakhstan in 2015. The partner in India, Alkem, launched Evogliptin in India in April 2019 which was a first in the global markets.

### [DA-8010; Receptor M<sub>3</sub> Antagonist]

DA-8010 is the best-in-class muscarinic receptor M<sub>3</sub> antagonist for the treatment of overactive bladder (OAB) and urinary incontinence. Currently available OAB treatments have such side effects as dry mouth and constipation, and therefore, there still are unmet needs regarding improvements to these symptoms. DA-8010 is highly selective for urinary bladder over salivary gland, large intestine, heart, and brain, and indicated a reduction in the possibility of dry mouth, constipation, as well as cardiovascular and central nervous system side effects. A safety, drug tolerance, and pharmacokinetic study was conducted in the UK on healthy subjects, and a phase II clinical trial on OAB patients is in progress in Korea. The top-line data of the phase II clinical trial is expected to be derived in the first half of 2020.

### [DA-1241; GPR119 agonist]

DA-1241 is a type 2 diabetes treatment of the GPR119 agonist class. Its pre-clinical study was successfully completed, and it indicated outstanding therapeutic effects than its competitors via in vitro and in vivo tests. In addition to the glucose-lowering efficacy of DA-1241 in animal testing, it also effectively inhibited postprandial

increase of plasma lipid levels. Therefore, it is expected that DA-1241 can offer significant therapeutic benefit for the treatment of type 2 diabetic patients with dyslipidemia by controlling postprandial lipid as well as glucose levels. Also, potential for treating non-alcoholic steatohepatitis (NASH) was shown in the same animal model. Based on its PK profile in animals, it was expected that DA-1241 has a feasibility of once-daily dosing in human, and a phase Ia study in the U.S. confirmed the feasibility for once-daily dosing of DA-1241. As of 2020, a phase Ib study is being conducted in the US on healthy volunteers and T2DM patients.

### [DA-5207; Donepezil Patch]

DA-5207 is a donepezil patch that was developed to treat Alzheimer's. It indicated outstanding stability and skin permeability in in-vitro testing, and it was confirmed to maintain continuous donepezil concentration compared to oral solutions through animal testing. A phase Ia clinical trial is in progress in Korea to evaluate DA-5207's safety, tolerability, and PK on healthy subjects, and a phase Ia clinical trial in Korea are expected to be derived in early 2020.

### [DA-7310; LpxC Inhibitor]

DA-7310 is a LpxC inhibitor, and an antibiotic that has activity against Gram-negative pathogens including multidrug resistant organisms. LpxC is a zinc-dependent deacetylase, and is an enzyme that intervenes in biosynthesis of Lipid A, an essential element of Gram-negative bacteria. By inhibiting LpxC, DA-7310 is a drug that can provide a solution for increases in antimicrobial resistance. DA-7310 is being developed as an injection, and the goal is to complete the pre-clinical study for a safety evaluation on mice and dogs by the end of 2020.

### [DA-9801; Botanical Drug]

DA-9801 is a botanical new drug, the main ingredients of which are Dioscorea Rhizome and Dioscoreae Nipponicae Rhizoma, for pain associated with diabetic neuropathy. Its main mechanism is considered to lift levels of nerve growth factor (NGF) back to normal, which leads to nerve regeneration. DA-9801's efficacy in pain reduction and nerve regeneration has been confirmed in various pre-clinical animal model evaluations. A phase II study in the U.S. was completed successfully. A group of people who had DA-9801 300 mg and 600 mg for 12 weeks showed a statistically significant reduction of more than 2 points in mean pain scores, in comparison to their respective baseline scores. In addition, improvements of 50% or more were achieved in 46.9%, 50%, and 43.8% of the patients in the 300 mg,

600 mg, and 900 mg groups, respectively. Since current diabetic neuropathy treatments that have received FDA approval are CNS drugs or anti-depressants that accompany such CNS side effects as dizziness and somnolence, there is market demand for a new, safe treatment. DA-9801 is a product with outstanding pain reduction effect, botanical ingredients, and excellent stability, and is expected to considerably help patients who are suffering from diabetic neuropathy. In January 2018, Dong-A ST signed a global license-out agreement with NeuroBo Pharmaceuticals of the U.S. NeuroBo Pharmaceuticals is making preparations for a phase III clinical trial in the US.

### [DA-9805; Botanical Drug]

DA-9805 is a botanical drug consisting of three bioactive ingredients from plants designed as an oral pill for the treatment of Parkinson's disease (PD). It was developed based on Dong-A ST's insight in PD and its extensive and proprietary expert knowledge on botanicals. DA-9805 was developed as a disease-modifying treatment and prevents dopaminergic neurodegeneration through multi-neuroprotective and anti-inflammatory effects. In pre-clinical studies, DA-9805 demonstrated reduced neuronal loss and α-synuclein accumulation as well as improved motor abilities in PD animal models. No toxicity was observed in toxicity studies. Dong-A ST initiated a phase II study with PD patients from 2017 after gaining an IND approval from the US FDA, and completed the study in 2019.

### [DA-3880; Darbepoetin α Biosimilar]

DA-3880 is a biosimilar of darbepoetin alfa (Aranesp®, Nesp®). Dong-A ST proved bioequivalence and similar effects and safety with comparator Aranesp® in a phase I clinical study in Europe. In January 2014, Dong-A ST signed a licensing-out agreement with Sanwa Kagaku Kenkyusho (SKK) for the Japanese market. SKK completed Nesp® comparison phase I and phase III clinical studies in Japan, and successfully launched DA-3880 in Japan in November 2019.

### [DMB-3115; Ustekinumab Biosimilar]

DMB-3115 is a biosimilar of Ustekinumab that was jointly developed by Dong-A and Meiji Seika Pharma of Japan. It is a monoclonal antibody directed against interleukin 12 and interleukin 23, naturally occurring proteins that regulate the immune system and immune-mediated inflammatory disorders. It is indicated for treatment of psoriatic arthritis, moderate to severe plaque psoriasis, and moderately to severely active Crohn's disease, and additional indication was approved for moderate to severe ulcerative colitis in 2019. A phase I clinical trial is in progress in Europe.

R&D History



1977

**1977**  
Established the central research institute

**1979**  
Developed Talampicillin, the Korea's first penicillin antibiotic

**1981**  
Received the Invention Award for the production method for beta lactam antibiotics

**1988**  
Released the first-generation AIDS diagnostic reagent  
Constructed the industry's first Korea Good Laboratory Practice (KGLP)-compliant research center in Korea

**1993**  
Developed Gwotropin, a first-generation biomedicine and human growth hormone

**1994**  
Released Interferon-alfa, a first-generation biomedicine and multiple myeloma treatment  
Developed the world's first simultaneous diagnostic reagent for AIDS and hepatitis C

Acquired the Korea Good Technology mark for AIDS DIA, an AIDS diagnostic reagent

**1997**  
Became the first in Korea to develop a tuberculosis treatment, Closerin

**1999**  
Released Leucostim, a first-generation biomedicine and neutropenia treatment  
Released Eporon, a renal anemia treatment

**2002**  
Released Stillen, Dong-A's first in-house developed original drug and a phytomedicine for gastritis

**2005**  
Released Zyderna, Dong-A's second in-house developed original drug and an erectile dysfunction treatment

**2006**  
Released Gonadopin, a first-generation biomedicine and infertility treatment

**2007**  
Licensed out Sivextro, an oxazolidinone class antibiotic, to Trius Therapeutics of the U.S. (currently Merck & Co.)

**2011**  
Released Motilitone, Dong-A's third in-house developed original drug and a phytomedicine for functional dyspepsia

**2012**  
Licensed out Suganon, a type 2 diabetes treatment, to Alkem Laboratories of India for the Indian and Nepali markets

**2013**  
Established a Korea's first dementia research center

**2014**  
Licensed out DA-3880 (Darbepoetin- $\alpha$  biosimilar) to Sanwa Kagaku Kenkyusho (SKK) of Japan  
Obtained US FDA approval and launched Sivextro in the U.S. by Cubist (currently Merck & Co.)

Licensed out Evogliptin to Eurofarma Laboratórios of Brazil  
Licensed out Suganon, a diabetes treatment, to Eurofarma Laboratórios for the Brazilian market

**2015**  
Obtained European Commission (EC) approval and launched Sivextro in European countries  
Licensed out Suganon to Eurofarma Laboratórios of Brazil for 17 countries in Latin America

Licensed out Suganon to GEROPHARM of Russia for the Russian, Ukrainian and Kazakhstan markets

**2016**  
Released Stillen 2X extended release tablet  
Released Suganon and Sugamet, a combination product of Evogliptin and metformin

Licensed out DA-4501 (MerTK inhibitor), an immuno-oncology drug, to AbbVie Biotechnology

2019

**2018**  
Signed a joint research agreement with AstraZeneca to develop innovative immuno-oncology drugs  
Licensed-out DA-9801, a botanical drug for the treatment of diabetic neuropathy, and assigned the right of DA-9803, a botanical drug for the treatment of Alzheimer's disease, to NeuroBo Pharmaceuticals of the U.S.

Licensed-in and signed a joint research agreement with ABL Bio to develop immuno-oncology bispecific antibody drugs

**2019**  
Licensed-out Suganon to TY RED, in order to develop calcific aortic valve disease (CAVD) treatment  
Launched Suganon in India by local partner, Alkem Laboratories Ltd.

Launched DA-3880, a Darbepoetin- $\alpha$  biosimilar, in Japan by local partner, SKK



**Business Overview**  
**ETC Unit**

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

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

**KEY ACHIEVEMENTS** According to IMS Health Data, the Korean pharmaceutical market in 2019 grew by 8.6% year-on-year to around KRW 20,200.3 billion. The ETC market in particular saw year-on-year growth of 9.3%. Despite the government's continued tightening of regulatory policies and changes in the business environment, the Korean pharmaceutical industry is expected to continue to grow, due to an increasing trend towards a western diet, an aging population, and greater wealth, all of which have generated greater need for medical services and promoted more pharmaceutical R&D.



Sales for the ETC Unit grew by 6.8% compared to the previous year, to KRW 319.3 billion. By product, Sukanon, a Dipeptidyl Peptidase-4 (DDP-4) inhibitor class treatment for diabetes that was developed in-house and launched in 2016, achieved sales of KRW 14.2 billion in 2019, up 43.8%, thus being established as a blockbuster drug. Released in June 2017, Jublia is the only topical ETC drug for the treatment of onychomycosis available in Korea, and it generated sales of more than KRW 18.2 billion in 2019, and continues to grow rapidly. Jublia was originally developed by Kaken Pharmaceutical of Japan, and has also won US Food and Drug Administration (FDA) approval. It has become a new blockbuster product within just two years of its launch in Korea. Growsopin is a human growth hormone, and is Dong-A ST's leading bio-pharmaceutical product. It recorded sales of KRW 24.6 billion in 2019, which was a considerable year-on-year growth of 25.9%. It became the first human growth hormone developed by a Korean pharmaceutical company to be certified as stable at room temperature once it has been opened. Growsopin can be stored for up to ten days at room temperature no higher than 25°C after it is opened, which has substantially improved patient convenience.

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

**Overseas Unit**

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

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

In its anti-tuberculosis business, Dong-A ST earned pre-qualification (PQ) from the WHO at the end of 2012, and has won a contract to supply Closerin to the WHO for seven straight years since 2013. Dong-A ST also exports Cycloserine and Terizidone, APIs for anti-tuberculosis drugs, to Russia and India. In 2019, Dong-A ST's sales of anti-tuberculosis drugs increased by 18.7% compared to the previous year to KRW 24.7 billion, an outcome of a rise in WHO and Russian government tender sales. Sales in the bio-pharmaceutical sector decreased by 3.9% year-on-year to KRW 33.8 billion, mainly attributable to a drop in sales of Eporon, which is one of the main products in this sector and is an anemia treatment for chronic renal failure patients.

The Bacchus sector reported sales of KRW 90.5 billion in 2019, up 26.6% year-on-year. Its major export region is Cambodia, and Bacchus cans continue to achieve strong sales growth in Cambodia with the nation enjoying robust economic growth. As part of its CSR activities, Dong-A ST has been making donations to Cambodia's Red Cross since 2016, and has been an official sponsor of Srung Pheavy, a billiard player from Cambodia, since 2019. Thanks to this performance and marketing activities, Bacchus has become one of the most famous energy drinks in Cambodia.

**Overseas Subsidiaries**

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



**Major Export Products**

Category	Product Name	Indication	Major Export Country	Sales in 2018	Sales in 2019	
					Sales in 2019	Change (%)
Bio-pharmaceutical	Growtropolin	Human growth hormone	Brazil	27.0	27.9	3.4
	Eporon	Erythropoietin	Turkey	5.9	3.6	-38.7
	Cycloserine	Tuberculosis (API)	Russia	6.5	11.0	69.7
Tuberculosis Treatment	Closerin	Tuberculosis (Finished product)	WHO (Europe)	8.7	11.4	30.8
	Terizidone	Tuberculosis (API)	Russia	5.6	2.3	-59.3
Bacchus		Energy drink	Cambodia	71.5	90.5	26.6

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

**FUTURE PLANS** In 2020, the Overseas Unit will focus on solidifying sales of major products, securing new export destinations, strengthening product portfolio, and expanding marketing in order to achieve short-term sales increase and to develop next-generation growth drivers as well. In its anti-tuberculosis business, Dong-A ST will strive to better respond to market changes by fostering new large items and developing the next pipeline. In major beverage markets, the company will expand marketing to ensure continued growth of Bacchus and foster large products of beverage items, such as Olatte. In new businesses, Dong-A ST will implement bio item expansion strategie, and discover new products that meet local market demand. It will also continue to move forward with strategic alliances and partnerships with overseas companies to build a global business network from the mid- to long-term perspective.

## Medical Unit

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

The Diagnostics Unit mainly sells diagnostic microbiology equipment, reagents, and blood-collecting equipment from Becton Dickinson, diagnostic immunology equipment and reagents from Diasorin, and blood-collecting automation equipment from Energium, and has recently been actively expanding sales of infection control products from MHHealthcare.

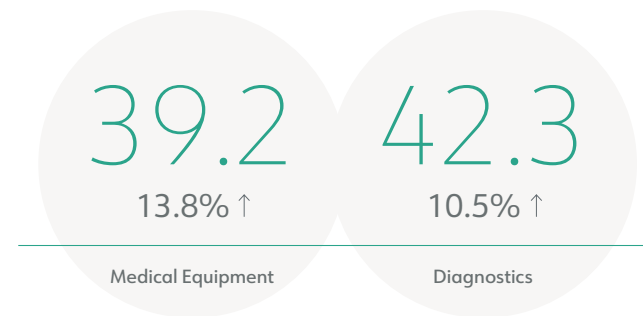
**KEY ACHIEVEMENTS** In 2019, the Medical Equipment Unit recorded sales of 39.2 billion, a year-on-year increase of 13.8%, attributable to a sales strategy of additionally selling consumables that can be sold in connection with medical equipment. The Diagnostics Unit achieved sales of KRW 42.3 billion, a year-on-year increase of 10.5%, thanks to stable growth in sales of products from Becton

Dickinson and infection control sales. In particular, it recorded an increase in sales in the diagnostic immunology and infection control market in 2019 owing to the spread of tuberculosis. It is focused on maintaining growth by adopting new products and increasing the number of its customers.

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

### Sale of Medical Unit in 2019

(Unit: KRW billion)



## Sustainable Management Sustainable Management Performance

Financial & Non-financial Performance	Classification	Performance	Unit	2017	2018	2019
	Financial Performance	Total assets		KRW billion	899.8	958.4
Total liabilities			KRW billion	318.5	369.3	362.7
Total shareholders' equity			KRW billion	581.3	589.1	649.6
Sales			KRW billion	554.8	567.2	612.2
Operating profit			KRW billion	24.1	39.4	57.0
Operating profit margin		%		4.3	6.9	9.3
Non-financial Performance	Safety training hours		Hour/Person	16.9	17.0	17.2
	Industrial accident		Case	0	0	1
	Job training hours		Hour/Person	29.9	24.8	21.8
	Percentage of female employees	%		27.6	27.4	27.8
	Employee turnover rate	%		5.2	6.2	5.2
	Years of service	Year		12.4	11.9	11.1
	Water consumption	m <sup>3</sup>		2,525,610	2,629,684	2,977,390
	Greenhouse gas (GHG) emissions	tCO <sub>2</sub> eq		18,002	19,101	20,233
	GHG emissions (Scope 1)	tCO <sub>2</sub> eq		5,869	6,236	6,932
	GHG emissions (Scope 2)	tCO <sub>2</sub> eq		12,133	12,865	13,301
	Participation rate in anti-corruption training	%		44.2	45.7	89.0
Violation of laws	Case		0	0	2	
CSR expenditures	KRW billion		1.25	1.24	1.29	

Creation and Distribution of Economic Value	Classification	Performance	Unit	2017	2018	2019
	Creation of economic value	Sales		KRW billion	554.8	567.2
Dividend			KRW billion	4.2	8.4	8.4
Interest expense			KRW billion	8.6	6.9	7.6
Shareholders & investors	Total		KRW billion	12.8	15.3	16.0
	Salaries		KRW billion	98.0	102.5	110.5
	Employee benefits		KRW billion	10.4	13.6	15.9
Employees	Total		KRW billion	108.4	116.1	126.4
	Raw material expenses		KRW billion	84.8	80.3	87.0
	Outsourcing expenses		KRW billion	33.0	31.0	23.6
Suppliers	Total		KRW billion	117.8	111.3	110.6
	Internal tax		KRW billion	18.6	21.4	29.7
	Local tax		KRW billion	3.9	3.4	4.0
Government & local communities	CSR expenditures		KRW billion	1.3	1.2	1.3
	Total		KRW billion	23.8	26.0	34.9

## Sustainable Future

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

Firstly, "innovative product" refers to developing and fostering innovative new drugs that are needed to grow into a leading company. Dong-A ST will continually engage in R&D using internal and external resources to develop first-in-class new drugs, with a focus on anti-cancer drugs, and also plans to concentrate its corporate-wide capabilities on enabling growth of the previously-launched Suganon, Motilitone, and Gaster into best-in-class products in the areas of diabetes and the digestive system. Secondly, "global process" means globalizing processes to build an efficient, transparent system. Dong-A ST seeks to establish a foundation for growth into a global company by providing advanced

pharmaceutical information that is needed by customers, selling high-quality drugs that are manufactured at cGMP-level plants, and establishing work processes that comply with global standards. Lastly, "excellent people" aims to nurture and support talent with expertise and global capabilities. Dong-A ST plans to nurture global talent who have distinctive competitiveness and expertise, and provide the best talent with top-level treatment to build a company where outstanding personnel gather. To this end, the company adopted and implemented a performance evaluation system that is based on the balanced scorecard (BSC).

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

# Dong-A Pharmaceutical



CEO & President of  
Dong-A Pharmaceutical  
Ho-Jin Choi

## CEO Message

Based on the founding spirit of “contributing to citizens’ health by creating good medicine”, Dong-A Pharmaceutical has been supporting citizens’ healthy lives. In particular, the company’s flagship product, Bacchus, has been standing by the side of citizens for more than 50 years, just like a friend who cheers you up after a weary day and promises you a better tomorrow. In addition to upholding and developing the founding spirit that we have been observing for more than 80 years, we are preparing to make greater advancement to become a truly global healthcare company. To this end, Dong-A Pharmaceutical is committed to practicing consumer-centric management, strengthening product quality, and fulfilling corporate social responsibilities. Our mission as a pharmaceutical company is how the company can repay you for the support you provided. We will focus on developing excellent products that help people prevent disease and protect their health in their daily lives. I ask for your interest in Dong-A Pharmaceutical as we develop into a healthcare company.

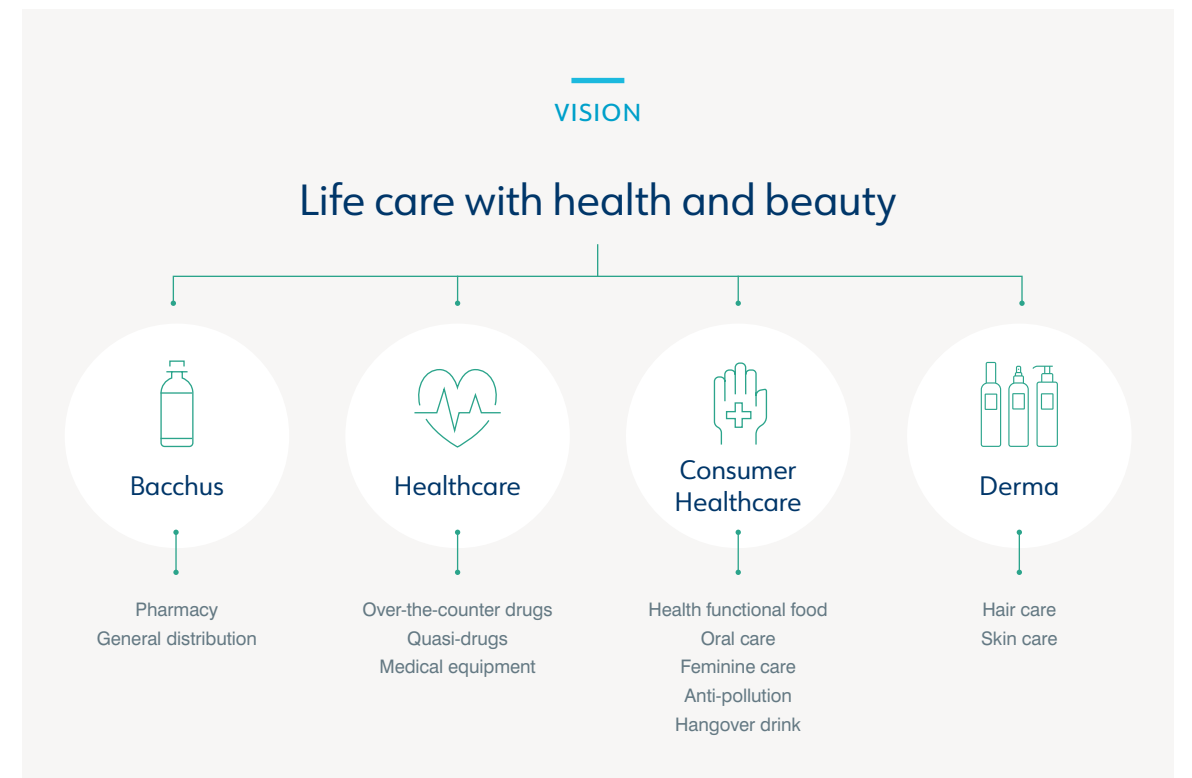
## Brand Assets

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

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

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

## Vision



## History

1932

- Dec. 1932**  
Launched wholesale business for medicines and hygiene materials in Joonghak-dong, Jongno-gu, Seoul
- Aug. 1949**  
Changed name to Dong-A Pharmaceutical Corporation
- Sept. 1959**  
Began to recruit employees openly
- Aug. 1963**  
Began to produce the comprehensive tonic Bacchus-D
- 1967**  
Ranked first in sales among pharmaceutical companies in Korea
- Feb. 1970**  
Initial Public Offering (IPO), increased capital to KRW 750 million
- Jul. 1977**  
Established a research center

- Aug. 1979**  
Successfully synthesized the latest semi-synthetic Talampicillin
- May 1980**  
Established the nation’s first GMP plant in Anyang
- Feb. 1983**  
Established an enzyme and raw material synthesis plant in Banwol
- Apr. 1985**  
Designated as the industry’s first KGMP-certified company
- 1987**  
Exports exceeded USD 10 million
- Nov. 1988**  
Established the industry’s first advanced Korea Good Laboratory Practice (KGLP)-compliant research center in Sanggal
- Jul. 1998**  
Launched Dong-A Pharmaceutical’s Tour Korea for College Students

2000

- Jan. 2000**  
Cheonan Plant received KGMP approval and completed construction
- Mar. 2013**  
With the change to a holding company structure, the former Dong-A Pharmaceutical was demerged into three companies, which are the existing entity, Dong-A Socio Holdings, and newly launched companies, Dong-A ST and Dong-A Pharmaceutical
- Nov. 2015**  
Dalseong Plant received HACCP certification
- Dec. 2016**  
Certified as an excellent company of consumer-centered management
- Dec. 2016**  
Chosen as the 2016 Family-Friendly Certified Company
- Dec. 2016**  
Received the Presidential Citation on the Day of Consumers

- Aug. 2018**  
Held a declaration ceremony on strengthening compliance management and adopting the anti-bribery management system
- Nov. 2018**  
Received the “Dail Volunteer Award”
- Mar. 2019**  
Bacchus received the Grand Prize of the “Good Advertisement Award Chosen by Citizens”
- Jun. 2019**  
Obtained the ISO 37001 anti-bribery management system certification
- Oct. 2019**  
Received the “Consumer Award” from the Korean Society of Consumer Studies
- Oct. 2019**  
Launched the cosmetics brand “FATION”

2019

In derma business, Dong-A Pharmaceutical launched "FATION", an active derma brand, in October 2019 based on the R&D capabilities that it accumulated over a long period. Targeting customers aged 27 to 33, it provides skin scar care, moisture, and men's homme products. By creating synergy between the distinctive derma and the healthcare and consumer healthcare businesses, Dong-A Pharmaceutical aims to develop into the No. 1 health & beauty pharmaceutical company across the globe.

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

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



Major Products

- Efficacy & Effectiveness
- Market Size & Market Share

Bacchus-D, Bacchus-F

- Fatigue recovery, tonic  
Contains taurine 2,000/1,000 mg



- Tonic market size: KRW 300 billion  
**Market share in 2019: Around 80%**

Bacchus-Jelly

- Contains taurine 1,000 mg  
Jelly with Bacchus taste and scent



- Market size as of 2018: KRW 202 billion  
**Market share: 2%**

Garglin

- Coloring-free, low-alcohol mouthwash  
Garglin kids received the Health Mark



- KRW 23.7 billion from a total market size of KRW 60 billion\*\*  
**Market share: 51% (first place)**

Panpyrin

- Ease various cold symptoms (runny nose, stuffy nose, sneezing, sore throat, cough, phlegm, chill, fever, headache, arthralgia, muscle pain)



- KRW 28 billion from a total market size of KRW 90 billion (actual sales of KRW 31.5 billion)\*\*\*  
**Market share: 31% (first place)**

Bigen

- Hair color product with outstanding performance in lasting hair color



- Market size: KRW 100 billion\*  
**Market share: 10% (actual sales of KRW 10 billion)**

Morning Care

- Planning to launch four renewals in 2020 (concept of providing care for each hangover symptom)



- KRW 23.2 billion from a total market size of KRW 259.3 billion, including pills\*\*  
**Market share: 8.9% (fourth place, 11.4% when excluding pills)**

Noscarna

- Treatment after treating scar tissue (keloids/hypertrophic scars, acne scars, surgery scars)



- KRW 15 billion based on OTC  
**Market share: 70%**

Jordan

- No. 1 toothbrush brand in Northern Europe



- **Actual sales in 2019: KRW 8.7 billion**

FATION

- Contains NoScalm complex<sup>1)</sup>  
Scar reducing skincare line (fine damage improvement, calming and moisturizing solution, safe prescription verification as low irritation level formula)



- Cosmetics market size of around KRW 14 trillion in 2019, derma market size of around KRW 500 billion<sup>2)</sup>  
**2019 sales<sup>3)</sup>: KRW 350 million**

Benachio

- carbonic acid-free dyspepsia treatment that is effective for indigestion, overeating, upset stomach, nausea, vomiting, and epigastric distension



- KRW 7.2 billion from a total market size of KRW 44.4 billion (actual sales of KRW 9.3 billion) \*\*\*  
**Market share: 16.2% (second place)**

Tempo

- 100% pure organic cotton tampon that received OEKO-TEX Grade 1 Certification, and increased absorption speed by 33% by applying a safety hole (Patent No. 10-1760825)



- KRW 7.2 billion from a total market size of KRW 13.9 billion (actual sales of KRW 10.6 billion)\*\*  
**Market share: 51.8% (first place)**

<sup>1)</sup> Dong-A Pharmaceutical's unique patented ingredient for skin damage improvement and care that has a calming effect on skin stress, such as scars, spots, and scratches

<sup>2)</sup> Source: Korea Health Industry Development Institute

<sup>3)</sup> Sales of 15 items until December after launch in November

\* Based on 2017 Nielsen data

\*\* Based on 2019 Nielsen data

\*\*\* Based on 2019 IQVIA data

**Sustainable Management**  
**Sustainable Management Performance**

Classification	Performance	Unit	2017	2018	2019	
			2017	2018	2019	
Financial & Non-financial Performance	Total assets	KRW billion	198.4	200.4	255.0	
	Total liabilities	KRW billion	89.6	80.4	130.6	
	Total shareholders' equity	KRW billion	108.8	120.0	124.3	
	Sales	KRW billion	391.8	381.2	400.4	
	Operating profit	KRW billion	49.2	52.6	52.8	
	Operating profit margin	%	12.6	13.8	13.2	
	Safety training hours	Hour/Person	16.2	16.3	16.2	
	Industrial accident	Case	2	0	0	
	Percentage of female employees	%	18.8	18.3	20.0	
	Employee turnover rate	%	5.1	4.4	4.6	
Non-financial Performance	Years of service	Year	11.6	11.6	11.2	
	Water consumption	m <sup>3</sup>	217,400	233,552	252,103	
	Greenhouse gas (GHG) emissions	tCO <sub>2</sub> eq	9,666	10,340	11,087	
	GHG emissions (Scope 1)	tCO <sub>2</sub> eq	3,573	3,756	3,780	
	GHG emissions (Scope 2)	tCO <sub>2</sub> eq	6,093	6,584	7,307	
	Participation rate in anti-corruption training	%	56.1	92.6	92.8	
	Violation of laws	Case	0	1	0	
	CSR expenditures	KRW billion	1.9	2.3	2.2	
	Creation and Distribution of Economic Value	Sales	KRW billion	391.8	381.2	400.4
		Dividend	KRW billion	30.0	34.8	33.0
Interest expense		KRW billion	1.0	0.7	1.1	
Total		KRW billion	31.0	35.5	34.1	
Salaries		KRW billion	50.5	58.6	65.8	
Employee benefits		KRW billion	6.0	8.4	9.3	
Total		KRW billion	56.5	67.0	75.1	
Raw material expenses		KRW billion	99.8	107.3	120.0	
Outsourcing expenses		KRW billion	51.7	43.9	57.0	
Total		KRW billion	151.5	151.1	177.0	
Government & local communities	Internal tax	KRW billion	22.4	21.9	21.5	
	Local tax	KRW billion	0.5	0.7	1.0	
	CSR expenditures	KRW billion	1.9	2.3	2.2	
	Total	KRW billion	24.8	24.9	24.7	

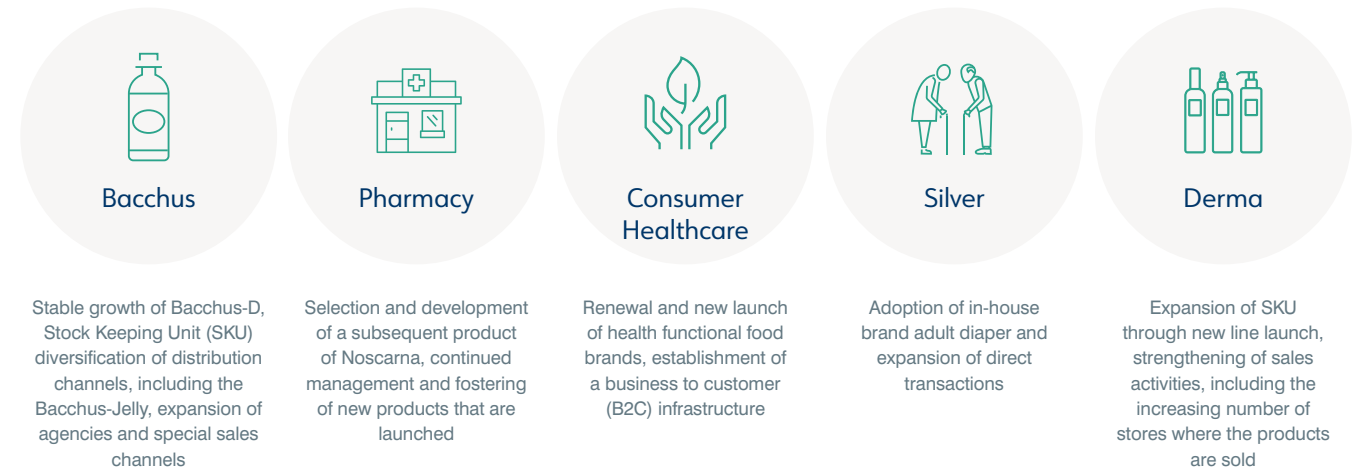
- Certifications**
- Certified as a business that applies Hazard Analysis and Critical Control Points (HACCP) (health functional foods, mixed beverages) \_ Dec. 2016
  - Re-certified for the fifth time for Consumer Centered Management (CCM) \_ Jan. 2019
  - Cheonan Plant certified as meeting pharmaceutical equipment manufacturing and quality control standards \_ Apr. 2019
  - Obtained ISO 37001 \_ Jun. 2019
  - Cheonan Plant certified as meeting drug manufacturing and quality control standards \_ Jul. 2019
  - Icheon Plant certified as meeting drug manufacturing and quality control standards \_ Aug. 2019
  - Dalseong Plant certified as meeting drug manufacturing and quality control standards \_ Aug. 2019
  - Dong-A Pharmaceutical received the Consumer Award from the Korean Society of Consumer Studies \_ Oct. 2019

- Awards**
- Dong-A Pharmaceutical's Bacchus received the Grand Prize of the Good Advertisement Award Chosen by Citizens \_ Mar. 2019
  - Dong-A Pharmaceutical ranked No. 1 for the third straight year as a pharmaceutical company that college students want to work for by the University News Network \_ Oct. 2019
  - Dong-A Pharmaceutical received the Consumer Award from the Korean Society of Consumer Studies \_ Oct. 2019

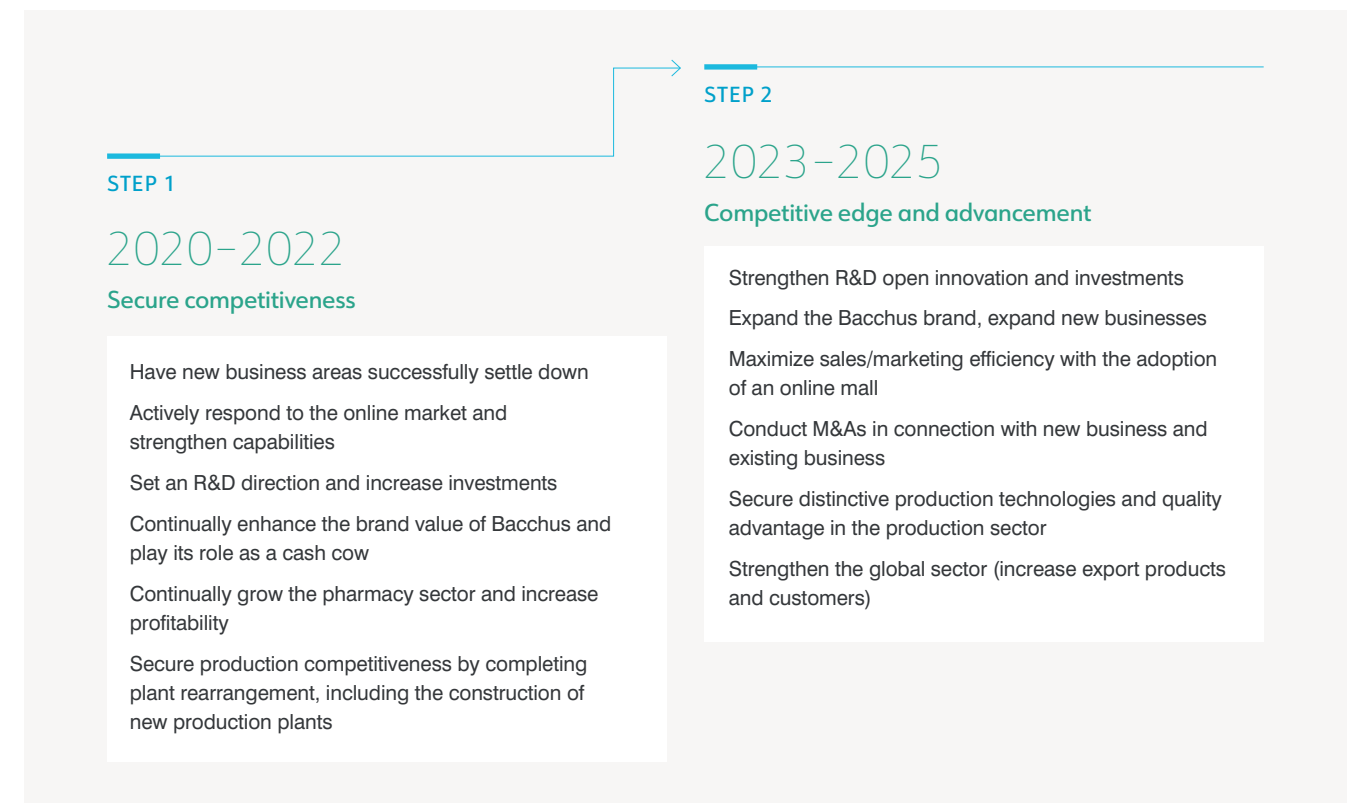
**Sustainable Future**

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

**Strategy by Business Unit**



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



## ST Pharm



CEO & President of ST Pharm  
Kyung-Jin Kim



### CEO Message

ST Pharm produces high-quality active pharmaceutical ingredients (APIs) with a mission towards “continuous challenge to pursue health and happiness for humanity” as an affiliate of Dong-A Socio Group, and fulfills corporate social responsibilities. We pursue a contract development manufacturing organization (CDMO) business where we participate in research and development jointly with global pharmaceutical companies, going beyond simple contract manufacturing. Based on our accumulated research and technology capabilities, ST Pharm provides domestic and overseas pharmaceutical companies with various APIs, including hepatitis C treatments. In addition, through active investment and system construction, we operate international-level quality and production systems that have received cGMP certification from regulatory inspectors, including the US FDA and Europe’s EMA, not to mention the Korean Ministry of Food and Drug Safety. As a result of continued investments and technology development, ST Pharm was chosen as an Advanced Technology Center (ATC), innovative pharmaceutical company and one of World Class 300 Companies. The company also received the Presidential Award at the Technology Innovation Awards, thus receiving recognition from government organizations for its outstanding technological prowess and continued innovation activities.

ST Pharm is expanding our technology and production capabilities in the area of polymer oligonucleotide production, which is a new growth engine that will lead the future. Leveraging our oligonucleotide dedicated plant at Banwol site whose construction was completed in August 2018, we have fully established ourselves as the world’s No. 3 in this field, and are developing treatments in a wide range of areas, ranging from rare disease to chronic disease, through collaboration with various global clients. We are also developing in-house original drugs through virtual R&D new drug development, which is a highly efficient open innovation strategy. ST Pharm is generating new corporate value as a new drug developer through a clinical trial on an anti-cancer drug in the U.S. and antiviral treatment in Europe in 2020.

To respond to the rapidly-changing pharmaceutical market, ST Pharm will make utmost efforts to provide top-quality services to clients through preemptive investments and development of core capabilities. In addition, rather than becoming complacent as the leader of the API industry, we will develop into a global comprehensive chemical company that goes beyond new drug development.

### Company Overview

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

In June 2018, ST Pharm completed construction of Asia’s largest oligonucleotide dedicated plant and secured its competitiveness as a world’s No. 3 in terms of supply of oligonucleotide APIs, which are a new treatment area. In 2019, the company acquired AnaPath in Switzerland which is a global contract research organization (CRO) company and the Spanish branch of Envigo, thus securing distinctive competitiveness that enables it to provide one-stop services for the entire new drug development process by connecting CRO and CDMO. At the end of 2019, STP1002, a new anti-cancer drug that targets advanced solid cancer, entered an FDA phase 1 clinical trial, and STP0404, an AIDS treatment, completed Europe’s Investigational Medicinal Product Dossier (IMPD) application. In 2020, two in-house original drug projects are planned to enter a global phase I clinical trial.

### Major Products & Services

With global new drug developers as its customers, ST Pharm provides clinical APIs for new drugs that are being developed as well as commercialized APIs, and also engages in business to business (B2B) that involves offering such services as quality analysis. Its main business is the new drug API CDMO business, which can be categorized into small molecule APIs and oligonucleotide APIs. In the area of small molecule APIs, ST Pharm commercialized a hepatitis C treatment API, and has around 20 domestic and overseas CDMO pipelines, including Mitochondrial DNA Depletion Syndrome (MDS), gastric cancer, pulmonary fibrosis, and reflux gastric ulcer. In the area of oligonucleotide APIs, ST Pharm has around 20 global CDMO pipelines, including Huntington’s disease, hyperlipidemia, arteriosclerosis, and hematologic malignancy. ST Pharm has around 40 CDMO pipelines for both small molecule APIs and oligonucleotide APIs, and its sales are expected to increase every time the respective new drug projects become commercialized.



### Sustainable Management

#### Sustainable Management Performance

Financial & Non-financial Performance	Classification	Performance	Unit	2017	2018	2019
				Total assets	KRW billion	381.5
	Total liabilities	KRW billion	30.4	13.9	37.4	
Financial Performance	Total shareholders' equity	KRW billion	351.1	331.6	303.7	
	Sales	KRW billion	202.8	97.7	93.3	
	Operating profit (loss)	KRW billion	61.8	(15.7)	(26.7)	
	Operating profit (loss) margin	%	30.7	(16.0)	(28.6)	
	Safety training hours	Hour/Person	34.0	38.5	24.5	
	Industrial accident	Case	0	2	1	
	Job training hours	Hour/Person	-	16.3	14.6	
	Percentage of female employees	%	19.1	21.3	23.9	
	Employee turnover rate	%	18.6	15.0	10.5	
	Years of service	Year	5.3	5.9	6.4	
Non-financial Performance	Water consumption	m <sup>3</sup>	143,791	133,458	125,881	
	Greenhouse gas (GHG) emissions	tCO <sub>2</sub> eq	17,129	17,264	17,803	
	GHG emissions (Scope 1)	tCO <sub>2</sub> eq	168	181	184	
	GHG emissions (Scope 2)	tCO <sub>2</sub> eq	16,962	17,083	17,619	
	Waste recycling rate	%	40.0	31.7	32.8	
	Violation of laws	Case	0	0	0	
	Percentage of hiring local talent	%	12.5	9.8	18.0	



**Sustainable Management Performance**

Classification	Performance	Unit	2017	2018	2019	
Creation and Distribution of Economic Value	Creation of economic value	Sales	KRW billion	202.8	97.7	93.3
	Shareholders & investors	Dividend	KRW billion	9.2	9.3	9.3
Employees	Employees	Interest expense	KRW billion	0.1	0.0	0.1
		Total	KRW billion	9.3	9.3	9.4
		Salaries	KRW billion	32.0	28.0	29.0
Suppliers	Suppliers	Employee benefits	KRW billion	2.7	2.1	2.1
		Total	KRW billion	34.7	30.1	31.1
		Raw material expenses	KRW billion	35.4	25.3	31.8
Government & local communities	Government & local communities	Outsourcing expenses	KRW billion	0.8	0.9	1.4
		Total	KRW billion	36.2	26.1	33.2
		Internal tax	KRW billion	21.4	7.4	1.8
Government & local communities	Government & local communities	Local tax	KRW billion	2.0	1.6	0.5
		CSR expenditures	KRW billion	1.21 <sup>1)</sup>	0.01	0.01
		Total	KRW billion	24.6	9.1	2.3

<sup>1)</sup> Including KRW 1.2 billion in contribution to the Employee Welfare Fund

**Awards**

- **2015\_** Chosen as an innovative pharmaceutical company (through 2021)  
Received the 70 Million Dollar Export Tower Award from the Korea International Trade Association
- **2016\_** Received the Minister's Award as one of four outstanding innovative pharmaceutical companies chosen by the Ministry of Health and Welfare  
Received the Presidential Award at the 23rd Corporate Innovation Awards  
Received the 100 Million Dollar Export Tower Award and Gold Tower Order of Industrial Service Merit from the Korea International Trade Association
- **2018\_** Chosen as one of World Class 300 Companies (through 2023)  
Received the 'Global API Manufacturing (Oligonucleotide) Growth Excellence Leadership Award' from Frost & Sullivan
- **2019\_** Banwol Plant received the National Fire Agency Commissioner Commendation

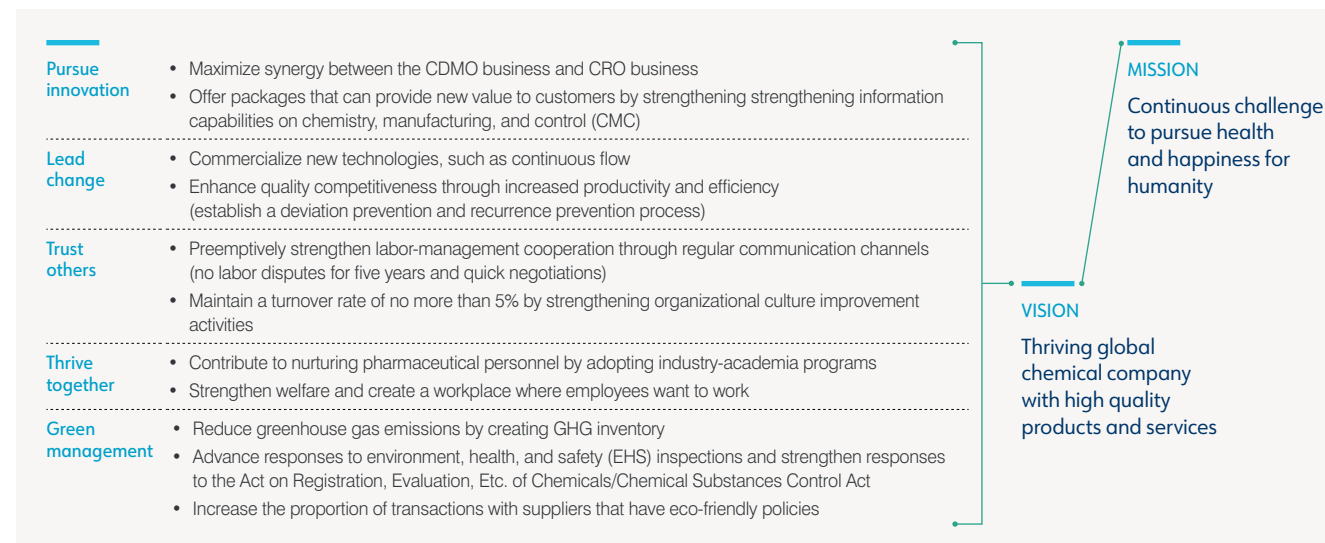
**Sustainable Future**

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

<sup>1)</sup> Inclusion sales outlook is to reach KRW 3 trillion in 2021

<sup>2)</sup> Around KRW 20 million per person

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



**DM Bio**



CEO & President of DM Bio  
**Byeong-Jo Min**

**CEO Message**

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

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

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

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

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

**Company Overview**

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



By designing and constructing facilities that satisfy the strictest global GMP standards, DM Bio will supply top-quality pharmaceuticals to the global biopharmaceutical market. In a market where biopharmaceutical contract development organization (CDO) business demand is rising and CDMO competition is increasing, DM Bio will provide global-level products and one-stop services ranging from research to production that links contract research organization (CRO), CDO, and contract manufacturing organization (CMO).

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

### Major Brands

DMB-3111, a breast cancer treatment, was licensed out to Gedeon Richter, a Hungarian pharmaceutical company, in 2016. Also, a phase I clinical trial for DMB-3115, a biosimilar of Stelara (ustekinumab, psoriasis treatment), is being conducted, and a pre-clinical study for DMB-3116, a biosimilar of Keytruda (pembrolizumab, immuno-oncology drug), is underway as well. The company will actively seek global partners to license-out these biosimilars at each phase of the clinical development. DA-3880(darbepoietin alfa), a contract manufactured product, is a second generation anemia treatment which obtained NDA approval in Japan in September 2019, and is now being commercially produced for the Japanese market.

### Sustainable Management Sustainable Management Performance

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

Classification	Performance	Unit	2017	2018	2019
			2017	2018	2019
Financial & Non-financial Performance	Total assets	KRW billion	140.0	154.5	135.6
	Total liabilities	KRW billion	24.2	27.7	43.8
	Total shareholders' equity	KRW billion	115.8	126.8	91.8
	Sales	KRW billion	4.7	8.4	6.4
	Operating profit (loss)	KRW billion	(19.4)	(18.3)	(34.1)
	Operating profit (loss) margin	%	(408.8)	(217.8)	(532.7)
	Safety training hours	Hour/Person	12.0	12.0	13.0
Financial Performance	Industrial accident	Case	0	0	1
	Job training hours	Hour/Person	13.3	17.5	5.8
	Percentage of female employees	%	27.4	32.4	28.0
	Employee turnover rate	%	10.0	14.7	9.5
	Years of service	Year	5.5	5.0	4.8
	Percentage of hiring local talent	%	72.2	64.3	51.2
	Water consumption	m <sup>3</sup>	42,346	32,729	32,068
	General waste	Ton	58	32	16
	Medical-type specified waste	Ton	11	20	11
	Violation of laws	Case	0	0	0
Non-financial Performance					

#### Certifications & Agreement

- Received GMP certification for DS 500L manufacturing facility (Ministry of Food and Drug Safety: MFDS) \_ Nov. 2016
- Received GMP certification for DP manufacturing facility (MFDS) \_ Mar. 2017
- Received GMP certification for DS 2,500L manufacturing facility (MFDS) \_ Dec. 2018
- Received MOH certification (Ministry of Health of Turkey) \_ Sep. 2019
- Received PMDA certification (Pharmaceuticals and Medical Devices Agency of Japan) \_ Sep. 2019
- Signed a comprehensive MOU on developing the bio industry and increasing cooperation (Incheon Technopark) \_ Oct. 2019
- Renewed GMP certification for DS manufacturing facility (MFDS) \_ Nov. 2019
- Signed an MOU on localization of bio industry raw materials and subsidiary materials and export-oriented industrialization (Incheon Metropolitan City) \_ Dec. 2019
- Received the Minister of Employment and Labor Commendation for providing jobs for youths (Ministry of Employment and Labor) \_ Dec. 2019

Classification	Performance	Unit	2017	2018	2019	
			2017	2018	2019	
Creation and Distribution of Economic Value	Creation of economic value	Sales	KRW billion	4.7	8.4	6.4
	Shareholders & investors	Interest expense	KRW billion	0.3	0.5	1.2
Employees	Salaries	KRW billion	4.2	7.7	10.0	
	Employee benefits	KRW billion	0.6	1.1	1.5	
	Total	KRW billion	4.8	8.7	11.5	
Suppliers	Raw material expenses	KRW billion	0.00	0.15	0.37	
	Outsourcing expenses	KRW billion	1.28	2.87	6.73	
	Total	KRW billion	1.28	3.02	7.10	
Government & local communities	Internal tax	KRW billion	0.45	0.39	0.50	
	Local tax	KRW billion	0.17	0.16	0.34	
	Total	KRW billion	0.62	0.55	0.84	

### Sustainable Future

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

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



#### Industrial safety

- Achieve zero industrial accidents (1 case → 0 case)
- Complete national registration of chemical substances and pressure containers
- Conduct risk assessment



#### Health

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



#### Environmental management

- Change employees' perception and implement measures to conserve energy

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



# CHAMMED



CEO & President of CHAMMED  
Ho-Sik Lee



### CEO Message

CHAMMED has been continually growing in the ear-nose-throat (ENT) market since our establishment on February 2, 2005. We will expand our product line-up to develop distinctive competitiveness in the ENT market, while also enhancing market competitiveness through stabilization. In addition, we will successfully enter the endoscope market, thereby advancing into emerging markets and creating new markets. In addition, we will develop the ENT-related consumables business, develop items of relevant areas, adopt overseas product lines, and continually make other such efforts to fully establish CHAMMED as the No. 1 ENT manufacturer in Korea and develop into a company that can compete in the global market.

### Company Overview

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

### Major Products

#### Workstation

Small, mid, large-size workstations

#### Examining chairs

Automatic examining chairs (hydraulic, electrically-driven)

#### Imaging equipment

SD level, HD level, FHD level

#### Respirator and other equipment

Nebulizer, Irrigator, Infrared heat lamp, etc.



## Sustainable Management Sustainable Management Performance

Classification	Performance	Unit	2017	2018	2019	
Financial & Non-financial Performance	Total assets	KRW billion	10.2	10.0	10.3	
	Total liabilities	KRW billion	4.4	3.7	3.3	
	Financial Performance	Total shareholders' equity	KRW billion	5.8	6.3	7.0
		Sales	KRW billion	10.2	10.3	11.2
		Operating profit	KRW billion	1.1	0.3	0.8
		Operating profit margin	%	11.6	2.9	7.5
Non-financial Performance	Safety training hours	Hour/Person	12.0	12.0	12.0	
	Industrial accident	Case	0	0	0	
	Job training hours	Hour/Person	0	0	16.0	
	Percentage of female employees	%	21.9	23.1	22.7	
	Employee turnover rate	%	20.0	20.0	20.0	
	Years of service	Year	2.0	3.2	2.4	
	Water consumption	m <sup>3</sup>	96	103	78	
	R&D investment to sales	%	8.1	11.4	8.1	
	Violation of laws	Case	0	0	0	
	Creation and Distribution of Economic Value	Creation of economic value	Sales	KRW billion	10.2	10.3
Salaries			KRW billion	1.42	2.04	2.20
Employees		Employee benefits	KRW billion	0.13	0.14	0.15
		Total	KRW billion	1.55	2.18	2.35
Suppliers		Raw material expenses	KRW billion	4.19	4.36	4.46
		Outsourcing expenses	KRW billion	0.13	0.07	0.03
		Total	KRW billion	4.32	4.43	4.49
Government & local communities		Internal tax	KRW billion	0.03	0.07	0.10
		CSR expenditures	KRW billion	0.01	0.03	0.03
		Total	KRW billion	0.04	0.10	0.13

### Certifications & Agreement

- Received the "Public Procurement Service Administrator Award" in the product design category at the GOOD DESIGN (GD) (Top 30 among 820 submitted works)
- Received ISO 13481 (quality management system) in 2005 and has been maintaining as of 2009

### Sustainable Future

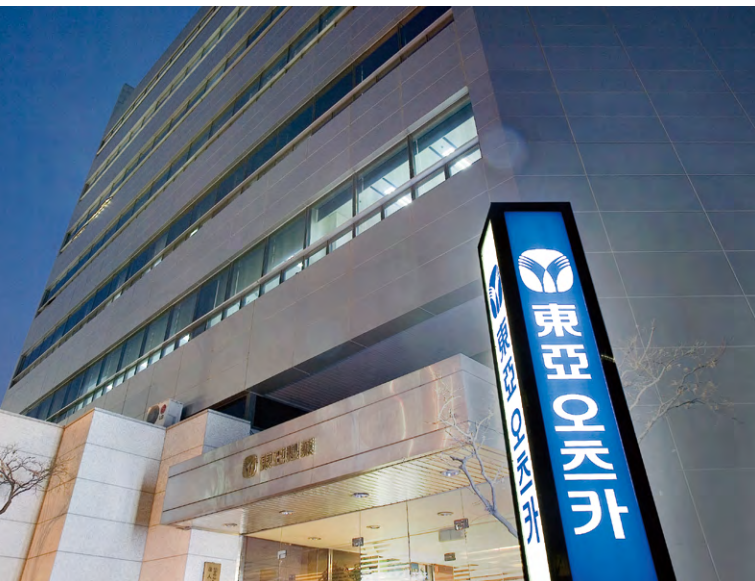
The Communauté Européenne (CE) system changed from medical devices directive (MDD) to medical device regulation (MDR) in May 2020, making it extremely difficult to obtain and maintain CE certification, so that many companies in Korea are giving it up. In response, the Quality Management Team of CHAMMED studied relevant regulations beforehand and is establishing necessary measures. In particular, company-wide efforts are being made to handle, under the current MDD certification system, 4K imaging equipment (new CE certification), which is a key task, as well as XU5 and Qvion (CE certification renewal).

Aiming to record sales of KRW 12 billion and an operating profit of KRW 800 million in 2020, CHAMMED is implementing the following four strategies.

- Product renewal and new product development: Develop new workstations and imaging equipment
- Increase sales in new markets and strategic countries: Establish a foundation to enter the surgical imaging market by developing the 4K
- Increase domestic sales: Strengthen new product promotions and actively target the trade market
- Improve quality and actively respond to the regulatory affairs (RA) market

CHAMMED will define its tasks in detail and systematically achieve them, while developing a distinctive competitive edge in the market of ENT workstation, which is its strength. In addition, it will expand and develop its imaging equipment market through R&D, and expand its business areas by working on new products and new businesses as its mid- to long-term goal.

# Dong-A Otsuka



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

### CEO Message

Based on the value of being together rather than alone, Dong-A Otsuka is actively carrying out social contribution activities that establish healthy corporate culture and social communities, along with the company's development. We designate a "Ion Day of Love" every month and engage in social volunteering activities, and are making continuous efforts aimed at creating shared value (CSV). These activities include the BLUE LABEL CAMPAIGN and lightweight PET as a way to promote resource circulation and participate in policies for low-carbon environmental protection.

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

### Company Overview

Dong-A Otsuka was launched in 1979 upon a spin-off from Dong-A Pharmaceutical's Food Department. It completed construction of its second plant in Cheongju in 1980, and of its third plant in South Gyeongsang Province in 1996 through continuous development and challenge, thus fully establishing itself as a professional beverage and food company. In addition to diversifying its products, Dong-A Otsuka has been actively responding to consumer demand, as a way to lead consumption patterns for tasty and functional beverage and to develop the health-oriented functional beverage market. It is solidifying its foundation to become a global beverage company by further enhancing the quality of food through continued R&D and accumulation of technologies.

Uncertainty in the external environment is expected in 2020 owing to the US-China trade dispute, Korea-Japan export control, the North Korean nuclear issue, etc. However, Dong-A Otsuka will overcome the crisis and use it as an opportunity for re-growth to achieve further advancement by securing technological and cost competitiveness, improving customer responsiveness, and taking other such measures to address our weaknesses and further reinforce our strengths.

### History

<p><b>1971</b></p> <p><b>May 1971</b> Launched Oran-C (Dong-A Pharmaceutical)</p> <p><b>Aug. 1973</b> Completed construction of the Anyang Plant</p> <p><b>Mar. 1979</b> Dong-A Food was founded</p> <p><b>Mar. 1980</b> Completed construction of the Cheongju Plant</p> <p><b>May 1987</b> Launched POCARI SWEAT</p>	<p><b>1990</b></p> <p><b>Mar. 1990</b> Launched Fibe-Mini</p> <p><b>Oct. 1991</b> Launched Demi Soda</p> <p><b>May 1992</b> Changed company name to Dong-A Otsuka</p> <p><b>1993</b> Achieved KRW 100 billion in sales</p> <p><b>Aug. 1995</b> Launched Confidence</p>	<p><b>Jun.1996</b> Completed construction of the Chilseo Plant</p> <p><b>Jun. 1997</b> Launched Tejava</p> <p><b>Sep. 2006</b> Launched Olatte</p> <p><b>May 2007</b> Launched Black Bean Thera-Tea</p>	<p><b>2010</b></p> <p><b>Jun. 2010</b> Launched Narangd Cider</p> <p><b>May 2011</b> Cheongju Plant, adopted the O-HOT system</p> <p><b>Jul. 2012</b> POCARI SWEAT, certified as a "low carbon generation product"</p> <p><b>2012</b> Achieved KRW 200 billion in sales</p>	<p><b>2019</b></p> <p><b>Feb. 2015</b> Launched Oronamin C</p> <p><b>Mar. 2015</b> Completed construction of the Dongbu Logistics Center in the metropolitan area</p> <p><b>May 2017</b> 30th anniversary of the launch of POCARI SWEAT</p> <p><b>Jan. 2018</b> Launched :D&amp;cafe</p> <p><b>May 2018</b> Launched POCARI SWEAT ION WATER</p>
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### Vision

**MISSION**

Continuous challenge to pursue health and happiness for humanity

**VISION 2025**

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

**CORE VALUE**

**Dong-A Spirit**

**Pursue Innovation**  
Think anew, start small

**Lead Change**  
Read trend, change proactively

**Trust Others**  
Create synergy based on trust

**Thrive Together**  
Grow together with employees, customers, and society


+

**Dong-A Otsuka Spirit**

**Customer Satisfaction**  
Work from the customer perspective

**Talent First**  
Talent is competitiveness

Major Brands



**POCARI SWEAT**

Launched in 1987, this sports drink contains electrolytes (sodium, potassium, calcium, magnesium, and others) which have a concentration close to body fluid. This enables POCARI SWEAT to quickly replenish the body with water and ion and to maintain balance in the body.

**Oronamin C**

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

**Demi Soda**

It is a low-carbonic acid fruit drink launched in 1991. It contains 11% natural fruit juice, while considerably reducing carbonic acid by half and calories by 20%, making it a drink that can be enjoyed without a sense of burden. There are six different flavors, which are apple, orange, peach, lemon, grapefruit, and green grape.

**Oran-C**

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

Sustainable Management

Sustainable Management Performance

Dong-A Otsuka is striving for the realization of the Group’s mission “continuous challenge to pursue health and happiness for humanity” and growing into a “a company that takes the lead in functional food and beverages based on distinctive products”. In 2019, POCARI SWEAT continued activities to secure loyal customers, such as the FUTSAL HEROES and POCARI CHALLENGE TEEN FESTA under the theme of “sweat challenge in daily life”. Oronamin C held the “Horrornamin C”, a participatory cultural festival, to strengthen consumer communication based on the concept of “recharging vitality”, and also held a sampling event for greater customer satisfaction, targeting parcel delivery service, express bus, and call center workers. In addition, Dong-A Otsuka offered online-only products (POT340, HONEY LEMON, carbonated water) via its E-BIZ channel, thus diversifying its products and building a foundation to enter the B2C market.

Dong-A Otsuka has been holding “FUTSAL HEROES” for six years as a way of promoting youth sports. This event enables youths to develop a sense of passion and challenging spirit that is not deterred by failure, to learn how to be considerate of each other rather than competing, and to experience sportsmanship. In 2019, the event was participated by 286 elementary and junior high schools in Seoul, Busan, Daegu, Gwangju, Incheon, and Daejeon. The company also signed an MOU on facilitating physical education with the Office of Education, and is continually contributing to the healthy school life of youths and the expansion of the foundation for youth sports. Dong-A Otsuka will continue to take an active part in public-interest programs for youths.

Social interest and demand for corporate ethics are on the rise. Dong-A Otsuka, therefore, adopted a compliance program (CP) in March 2014 and established a system and process for CP. It provides compliance training twice a year to all employees every year to enhance compliance capabilities, adopted a standard operating procedure in relation to compliance, and changed its process for executing expenses. Going forward, the company will continue to improve its training and system, enabling a transparent and fair corporate culture to take root. In addition, monthly industrial safety training and prevention activities are conducted to enhance employees’ safety mindset and establish safe worksites that are free from industrial accidents. To promote employees’ health and build a pleasant work environment, Dong-A Otsuka will continue to engage in systematic safety management activities and work environment improvement efforts, through which it will build healthy and safe worksites.

Awards and Certifications

- Received the Prime Minister Commendation on “Developing and Protecting Youths” \_ May 2019
- Ranked No. 1 for 14 consecutive years in the beverage category of the 2019 Korean Customer Satisfaction Index (KCSI) organized by Korea Management Association
- Certified as a family-friendly company by Ministry of Gender Equality and Family (December 1, 2019-November 30, 2022)

Classification	Performance	Unit	2017	2018	2019		
			2017	2018	2019		
Financial & Non-financial Performance	Financial Performance	Total assets	KRW billion	240.4	255.5	257.3	
		Total liabilities	KRW billion	96.5	105.3	105.2	
		Total shareholders' equity	KRW billion	143.9	150.2	152.1	
		Sales	KRW billion	280.4	292.2	288.4	
		Operating profit	KRW billion	13.5	13.6	6.4	
	Non-financial Performance	Operating profit margin	%	4.8	4.7	2.2	
		Safety training hours	Hour/Person	12.0	12.0	12.0	
		Industrial accident	Case	3	10	10	
		Job training hours	Hour/Person	80.8	65.7	62.5	
		Percentage of female employees	%	4.0	4.2	4.0	
Creation of economic value	Shareholders & investors	Employee turnover rate	%	7.3	11.3	9.9	
		Years of service	Year	12.9	12.1	11.6	
	Employees	Water consumption	m <sup>3</sup>	686,181	797,465	807,790	
		Participation rate in anti-corruption training	%	99.5	99.7	99.2	
	Suppliers	Violation of laws	Case	0	0	0	
		Government & local communities	CSR expenditures	KRW billion	0.2	0.2	0.3
			Sales	KRW billion	280.4	292.2	288.4
Shareholders & investors	Dividend	KRW billion	1.3	2.6	1.3		
	Interest expense	KRW billion	0.8	0.9	1.1		
Employees	Total	KRW billion	2.1	3.5	2.4		
	Salaries	KRW billion	56.5	59.8	60.4		
Suppliers	Employee benefits	KRW billion	6.1	6.8	7.3		
	Total	KRW billion	62.6	66.6	67.7		
Government & local communities	Raw material expenses	KRW billion	116.1	133.0	131.3		
	Outsourcing expenses	KRW billion	6.3	7.9	8.6		
Government & local communities	Total	KRW billion	122.4	140.9	139.9		
	Internal tax	KRW billion	1.51	1.45	1.27		
Government & local communities	Local tax	KRW billion	10.86	11.27	8.66		
	CSR expenditures	KRW billion	0.21	0.21	0.31		
Government & local communities	Total	KRW billion	12.58	12.93	10.24		

Sustainable Future

Dong-A Otsuka was established in 1979 upon a spin-off from Dong-A Pharmaceutical’s Food Department. In addition to its existing major product, Oran-C, the company continually launched new products, beginning with POCARI SWEAT in 1987, followed by Demi Soda, Fibe-Mini, Confidence, Black Bean Thera-Tea, and Oronamin C, based on which the company has been achieving steady growth. In 2019, Dong-A Otsuka engaged in a wide array of social contribution activities with the goal of becoming a company that grows together with others and fulfills social responsibilities, and also developed content for youth to help them discover their dreams and take on challenge. The company will foster products that record sales of more than KRW 30 billion to build a stable product portfolio, and enhance corporate value by strengthening environmental protection and CSR activities.

The company’s business direction for achieving VISION 2025 is to expand its beverage business and make inroads into the functional food market. In 2020, it will raise the brand value of POCARI SWEAT

by publicizing the brand’s strengths and developing content that enables consumers to share their brand experience. In connection with social contribution activities, Dong-A Otsuka will conduct youth support programs and environmental campaigns. Dong-A Otsuka will solidify the foundation for sustainable growth by launching new beverage products, such as premium coffee. In 2021, it will foster new products (ion water, premium coffee, carbonated water) with the goal of increasing its market share, while developing such products as Oronamin C, Demi Soda, Oran-C, coffee, and mineral water into products that record annual sales of more than KRW 30 billion to secure cash cow products.

In the mid- to long-term future, Dong-A Otsuka will enter the functional food market for seniors and patients, and increase its production and logistics capabilities through PET line expansion. It will also create an export-dedicated organization to strengthen its overseas business, and make other such efforts for business diversification, through which it will realize VISION 2025.

# Yongma Logis



CEO & President of Yongma Logis  
**Joung Sik Kuem**



## CEO Message

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

## Company Overview

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

## Major Services

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

### 3PL

- Incoming & outgoing, storage management
- Order receipt, picking, packing
- Distribution processing (setting, labelling, bundling)
- First-in, first-out (FIFO) management system



### Delivery

- Delivery across the nation (35 distribution centers)
- Delivery, inspection, and receipt collection
- Delivery information system, control system



### Transport

- Consumer goods, industrial products, heavy cargo
- Transportation Management System (TMS), vehicle control system



### International logistics

- Forwarding service
- Export and import customs clearance service
- Bonded transportation, bonded warehouse



## History & Certifications

1983

- Jul. 1983**  
Yongma Distribution was established, acquired a transport mediation business license, commenced business
- Jun. 1988**  
Commenced the parcel delivery service and shipping business
- Oct. 1991**  
Opened the Singal Logistics Center
- Sept. 1994**  
Obtained a truck transport business license

2005

- Mar. 2005**  
Changed company name to Yongma Logis
- Jul. 2007**  
Completed construction of the Anseong Logistics Center
- Dec. 2009**  
Certified as an outstanding freight company (AA) by the Ministry of Land, Infrastructure and Transport
- Jan. 2010**  
Established a carbon inventory management system
- Nov. 2010**  
Received the Logistics Grand Prize (Prime Minister's Commendation)
- May 2011**  
Developed a new warehouse management system – WIVIS

- Oct. 2011**  
Developed a Transportation Management System and Energy Management System
- Nov. 2012**  
Registered the warehouse business and received green logistics certification (Ministry of Land, Infrastructure and Transport)
- Jan. 2013**  
Received the Green Logistics Grand Prize
- Dec. 2013**  
Certified as an excellent freight transport company (AA)
- Jun. 2015**  
Completed construction of the Anseong Center 2

2019

- Sep. 2015**  
Recognized as the Best Company in the domestic shipping service category
- Jun. 2016**  
Received the Korea Value Management Award
- Jan. 2017**  
Commenced the bonded warehouse business in Incheon International Airport
- Jan. 2018**  
Obtained Authorized Economic Operator (AEO) certification
- Nov. 2019**  
Received A Grade in the delivery service evaluation for four consecutive years

## Sustainable Management

### Sustainable Management Performance

Classification	Performance	Unit	2017	2018	2019
			2017	2018	2019
Financial & Non-financial Performance	Total assets	KRW billion	132.7	140.8	199.5
	Total liabilities	KRW billion	41.2	44.9	98.4
	Total shareholders' equity	KRW billion	91.5	95.9	101.1
	Sales	KRW billion	186.5	212.0	249.6
	Operating profit	KRW billion	8.1	7.3	11.5
	Operating profit margin	%	4.3	3.4	4.6
Non-financial Performance	Safety training hours	Hour/Person	23.5	26.1	25.9
	Industrial accident	Case	0	1	0
	Job training hours	Hour/Person	95.7	103.7	94.1
	Percentage of female employees	%	7.3	8.8	14.7
	Employee turnover rate	%	12.4	16.7	9.2
	Years of service	Year	11.3	10.3	8.0
	Water consumption	m <sup>3</sup>	5,212	5,226	6,795
	Greenhouse gas (GHG) emissions	tCO <sub>2</sub> eq	20,802	22,040	16,687
	GHG emissions (Scope 1)	tCO <sub>2</sub> eq	14,843	14,806	12,303
	GHG emissions (Scope 2)	tCO <sub>2</sub> eq	5,959	7,234	4,384
	Participation rate in pledge to Jeong-do Management	%	80	100	100
	Violation of laws	Case	0	5	0
CSR expenditures	KRW billion	0.01	0.02	0.02	

### Awards & Certifications

- Received A Grade in the delivery service evaluation for four consecutive years | Ministry of Land, Infrastructure and Transport \_ Since 2019
- Obtained AEO certification | Korea Customs Service \_ Since 2018
- Designated as an outstanding green logistics company | Korea Transportation Safety Authority \_ Since 2012
- ISO 9001 (Quality management system) | Korean Foundation for Quality \_ Since 2018

- ISO 14001 (Environmental management system) | Korean Foundation for Quality \_ Since 2008
- ISO 13485 (Medical equipment quality management system) | Korea Management Registrar \_ Since 2014
- Certified as an outstanding truck transportation company | Ministry of Land, Infrastructure and Transport \_ Since 2009
- Certified as an outstanding logistics warehouse | Ministry of Land, Infrastructure and Transport \_ Since 2015

**Sustainable Management Performance**

Classification	Performance	Unit	2017	2018	2019	
Creation and Distribution of Economic Value	Creation of economic value	Sales	KRW billion	186.5	212.0	249.6
	Shareholders & investors	Dividend	KRW billion	1.5	1.7	2.5
Interest expense		KRW billion	0.5	0.6	1.6	
Total		KRW billion	2.0	2.3	4.1	
Employees	Salaries	KRW billion	23.0	25.1	28.6	
	Employee benefits	KRW billion	4.5	5.0	5.4	
Suppliers	Total	KRW billion	27.5	30.1	34.0	
	Outsourcing expenses	KRW billion	24.2	28.9	35.2	
	Others	KRW billion	126.6	145.0	166.3	
Government & local communities	Total	KRW billion	150.8	173.9	201.5	
	Internal tax	KRW billion	5.5	5.4	5.6	
	Local tax	KRW billion	0.9	1.0	1.2	
	CSR expenditures	KRW billion	0.01	0.02	0.02	
	Total	KRW billion	6.4	6.4	6.8	

**Sustainable Future**

Landscape of the labor environment is anticipated to change with the creation of the Last Mile Delivery Service Industry Development Act and strengthening of the Occupational Safety and Health Act. Also, the low growth trend and the emergence of new competitors are expected to bring about increased diversity in the logistics industry, and more business competition in Korea and abroad. In this sharply-changing environment, Yongma Logis seeks to achieve sales of KRW 366 billion and an operating profit margin of 4.3% by 2025 by establishing a strategic direction for VISION 2025 as well as innovating its business structure and improving fundamentals. To this end, Yongma Logis

will improve the logistics service sector in 2020 and secure a profit margin to strengthen substantial management. From 2021 to 2022, the company will promote new businesses, including the maintenance repair operation (MRO) business which it is already engaging in, the quarantine service business, and the military logistics business, and also make inroads into the refrigerated logistics market based on fixed-temperature transportation of pharmaceuticals as well as fresh logistics and transportation. Over the mid- to long-term future, the company will secure an overseas base from 2023 to 2025 and actively adopt the latest logistics technologies, thereby building a foundation to develop into a global logistics company.

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



<sup>1)</sup> Offering MRO services for consumables

**Soo Seok**



CEO & President of Soo Seok  
Ik-Sung Jo

**CEO Message**

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

**Company Overview**  
**Major Products**



## History

1978

**1978**  
Dong-A Glass Industries was established

**1995**  
Anyang Plant 1 adopted the latest bottle-forming machine (3 Double I.S machines), advanced into the CAP business

2003

**2003**  
Changed company name to Soo Seok

**2007**  
Adopted a 28 mm standard polyethylene molding (SPEM) CAP production facility (2 lines)

**2008**  
Anyang Plant 2 adopted the latest bottle-forming machine (2 Triple I.S machines)

**2009**  
Adopted 28 mm PEM (for pressure) CAP, plastic CAP production facilities

2019

**2011**  
Completed construction of the Eumseong Plant, and began to produce NR PET bottle and plastic CAP

**2012**  
Began operation of the Gapyeong Plant

**2014**  
Completed construction of the Gamgok Plant, and began to produce HR/PR PET bottle

**2017**  
Completed construction of the Dangjin Plant

**2018**  
Received FSSC 22000, an international food safety management system certification

## Sustainable Management

## Sustainable Management Performance

Financial & Non-financial Performance	Classification	Performance	Unit	2017	2018	2019
Financial Performance	Total assets		KRW billion	157.0	167.7	171.2
	Total liabilities		KRW billion	81.1	81.9	81.3
	Total shareholders' equity		KRW billion	75.9	85.8	89.9
	Sales		KRW billion	94.5	111.3	131.8
	Operating profit		KRW billion	3.7	4.7	8.9
	Operating profit margin		%	3.9	4.2	6.7
Non-financial Performance	Safety training hours		Hour/Person	25.0	25.0	25.0
	Industrial accident		Case	1	2	0
	Job training hours		Hour/Person	20.1	19.9	20.1
	Percentage of female employees		%	5.41	6.33	7.09
	Employee turnover rate		%	19.8	17.7	16.5
	Years of service		Year	9.2	8.8	8.7
	Water consumption		m <sup>3</sup>	15,660	16,852	15,301
	Greenhouse gas (GHG) emissions		tCO <sub>2</sub> eq	34,892	35,086	34,739
	GHG emissions (Scope 1)		tCO <sub>2</sub> eq	23,528	24,180	17,899
	GHG emissions (Scope 2)		tCO <sub>2</sub> eq	11,364	10,906	7,860
	Waste recycling rate		%	9.4	5.4	7.2
Violation of laws		Case	0	5	0	
CSR expenditures to operating profit		%	0.20	0.23	0.10	

Creation and Distribution of Economic Value	Classification	Performance	Unit	2017	2018	2019
Creation of economic value	Sales		KRW billion	94.5	111.3	131.8
	Dividend		KRW billion	0.9	1.0	2.5
	Interest expense		KRW billion	1.6	1.7	1.6
Shareholders & investors	Total		KRW billion	2.5	2.7	4.1
	Salaries		KRW billion	13.9	14.5	16.3
	Employee benefits		KRW billion	2.0	2.3	2.7
Employees	Total		KRW billion	15.9	16.8	18.9
	Raw material expenses		KRW billion	22.9	30.5	31.0
	Outsourcing expenses		KRW billion	1.0	1.0	1.6
Suppliers	Total		KRW billion	23.9	31.5	32.7
	Internal tax		KRW billion	1.4	1.8	3.2
	Local tax		KRW billion	0.29	0.28	0.34
Government & local communities	CSR expenditures		KRW billion	-	0.01	0.01
	Total		KRW billion	1.7	2.1	3.6

## Certifications

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

## Sustainable Future

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



## Korea Sinto



CEO & President of Korea Sinto  
Tae-Yong Lee

### CEO Message

Since our establishment in 1970, Korea Sinto has been a leading company in foundry, surface processing, pollution prevention, and industrial plant facilities for around 50 years, and made substantial contributions to enhancing the technological base of the automobile industry, heavy industry, and shipbuilding industry. In addition, we are focusing on technology alliance, technology support, and technology accumulation with SINTOKOGIO Japan, which is one of the world's top two foundry equipment makers, as well as continued new product development and performance improvements. Over the last 50 years, we have been offering top-quality products and services through endless R&D to domestic machinery and materials industries. We will do our best to continually supply optimal facilities and quality abrasive and also provide maintenance services based on our "trinity" corporate philosophy. In addition, we obtained ISO 9001 in 1998 to improve customer satisfaction, and the Machine Business Department became the industry's first to receive ISO 14001 certification to respond to the global environmental issue, transforming Korea Sinto into an eco-friendly company. Aiming to engage in management that moves the hearts of our customers, we will make utmost efforts to generate new value by placing the highest priority on customers, establishing a quality assurance system, and improving our technological capabilities.

### Company Overview

#### Establishment

Jul. 10, 1970

#### Capital

KRW 5 billion

(SINTOKOGIO Japan 70%, Dong-A Socio Holdings 30%)

#### Sales

KRW 32.8 billion

#### Major Business

##### Machine Business Department

Foundry equipment, shot blast machines, environmental facility

##### Parts Business Department:

Maintenance

##### Abrasive Business Department

Steel shot, grit

\* As of December 31, 2019

### History

1970

#### 1970

Signed an agreement on capital adoption and technology alliance with SINTOKOGIO Japan

#### 1984

Domestic equity participation by Dong-A Pharmaceutical (currently Dong-A Socio Holdings)

#### 1985

Registered the air pollution prevention facility business

#### 1986

Acquired a domestic patent on the V-Process vacuum casting method

Became a member of the Korea Foundry Society

2000

#### 1998

Obtained ISO 9001 quality certification

#### 2002

Completed a merger with Korea Brator and operated the Machine Business Department and the Brator Business Department

#### 2005

Held a seminar on the occasion of the launch of the Korea Peening Association

#### 2005

Received ISO 14001 environmental certification

#### 2007

Carried out capacity expansion of the Brator Business Department's plant

2019

#### 2010

Received the Minister of Knowledge Economy Award in the casting category at the Root Technology Contest

Received ISO 14001 certification (Brator Business Department) / Chosen as a certified partner company of POSCO

#### 2011

Became a member of the Korea Diecast Industry Cooperative

#### 2014

Relocated Headquarters and the Machine Business Department to Daegu

#### 2015

Received the Tin Tower Order of Industrial Service Merit for being a model taxpayer

### Major Products & Services



#### Abrasive Business

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

#### Maintenance Support Business

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

#### Mechanical Equipment Business

The Machine Business Department was established in July 1970 according to an agreement that was signed in January 1970 between Daehan Heavy Machinery and SINTOKOGIO Japan on capital alliance and technology adoption. On an 8,809 m<sup>2</sup> site and in an 3,993 m<sup>2</sup> building, the Department has such plant equipment as shearing machines, drill machines, and racks, and such facilities as overhead cranes, which are used to manufacture casting facilities, surface treatment facilities, and pollution prevention facilities that are used in diverse fields, such as automobile and aircraft, and also provides maintenance services. It strives to provide products and services that meet client needs based on rich experience and know-how, extensive product line-up and technological development capabilities, and management capabilities.

## Sustainable Management

### Sustainable Management Performance

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

Classification	Performance	Unit	2017	2018	2019	
Financial & Non-financial Performance	Total assets	KRW billion	32.7	33.0	29.4	
	Total liabilities	KRW billion	10.1	8.9	3.9	
	Total shareholders' equity	KRW billion	22.6	24.1	25.6	
	Sales	KRW billion	31.1	38.0	32.8	
	Operating profit	KRW billion	1.2	1.9	2.3	
	Operating profit margin	%	3.9	5.0	6.9	
	Financial Performance	Safety training hours	Hour/Person	24.0	24.0	24.0
		Industrial accident	Case	2	0	2
		Job training hours	Hour/Person	8.7	18.9	4.0
		Percentage of female employees	%	3.06	3.06	3.13
Employee turnover rate		%	0.0	2.0	4.0	
Years of service		Year	12.0	13.0	14.0	
Non-financial Performance		Water consumption	m <sup>3</sup>	1,886	1,597	1,657
		Greenhouse gas (GHG) emissions	tCO <sub>2</sub> eq	8,841	7,949	5,934
		GHG emissions (Scope 1)	tCO <sub>2</sub> eq	1,572	1,407	1,095
		GHG emissions (Scope 2)	tCO <sub>2</sub> eq	7,269	6,542	4,839
	Waste recycling rate	%	99	98	97	
	Violation of laws	Case	1	0	1	
	CSR expenditures to operating profit	%	0.1	0.1	0.1	
Creation and Distribution of Economic Value	Creation of economic value	Sales	KRW billion	31.1	38.0	32.8
		Shareholders & investors	Dividend	KRW billion	0.13	0.25
	Employees	Salaries	KRW billion	5.6	6.3	6.0
		Employee benefits	KRW billion	0.6	0.8	0.7
		Total	KRW billion	6.2	7.1	6.7
	Suppliers	Raw material expenses	KRW billion	12.74	13.96	7.81
		Outsourcing expenses	KRW billion	4.00	6.96	7.50
		Total	KRW billion	16.74	20.92	15.31
	Government & local communities	Internal tax	KRW billion	0.16	0.41	0.38
		Local tax	KRW billion	0.08	0.11	0.11
Total		KRW billion	0.24	0.52	0.49	

## Sustainable Future

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

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

## DONGCHEONSU



CEO & President of DONGCHEONSU  
Cheol-Ho Park

### CEO Message

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

### Company Overview

The two plants of DONGCHEONSU are located near national parks. The company supplies high-quality drinkable spring water through strict quality control, using clean underground water that is abundant with minerals. To manufacture and sell drinkable spring water, the Songnisan Plant began the mineral water production business in July 2014 in Hwabuk-myeon, Sangju City, North Gyeongsang Province, where Songnisan National Park is located. It produces carbonated water and mineral water with water hardness<sup>1)</sup> of 37 to 40 and that is full of minerals, including zinc and silicon, based on underground bedrock water 350 meters above sea level in the Baekdudaegan mountain range.

The second plant, which is the Gayasan Plant, is located in Myosan-myeon, Hapcheon City, South Gyeongsang Province, where Gayasan National Park and Haeinsa Temple are located. It became a part of DONGCHEONSU in November 2018. Just like the Songnisan Plant, it is located in the Baekdudaegan mountain area, and produces mineral water using bedrock water 200 meters below ground. It is alkaline water with water hardness of 41-45 at pH 7.8-9.1. General carbonated water does not contain minerals at all because carbonic acid is added to purified water (RO water). However, DONGCHEONSU's carbonated water is rich in minerals because carbonic acid is added to mineral water.

### Major Brands & Products

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

<sup>1)</sup> Ratio of calcium and magnesium. It is known that around 50 makes water taste good.



## Sustainable Management

### Sustainable Management Performance

DONGCHEONSU is striving to reduce carbon emissions by reducing energy consumption of bottle-forming machines, which create PET bottles and use the most amount of electricity. To this end, the company adopted a system that can collect primarily used heat and compressed air, and reuse it for a second process, which has resulted

in an annual reduction of around 15% in electricity bill. Plastics may have a negative impact by building up in the human body or in the national environment. DONGCHEONSU adopts a two-step cleaning process before filling empty bottles to reduce the ratio of remaining fine plastics. In addition, the company is reducing the weight of subsidiary materials in a phased manner to minimize environmental pollution and reduce carbon consumption.

Classification	Performance	Unit	2017	2018	2019	
Financial & Non-financial Performance	Total assets	KRW billion	17.6	16.6	62.6	
	Total liabilities	KRW billion	9.2	7.1	14.3	
	Total shareholders' equity	KRW billion	8.4	9.5	48.3	
	Sales	KRW billion	13.0	14.4	24.8	
	Operating profit	KRW billion	1.1	1.5	0.3	
	Operating profit margin	%	8.8	10.6	1.1	
Financial Performance	Safety training hours	Hour/Person	14.0	14.0	14.0	
	Industrial accident	Case	1	0	2	
	Percentage of female employees	%	18.4	18.4	15.4	
	Employee turnover rate	%	5.0	5.0	6.4	
	Years of service	Year	6.4	6.8	5.1	
	Water consumption	m <sup>3</sup>	108,143	122,327	128,368	
	Wastewater Effluent	Ton	8,507	10,748	2,237	
	Percentage of hiring local talent	%	34.2	34.2	39.7	
	Violation of laws	Case	0	0	0	
	CSR expenditures to operating profit	%	5.7	4.5	28.4	
Creation and Distribution of Economic Value	Creation of economic value	Sales	KRW billion	13.0	14.4	24.8
		Dividend	KRW billion	0.0	0.4	0.4
	Shareholders & investors	Interest expense	KRW billion	0.22	0.21	0.39
		Total	KRW billion	2.22	0.61	0.79
	Employees	Salaries	KRW billion	1.9	2.3	3.4
		Employee benefits	KRW billion	0.32	0.29	0.51
		Total	KRW billion	2.2	2.5	3.9
	Suppliers	Raw material expenses	KRW billion	6.8	7.5	11.8
		Outsourcing expenses	KRW billion	0.21	0.08	0.10
		Total	KRW billion	7.0	7.5	11.9
	Government & local communities	Internal tax	KRW billion	0.5	0.6	0.8
		Local tax	KRW billion	0.03	0.03	0.51
CSR expenditures		KRW billion	0.07	0.07	0.08	
Total		KRW billion	0.6	0.7	1.4	

#### Awards

- Chosen as a "Good SME to Work At" by the Korea Chamber of Commerce and Industry \_ 2019
- Received a National Assembly Member Commendation for contributing to building neighborhood community harmony and local development \_ 2019
- Received an Appreciation Plaque from Sangju City Mayor in recognition of faithful fulfillment of corporate social responsibilities and contributing to facilitating the local economy through job creation \_ 2019
- Received a Commendation Plaque from the Sanju City Rehabilitation Center for the Disabled in recognition of contribution to improving the quality of life of the disabled in the local community through sharing and volunteering \_ 2019

#### Sustainable Future

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

## Chul Geun E&C



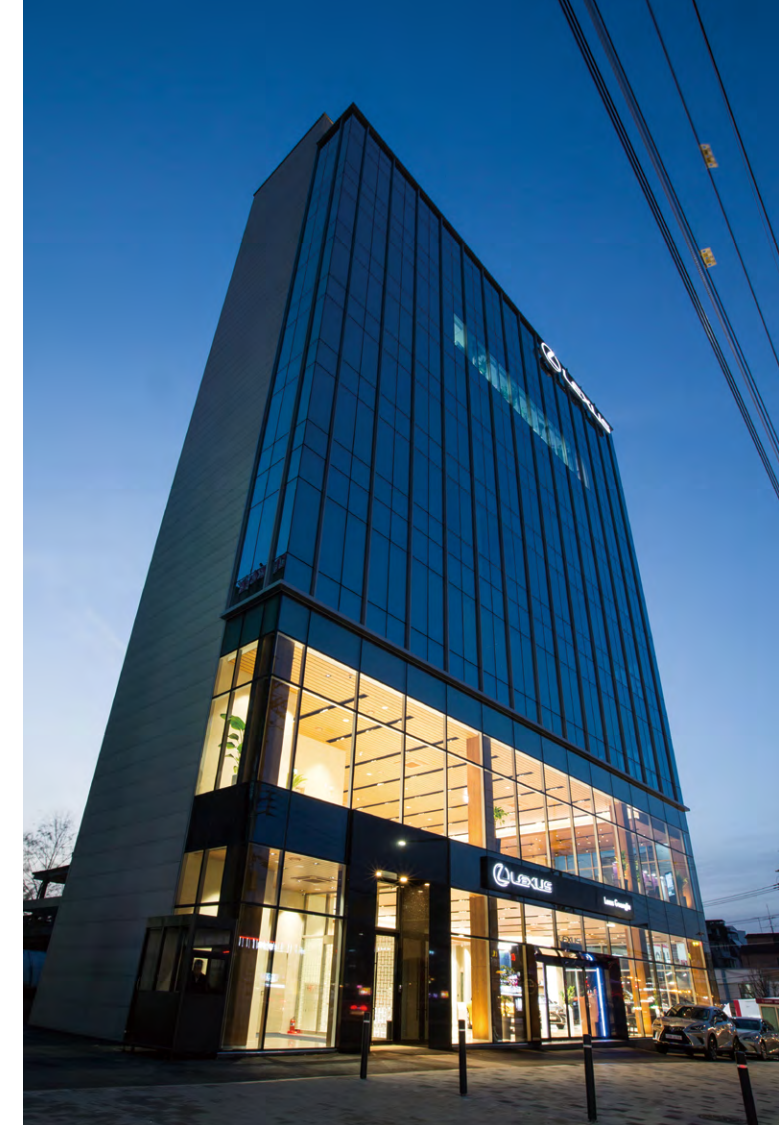
CEO & President of Chul Geun E&C  
Myung-Nam Kim

#### CEO Message

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

#### Company Overview

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



History

1989

- 1989 Seojin Industry was established
- 1996 Became a member of the Construction Association of Korea  
Registered the engineering and construction business license  
Changed company name to Geum San E&C
- Became a member of the Construction Guarantee Cooperative
- 2013 Became a member of Dong-A Socio Group  
Changed company name to Chul Geun E&C
- 2014 Registered the firefighting facility business license
- 2015 Registered the real estate development business license
- 2017 Established the Interior Business Department
- 2019 Registered the interior construction business license  
Registered the facility maintenance business license

2019

Major Services



**Construction Business**

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



**Interior Construction Business**

This interior business consists of decorating a building's interior according to its use and function and finishing the interior space. It is specialized for such industrial facilities as offices, employee rest areas, and R&D centers, as well as such commercial facilities as car showrooms and franchise stores.



**Facility Maintenance Business**

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



**Civil Engineering Business**

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



**Real Estate Development Business**

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

Sustainable Management

Sustainable Management Performance

	Classification	Performance	Unit	2017	2018	2019	
Financial & Non-financial Performance		Total assets	KRW billion	12.5	9.7	11.2	
		Total liabilities	KRW billion	5.6	2.7	5.6	
	Financial Performance		Total shareholders' equity	KRW billion	6.9	7.0	5.7
			Sales	KRW billion	34.0	31.3	23.5
			Operating profit (loss)	KRW billion	0.44	(0.04)	(0.86)
			Operating profit (loss) margin	%	1.3	(0.1)	(3.7)
	Non-financial Performance		Safety training hours	Hour/Person	14.4	14.2	13.9
		Industrial accident	Case	3	3	1	
		Job training hours	Hour/Person	21.8	10.1	7.6	
		Percentage of female employees	%	13.2	18.4	19.4	
		Employee turnover rate	%	28.9	28.9	16.7	
		Years of service	Year	2.4	2.8	3.6	
	Participation rate in pledge to Jeong-do Management	%	100	100	100		
	Violation of laws	Case	2	2	0		

	Classification	Performance	Unit	2017	2018	2019
Creation and Distribution of Economic Value	Creation of economic value	Sales	KRW billion	34.0	31.3	23.5
		Dividend	KRW billion	0.00	0.00	0.51
		Interest expense	KRW billion	0.01	0.00	0.00
Shareholders & investors	Total		KRW billion	0.01	0.00	0.51
		Salaries	KRW billion	3.2	3.1	2.8
		Employee benefits	KRW billion	0.5	0.4	0.3
Employees	Total		KRW billion	3.7	3.5	3.1
		Raw material expenses	KRW billion	3.7	4.9	5.3
		Outsourcing expenses	KRW billion	22.7	20.7	13.4
Suppliers	Total		KRW billion	26.4	25.6	18.7
		Internal tax	KRW billion	0.49	0.59	0.63
		Local tax	KRW billion	0.02	0.02	0.01
Government & local communities	Total		KRW billion	0.51	0.61	0.64

Awards

- Construction Industry Merit Commendation (Gyeonggi Province Governor) \_ July 2019

Sustainable Future

Chul Geun E&C's goal for 2020 is to record sales of KRW 40.2 billion and an operating profit of KRW 830 million. Major sales target includes KRW 33 billion from construction projects within the Group, such as Dong-A Pharmaceutical's Dangjin Plant and Dong-A ST's Songdo Oral Solids (OSD) Plant; KRW 3.5 billion from plant maintenance; KRW 2 billion from the interior business; and KRW 1.7 billion from other business. Sales are expected to improve to KRW 72.2 billion in 2021 as a result of remaining construction of Dong-A Pharmaceutical's Dangjin Plant and Dong-A ST's Songdo OSD Plant. Its goal afterwards through 2025 is to post sales of around KRW 40 billion and an operating profit of around KRW 1 billion.

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

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

2020-

Build a foundation for independence

Focus on building GMP-certified plants  
Expand directly-run construction (interior finish work)  
Develop assets (company housing, Dangjin Plant)  
Strengthen external sales activities (joint order in collaboration with excellent partner companies)

2023-

Secure professional capabilities

Receive external orders for GMP- and/or GSP-certified plants  
Manage real estates of the Group (company building, company housing)  
Build a maintenance system  
Develop the Group's assets (:D-TOWN, etc.)

2025-

Construction total service provider of Dong-A Socio Group

Conduct comprehensive real estate management (maintenance, development, management)  
Increase orders for GMP- and/or GSP-certified plants  
Help the group affiliates advance into a global market

# DA Information



CEO & President of DA Information  
**Cheul-Seung Jeung**



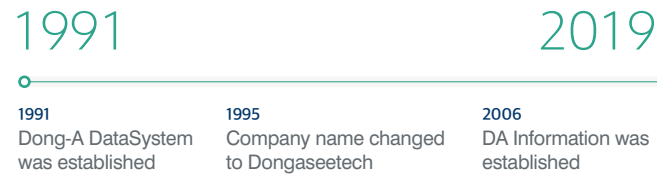
### CEO Message

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

### Company Overview

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

### History



### Awards

- Received the Excellence Award at Web Award Korea (Yongma Logis website-logistics category) \_ 2016
- Received the Grand Prize at Web Award Korea (Bacchus website-beverage category) \_ 2019

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

#### 2020-2021

Challenge for new business and build a foundation for independence

Expand the adoption of an ERP system within the Group, provide next-generation support  
Secure an unrivaled position in the area of IT and computer system validation (CSV) for GMP-certified companies

Win external projects of system building and/or maintenance based on the capabilities and experiences accumulated through the projects within the Group  
Develop an open source-based solution

## Sustainable Management

### Sustainable Management Performance

Classification	Performance	Unit	2017	2018	2019	
Financial & Non-financial Performance	Total assets	KRW billion	2.6	2.9	2.7	
	Total liabilities	KRW billion	1.0	2.1	1.7	
	Total shareholders' equity	KRW billion	1.6	0.8	1.1	
	Sales	KRW billion	9.9	12.0	12.6	
	Operating profit (loss)	KRW billion	0.1	(0.8)	0.1	
	Operating profit (loss) margin	%	1.1	(6.7)	0.3	
Financial Performance	Percentage of part-time employees	%	0	0	0	
	Safety training hours	Hour/Person	3.0	2.0	6.0	
	Industrial accident	Case	0	0	0	
	Job training hours	Hour/Person	1.4	2.0	6.4	
	Percentage of female employees	%	16.4	17.2	14.3	
	Employee turnover rate	%	9.0	16.9	8.5	
	Years of service	Year	8.9	7.3	8.9	
Non-financial Performance	Violation of laws	Case	0	0	0	
	Creation of economic value	Sales	KRW billion	9.9	12.0	12.6
		Salaries	KRW billion	3.4	3.9	3.8
	Employees	Employee benefits	KRW billion	0.4	0.6	0.7
		Total	KRW billion	3.8	4.5	4.5
	Suppliers	Raw material expenses	KRW billion	2.8	3.3	3.1
		Outsourcing expenses	KRW billion	1.8	3.4	3.5
Government & local communities	Total	KRW billion	4.6	6.7	6.6	
	Internal tax	KRW billion	0.01	-0.23	0.01	
	Local tax	KRW billion	0.02	0.02	0.02	
Total	KRW billion	0.03	-0.21	0.03		

### Sustainable Future

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

#### 2022-2023

Develop a growth driver focused on solutions

Continue to provide IT support and maintenance services to support the business operation of each Group affiliate

Captivate clients outside the Group (provide maintenance and total services)  
Expand the solution and secure clients

#### 2024-2025

Increase market share in solutions

Continue to provide IT support and maintenance services to support the business operation of each Group affiliate

Strive to increase market share based on proven solution references

# SUSTAINABLE FOUNDATION

OUR SYSTEM

# SUSTAINABILITY PERFORMANCE

OUR VALUE

088

**Sustainability**

Corporate Governance  
Stakeholder Engagement

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**Materiality**

Materiality Analysis  
Risk Management

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**Integrity**

Ethical Management  
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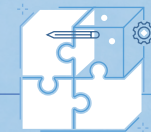
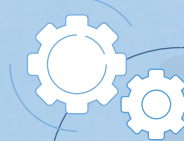
**Humanity**

Human Rights Protection  
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**Responsibility**

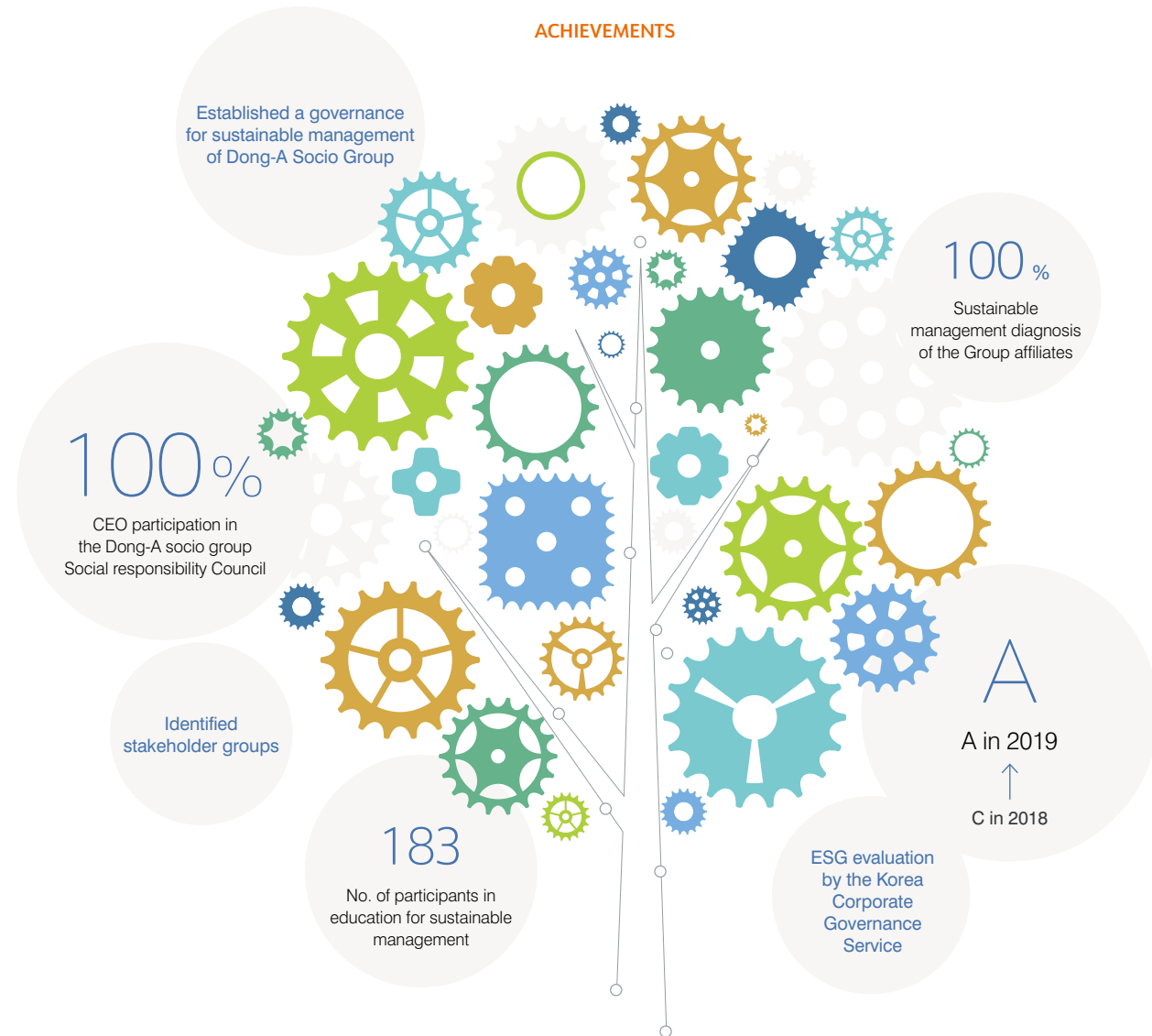
Social Contributions  
Green Management



OUR SYSTEM

# SUSTAINABILITY

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



APPROACH

The adoption of the stewardship code has led to increased social interest in governance, and the establishment of transparent governance is impacting future corporate value and credit rating of a company. Dong-A Socio Holdings is striving to fulfill social responsibilities as a global corporate citizen and defines stakeholders based on ISO 26000, an international standard for corporate social responsibility. In addition, we are advancing our communication channels and mediation mechanisms to build a governance system where the voices of various stakeholders are reflected in management.

MATERIAL ISSUE

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

Linking UN SDGs



## Corporate Governance

**Establishment of the Corporate Governance Charter**

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

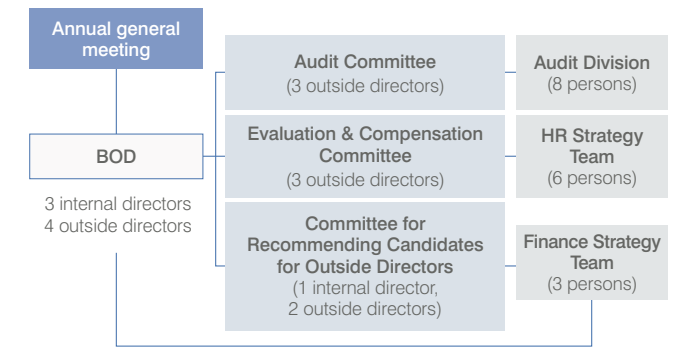
**Independence of the BOD**

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

**Expertise and Diversity of the BOD**

Dong-A Socio Holdings appoints outside directors who have expertise in various fields, including management, finance & accounting, health & medical administration, and law, to ensure the expertise and diversity of outside directors who supervise and check top management. We also provide regular training to strengthen BOD expertise.

**BOD Organization**



**BOD Composition**

Classification	Name	Position	Initial date of appointment	Termination date of appointment	Expertise	Key profile
Internal Directors	Jong-Hyeon Han	CEO & President	Mar. 2017	Mar. 2020	Management	
	Min-Young Kim	Executive Director of Management & Planning Division	Mar. 2017	Mar. 2020	Management planning	
	Sung-Keun Park	CFO	Mar. 2017	Mar. 2020	Finance & accounting	
Outside Directors	Bong-Soon Cho	Chairman of the BOD	Mar. 2013	Mar. 2022	Organization & HR (Professor)	Senior Research Engineer at Shinhan Research Institute (Current) Professor at Graduate School of Business, Sogang University
	Han-Sang Yi	Chairman of the Audit Committee	Mar. 2015	Mar. 2021	Finance & accounting (Professor)	Assistant Professor at the Department of Accounting, The University of Oklahoma (Current) Professor at the Department of Business, Korea University
	Chang-Jin Moon	Chairman of the Committee for Recommending Candidates for Outside Directors	Mar. 2018	Mar. 2021	Health & medical (Professor)	Vice Minister of Health and Welfare (Current) Chairman of the Research Investment for Global Health Technology Fund
	Dong-Chul Kim	Chairman of the Evaluation & Compensation Committee	Mar. 2018	Mar. 2021	Law (Lawyer)	Lawyer at Lee Kim & Partners (Current) Managing Partner of Hyun Law

\* As of December 31, 2019

**BOD Education in 2019**

For	Date	Lecturer	Attendants	Major training content
Audit Committee	Sep. 26	Listed Companies Audit Association	Dong-Chul Kim, Member of the Audit Committee	Regular breakfast lecture by the Listed Companies Audit Association
BOD	Oct. 18	Keun-Hee Seo, Analyst of Samsung Securities	All BOD members	Status and outlook of the domestic and overseas pharmaceutical industry
Audit Committee	Nov. 11	Young-Chan Kwon, Director of Samjong KPMG Accounting Corp	Audit Committee member Han-Sang Yi, Bong-Soon Cho	Outline of the internal accounting management system and roles of the Audit Committee

**Committees under the BOD**

Dong-A Socio Holdings adopted a BOD committee system for efficient BOD operation. We currently operate three committees under the BOD – the Committee for Recommending Candidates for Outside Directors, Evaluation & Compensation Committee, and Audit Committee. Total assets of Dong-A Socio Holdings as of the end of 2019 is less than KRW 2 trillion, which means that we are not obligated to set up an audit committee and a committee for recommending candidates for outside directors pursuant to the Commercial Act. Dong-A Socio Holdings, however, preemptively adopted the Committee for Recommending Candidates for Outside Directors in September 2017 and the Audit Committee in March 2018 to enhance corporate management and accounting transparency and to practically supervise top management.

**Committee for Recommending Candidates for Outside Directors**

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

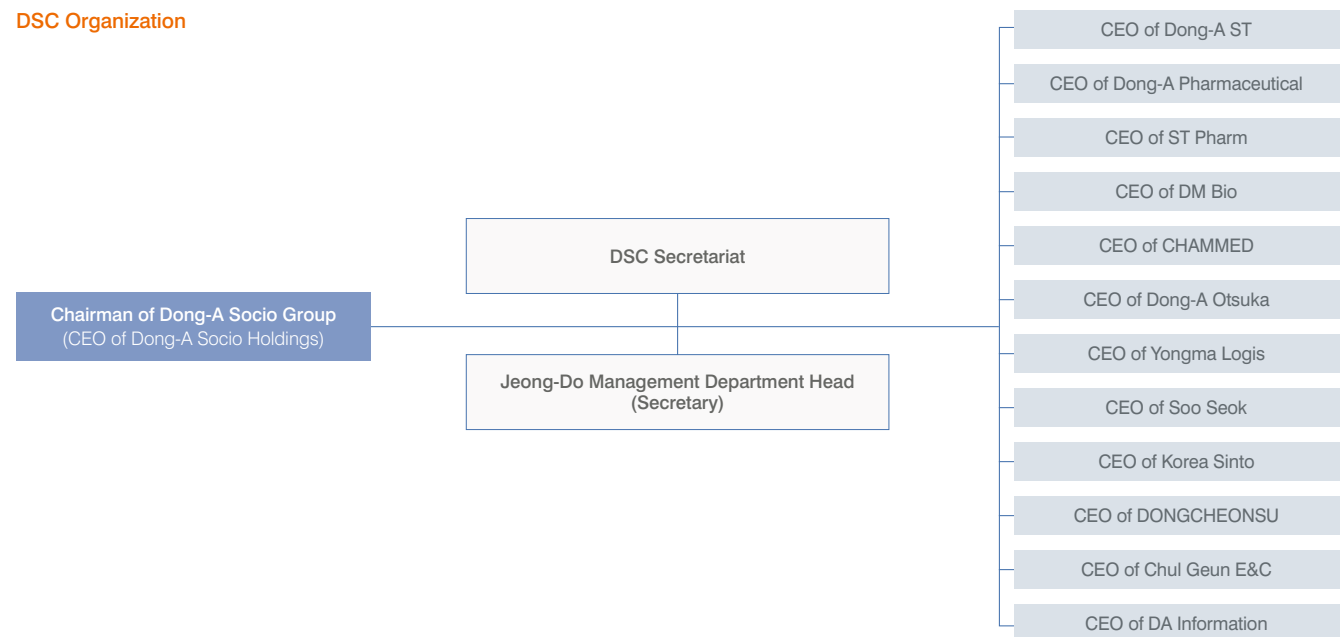
**Evaluation & Compensation Committee**

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

**Audit Committee**

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

**DSC Organization**



**Enhancing Shareholder Value**

Dong-A Socio Holdings adopted a system for electronic voting and electronic proxy voting from the 70th AGM to enhance shareholder convenience in exercising their voting rights. Also, starting from the AGM for 2019 settlement, a convocation notice was made four weeks prior to the AGM to enable shareholders to review agenda items over a sufficient period. AGM dates of the Group affiliates were dispersed, and we strived not to hold the AGMs on the dates when many other companies hold theirs as recommended by the Financial Supervisory Service, in our efforts to encourage active shareholder participation. Dong-A Socio Holdings engages in a wide array of investor relation (IR) activities to ensure corporate transparency and build trust with investors. The company holds non-deal roadshows (NDRs) and attends the Corporate Day held by securities firms. In addition, it discloses governance-related information through its website (<http://www.donga.co.kr>) and public notice inquiry systems, such as DART (<http://dart.fss.or.kr>), including its Articles of Association, BOD and BOD Committee regulations, matters on shareholders, and matters on the BOD and audit organization. By doing so, Dong-A Socio Holdings is helping its stakeholders better understand the company's governance system.

**Jeong-Do Management Committee**

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

**Sustainable Management Governance**

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

**Sustainable Management Training for the Group Affiliates**

Dong-A Socio Holdings' Jeong-Do (Fair) Management Team made a visit and provided training on ISO 26000 to Dong-A Socio Holdings and 12 Group affiliates in July 2019, and discussed the Group's direction of implementing sustainable management and influence on practical business. In September, a two-day training session was provided to executives in charge and working-level department and team heads of the Group affiliates. The training was on understanding sustainable management and practical affairs, and was held at the HR Development Center in Sangju.

**Diagnosis of Sustainable Management of the Group Affiliates**

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

**Holding of the DSC**

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



# Stakeholder Engagement

## Stakeholder Communication Channels

Dong-A Socio Holdings pays close attention to opinions of its stakeholders and actively communicates with them. In particular, we define stakeholders based on the criteria presented by ISO 26000, which is a global standard on corporate social responsibilities, conduct detailed examinations of the impact of individual stakeholders

or stakeholder groups on our decision-making and management activities, and encourage stakeholder participation through various channels. Dong-A Socio Holdings will continue to have dialogue with diverse stakeholders and make continued efforts so that the valuable opinions of stakeholders are reflected in management activities for the company's sustainable growth.

Stakeholder	Communication channel	Frequency	Major issues and expectations
 <p>Group affiliates</p>	DSC Jeong-Do Management Committee Employee training for the Group affiliates Website of Dong-A Socio Holdings Jeong-Do Management Website	Quarterly Quarterly Yearly Year-round Year-round	Establish Group-level policies and share information on the status
 <p>Shareholders &amp; investors</p>	BOD AGM Meetings and phone-calls Public disclosure	Quarterly Yearly When an issue arises When an issue arises	Minimize management risks, enhance shareholder and investor value
 <p>Local communities</p>	CSR activities Provide training facilities of the HR Development Center in Sangju	When an issue arises When an issue arises	Support the underprivileged, contribute to the development of local communities
 <p>Government</p>	Presentations of and meetings with the Ministry of Employment and Labor Allbaro System (Waste management system of the Ministry of Environment)	When an issue arises When treating waste (once a year for final performance)	Respond to policies and regulations
 <p>Employees</p>	Intranet (D-Portal) Online welfare center (Ezwelfare) Webzine (With Dong-A) Dong-A Pharmaceutical Magazine Grievance Handling Counseling Center	Year-round Year-round Year-round Monthly When an issue arises	Strengthen employee communication and enhance employees' quality of life, share labor and human rights operation policies, and prevent workplace harassment
 <p>Partner companies</p>	Jeong-Do Management Website Internal mail Education	When an issue arises When an issue arises Yearly	Fully establish fair operation practices by implementing anti-corruption, transparent management

## Stakeholder Expectations by Sustainable Management Theme

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

### Organizational governance

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

### Consumer issues

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

### Labour practices

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

### Human rights

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

### Fair operating practices

- There is a need to prevent personal corruption and to strengthen individuals' ethical mindset.
- When someone is punished, information should be disclosed on who got punished, the reason why, and what the punishment was, in order to arouse attention among employees.

### Community involvement and development

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

OUR SYSTEM

# MATERIALITY

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

ACHIEVEMENTS



APPROACH

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

MATERIAL ISSUE

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

Linking UN SDGs

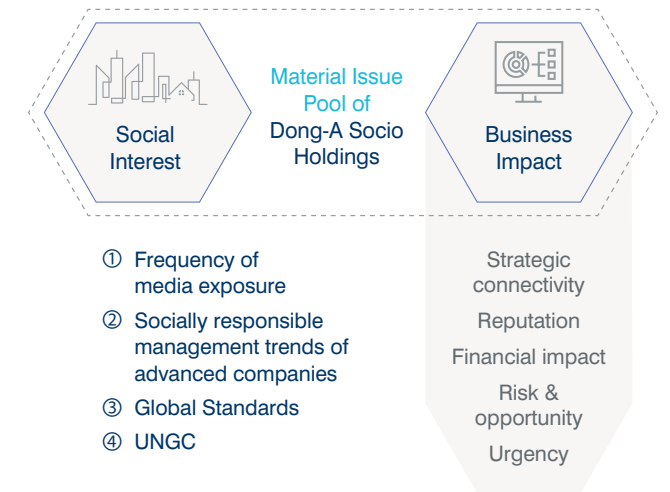


# Materiality Analysis

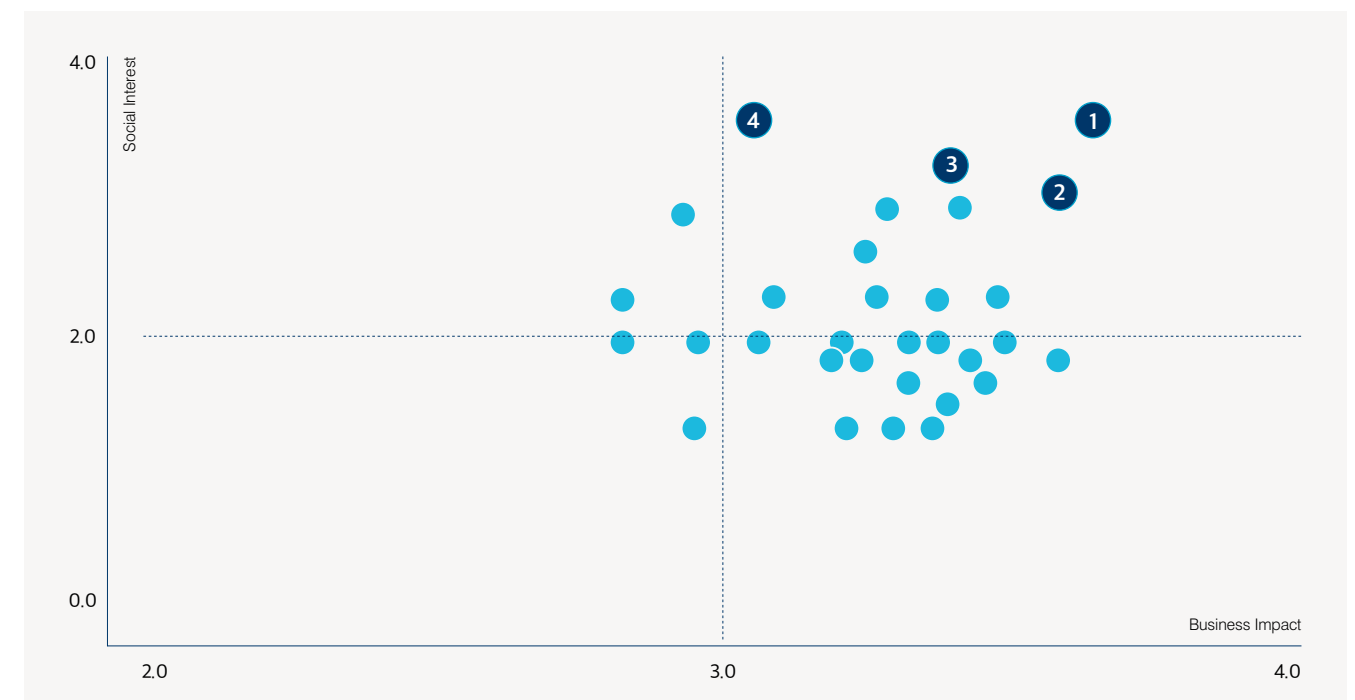
Materiality Analysis Process

In order to select material sustainable management issues, Dong-A Socio Holdings considered the global community's level of interest and the business impact of social responsibility issues. The level of social interest was measured by considering the degree of media exposure per issue, benchmarking studies of companies in the same industry and advanced companies, and global guidelines (UN SDGs<sup>1)</sup>, GRI<sup>2)</sup>, IR<sup>3)</sup>). In terms of business impact, responses given by 140 internal and external stakeholders were used to assess the impact on Dong-A Socio Holdings' business by the core subjects of social responsibility defined in ISO 26000. The survey for measuring business impact was conducted from September 5 through September 20, 2019.

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



Results of Materiality Analysis



Reporting of Material Issues

Subject	Material issue	Boundary	Topic	Page
Corporate governance	① Decision-making process and system that integrate corporate social responsibility into organizational culture	Internal	Corporate Governance	88-91
			Stakeholder Engagement	92-93
			Risk Management	96
Anti-corruption	② Anti-corruption	Internal & external	Ethical Management	98-100
Labour practices	③ Human resources development and training	Internal	Human Resources Management	106-108
Local communities	④ Social investment	Internal & external	Social Contributions	110-111

# Risk Management

## Risk Governance

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

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

## Risk Management Process



## Risk Pool

No.	Area of risk management	Details
1	Business	Overall company operation (Management planning, HR, general affairs, financial accounting, sales, marketing, receivables, purchasing & logistics, production, R&D, advertising & PR)
2	Employees	Personal corruption, violation of sexual ethics, conflict among employees, accidents & incidents
3	Customer values	Unfair trade, leakage of customer information
4	Business partner	Provision/receipt of money, goods and entertainment, illegal conduct of business partners
5	Governance relationship	Inappropriate entertainment, rebate, accounting/tax irregularity, violation of the Fair Trade Act, compliance
6	Environment	Pollutant/waste management, environment/industrial safety-related certifications, and observance of operation guidelines of the certifications

## Risk Management Activities

### Activities to Prevent Risks

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

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

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

### Follow-up Activities to Respond to Risks

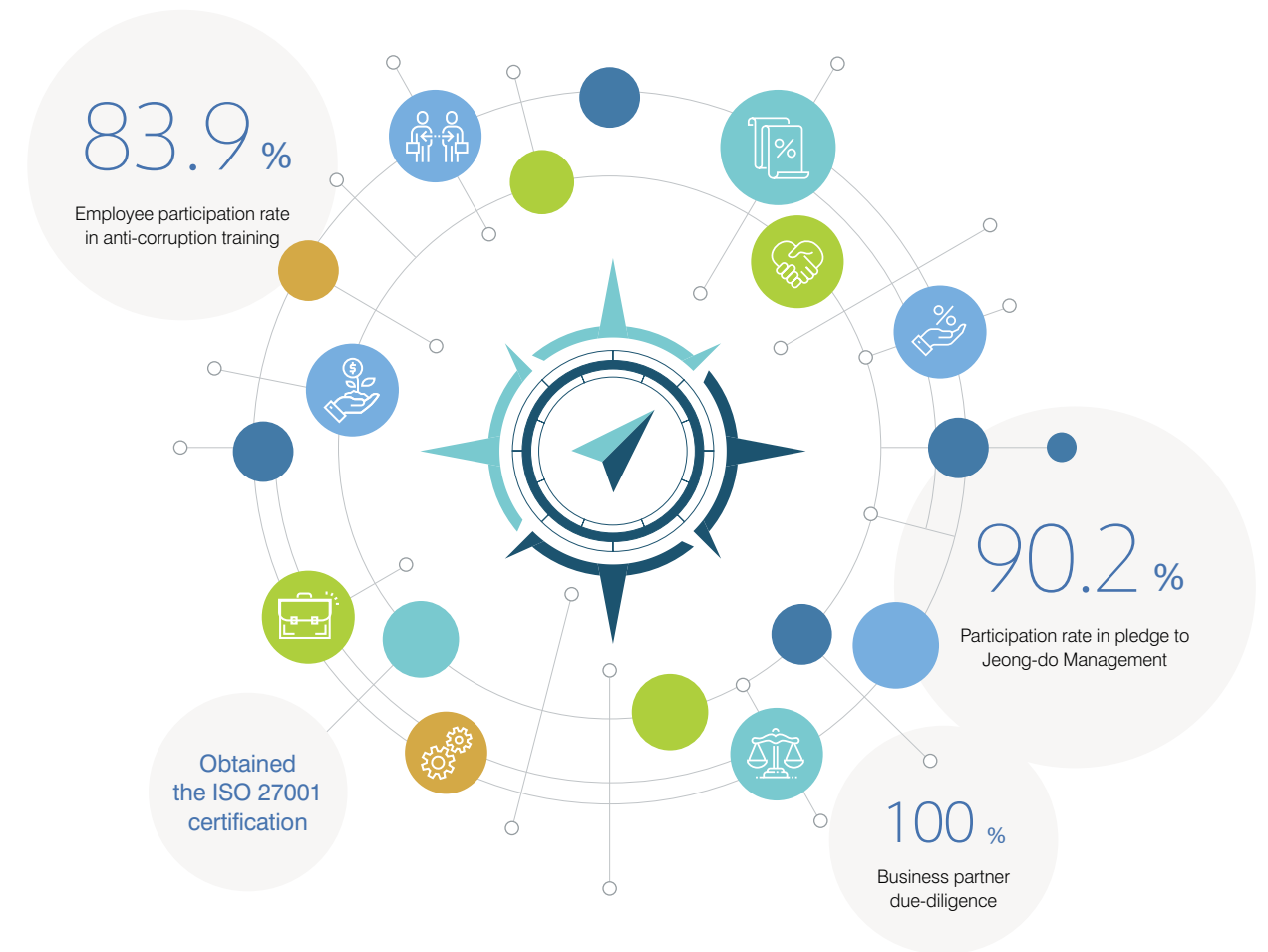
As follow-up activities for management and control of identified risks, Dong-A Socio Holdings' Audit Division conducts regular audits per audit unit through a comprehensive audit, irregular audit, correction inspection, and special inspection. By doing so, it checks process and institutional improvement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

## OUR VALUE

# INTEGRITY

Dong-A Socio Holdings has been staying true to our founding principles of “integrity” that reflects commitment to social justice rather than mere generation of profit, “sincerity” that is a purpose-driven mindset based on perseverance and endurance, and “consideration” for others to realize our value of sharing. Our Jeong-Do management is based on these values and will serve as a driver of sustainable management.

## ACHIEVEMENTS



## APPROACH

Dong-A Socio Group is building a sustainable business environment, with Jeong-Do Management at the center. In 2018, we set Jeong-Do Management, that is based on our founding spirit of integrity, sincerity, and consideration for others, as our top-priority management policy with Dong-A Socio Holdings taking the lead. Starting in 2019, we are securing legal compliance by managing such risks as ransomware and violation of laws to establish information security governance. By faithfully practicing Jeong-Do Management for anti-corruption and information security management, Dong-A Socio Holdings is striving to ensure the Group's transparency and enhance its reliability at home and abroad.

## MATERIAL ISSUE

### Anti-corruption

Linking UN SDGs



# Ethical Management

## Dong-A Socio Group's Promise



### Dong-A Socio Group's Charter of Ethics

#### 1. Jeong-Do Management Implementation

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

#### 2. Human Respect Management

Respect the human rights and value of employees, Dong-A Socio Group employees do our best to welfare for fair personnel and happiness.

#### 3. Social Responsibility Implementation

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

#### 4. Pursue a Trusted Company

To be a trusted company, Dong-A Socio Group employees do our best to ethical act and fair performance of our duties.

#### 5. Enhancement of Stakeholder Value

Dong-A Socio Group employees do our best to enhance the value of various stakeholders, with sustainable management.



### Dong-A Socio Group's Code of Conduct

#### 1. Preamble

The purpose of the Dong-A Socio Group Code of Conduct("code") is to stipulate the standards of conduct that all employees must follow.

#### 2. General

Dong-A Socio Group employees should:

- 2.1 have pride, self-respect pride, and high ethical values, and do not defame the group or damage our individual dignity.
- 2.2 perform our duties in a fair and fair manner and comply with laws and regulations.
- 2.3 not disclose the information of the Group to the outside without prior permission or approval.
- 2.4 fulfill our duties such as preventing sexual harassment in order to create a healthy workplace atmosphere.
- 2.5 fulfill our obligations of mutual respect and create a creative and autonomous working environment.
- 2.6 not give preference to a specific person for reasons such as regionalism, school relations, and kinship.
- 2.7 not inflict property damages to the Group by using the assets of the Group for private use.

#### 3. Social Responsibility

Dong-A Socio Group employees should:

- 3.1 fulfill our responsibilities and duties as a member of the community.
- 3.2 do our best to make the whole society happy through active participation in social contribution activities for the development of the community and environmental protection.
- 3.3 realize the value of consideration, service, and thrive together that have been closely related to the founding spirit.

#### 4. Prohibition of Graft

Dong-A Socio Group employees should:

- 4.1 not engage in mediation or request to impede fair performance for our own or others' unfair advantage.
- 4.2 not request special consideration for a job position such as promotion and personnel appointment.

#### 5. Prohibition of Acceptance of Financial or Other Advantages

Dong-A Socio Group employees should not exchange gifts, gifts or entertainment from stakeholders.

#### 6. Prohibition of Unfair Trade Practices

Dong-A Socio Group employees should not make unreasonable demands by using our superior status, and select business partners based on objective and fair examination standards.

#### 7. Donation

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

#### 8. Responsibility for Stockholders

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

#### 9. Report System

Dong-A Socio Group employees should immediately report to Helpline or Audit Hotline Reporting upon finding out that whoever violated this regulation.

#### 10. etc.

Inquiries regarding this code should be directed to Dong-A socio group Social responsibility Council secretariat (Holdings Jeong-Do Management Team).

## Anti-corruption Management

### Jeong-Do Management Execution Organization

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

### ISO 37001 Certification

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

### Anti-corruption Activities

The Anti-Corruption & Civil Rights Commission provides training by making visits to companies to fully establish and spread companies' integrity and ethical management culture. Training was provided at Dong-A Socio Holdings headquarters on employee work ethics in relation to the Improper Solicitation and Graft Act, and our employees sincerely attended the training. In addition, the Jeong-Do (Fair) Management Team organizes training that is aimed at enhancing employee awareness on anti-corruption. Regular training is provided once a year, and in-depth training is also offered to teams that are assessed as having a medium or higher level of corruption risk. Furthermore, the "Internal Auditor" who is in charge of Jeong-Do Management at the respective department, internally trains department members according to the anti-bribery management system (ABMS) goal that is set at the beginning of the year. In addition, all employees, including top management and outside directors, annually sign a written pledge on observing action items that are needed for the full establishment of Jeong-Do Management. The pledge to practice Jeong-Do Management is planned to be expanded to the entire Group.

There was one case of embezzlement/breach of duty for which a ruling was finalized by the appellate court in 2019. Dong-A Socio Holdings will do its best to prevent the recurrence of relevant cases based on its anti-bribery management system.

### Anti-corruption Training

(Unit: %)

Employee participation rate in anti-corruption training



### Pledge to Jeong-do Management

(Unit: %)

Participation rate in pledge to Jeong-do Management



\* Excluding employees on leave of absence

### Establishment of a Jeong-Do Management Website

In 2019, Dong-A Socio Holdings opened the Jeong-Do Management website to inform internal and external shareholders, including shareholders/investors, consumers and employees, of Dong-A Socio Group's Jeong-Do Management philosophy and various sustainable management activities. The company also established a whistleblowing system for unlawful, corrupt and unethical conduct, and a stakeholder participation corner, thus encouraging external stakeholder participation in the realization of Jeong-Do Management. By identifying stakeholder needs and reflecting their opinions through the Jeong-Do Management website, increased efforts will be made to improve the value of Dong-A Socio Group.



Jeong-Do Management Website of Dong-A Socio Group

**Spreading an Anti-corrupt Culture across Partner Companies**

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

**Establishment of Regulations on Prohibition of Improper Solicitation and Graft**

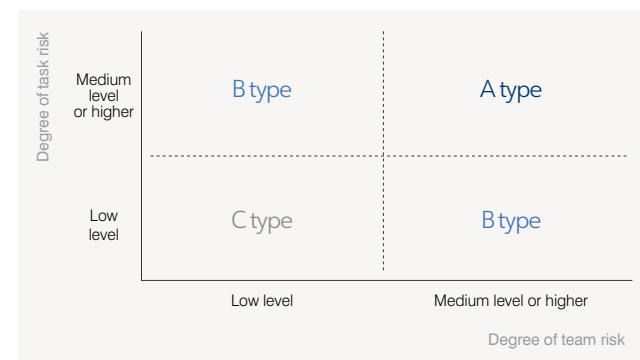
Dong-A Socio Holdings applies the Improper Solicitation and Graft Act to stakeholders who are public officials and government employees. For internal and external stakeholders (including business partners) excluding public officials and government employees, the company's regulations on prohibition of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

**Operation of K-Whistle, a Whistleblowing System** K-Whistle, which is Dong-A Socio Group's helpline, is an anonymous whistleblowing system that is run by the Korea Business Ethics Institute (KBEI), an outsourced company. It is an unlawful, corrupt and unethical conduct reporting system that internal and external stakeholders, including the Group employees, can use with their mind at ease. Reports that are received by K-Whistle are delivered to Dong-A Socio Holdings' staff who is in charge of anti-corruption. Anonymous communication takes place between the whistleblower and the Director of Anti-Corruption Compliance Function to resolve the issue. The system controls confidentiality so that all content related to a report remains confidential. A report that is received by the Director of Anti-Corruption Compliance Function is investigated upon approval from the Director of Anti-Corruption Compliance Function. For corrupt conduct, factors such as intentionality and gravity are comprehensively considered to refer the matter to the HR Committee and take HR measures. For reported content, prize money is provided according to internal regulations, such as the level of company contribution.

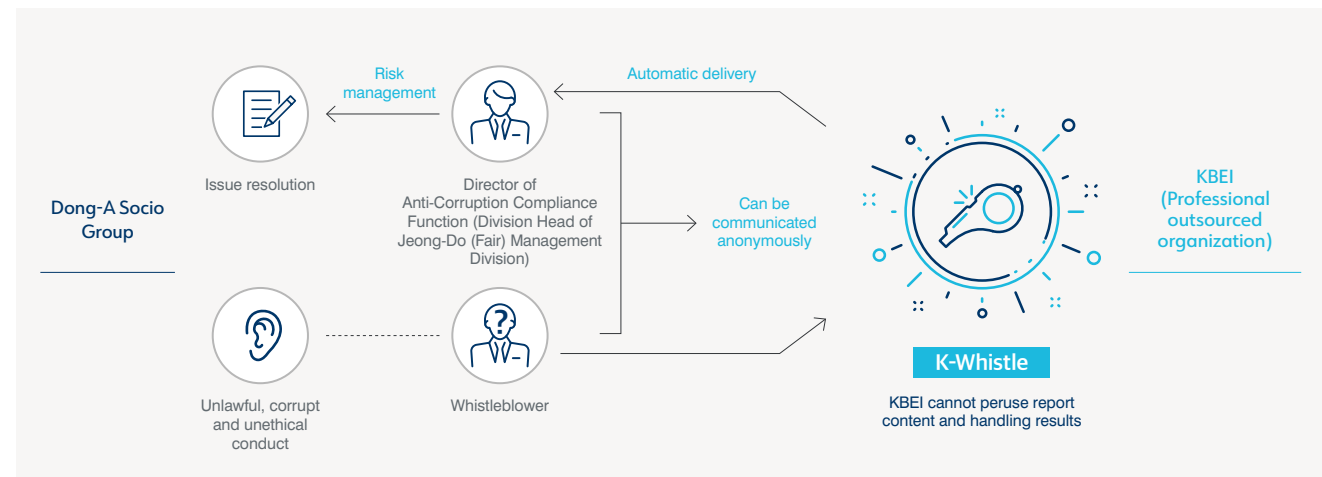
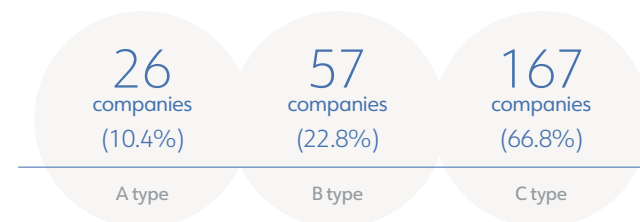
**Business Partners Due-diligence**

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

**Criteria to Classify Business Partners**



**Business Partners Due-diligence in 2019**



**Information Security Management**

**Information Security Management System**

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

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

**Information Security Management System**

Organization	Roles & responsibilities	Infrastructure	Regulations & guidelines	Business
In case of corporate-wide organization, 23 teams of 10 departments were formed including the Information Security Part under the Information Analysis & Security Team that is in charge of security planning and policy management	The Chief Information Security Officer (CISO) and Security Guardians were designated  Providing information security training to raise employee awareness on information security	An information leakage prevention solution was adopted to strengthen security of information assets  Reporting on assets that are managed by DA Information on a regular basis	One type of "information security policy" and ten types of "information security guidelines" were established by reflecting relevant laws and the company's work environment	Setting directions for the Group affiliates  Providing the Group's overall IT operations and services

**Information Security Activities**

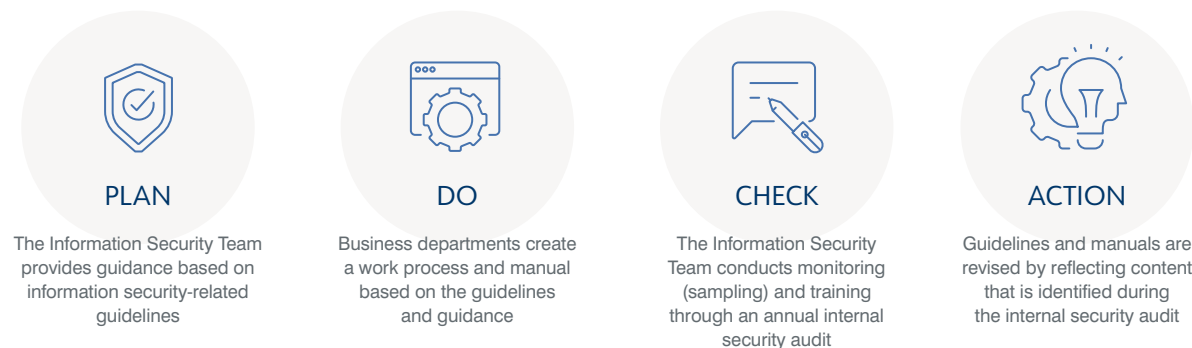
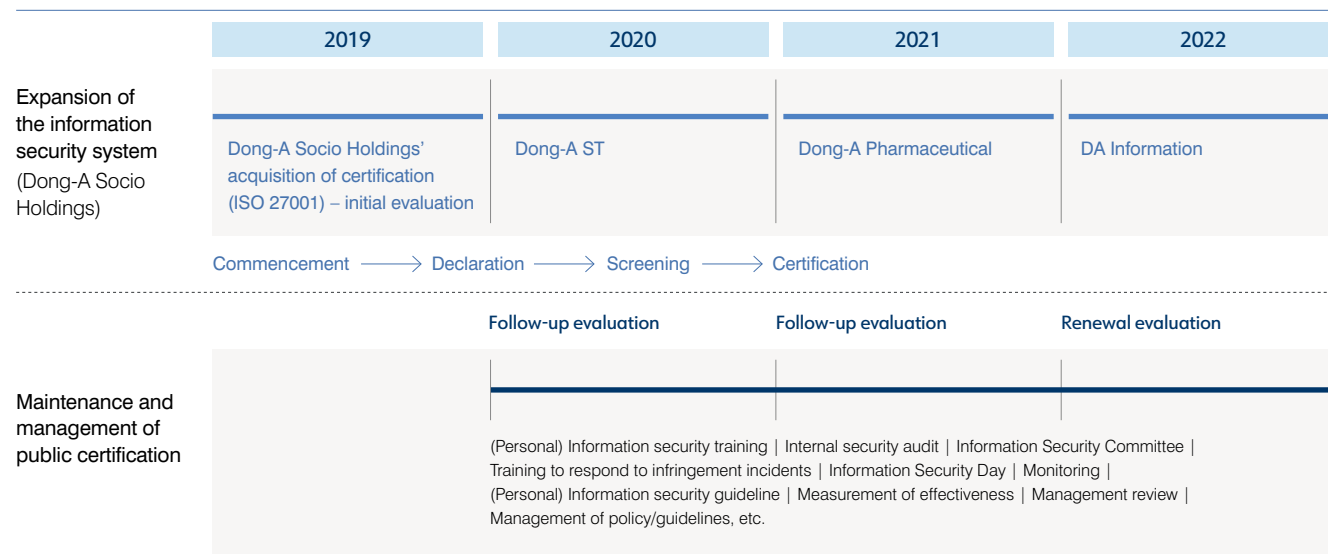
Area of risk management	Area of risk management
<b>Establishment of information security policy &amp; guidelines</b>	Established information security policy & guidelines that are adequate for the current status of Dong-A Socio Holdings  Established information security policy (1) and information security guidelines (10)  Posted in the online regulations on the groupware at 4 companies – Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, DM Bio
<b>Information security declaration ceremony &amp; presentation ceremony</b>	Held the declaration ceremony & presentation ceremony for Dong-A Socio Holdings employees (CEO message recitation, employee oath)  Enhanced external image through media coverage
<b>Internal security audit</b>	Conducted security audit on IT Operational Planning Department  Identified 13 non-conformance items developed implementation measures
<b>Security training</b>	Provided information security training to all employees of Dong-A Socio Holdings  Provided information security training to 22 Security Guardians
<b>Strengthening of expertise of CISO</b>	Participated in various information security seminars to identify trends  Completed the ISO 27001 lead auditor course and acquired qualifications  Acquired the Certified Privacy Protection General (CPPG) qualifications

**Spreading the Information Security Management System**

There is a corporation within Dong-A Socio Group that is subject to essential certification (ISMS-P) acquisition pursuant to the Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc. In addition, there is a need for an information security system to enhance credibility with domestic and overseas customers and partner companies. As such, Dong-A Socio Holdings plans to provide Group-level support for the establishment and strengthening of the information security system at each Group affiliate after 2020 based on the requests of the affiliates. In addition, for internalization of the information security management system at all Group affiliates, including Dong-A Socio Holdings, the system will be operated or supported in accordance with the "Plan-Do-Check-Action" process.

**Expansion of the Information Security Management System to Partner Companies**

There is a risk of information being leaked through a partner company even when information security is strengthened internally, and this is why there is a need for continued management. The system for managing information security risks of the Group affiliates as well as partner companies will be strengthened to prevent security incidents and reduce information security risks.

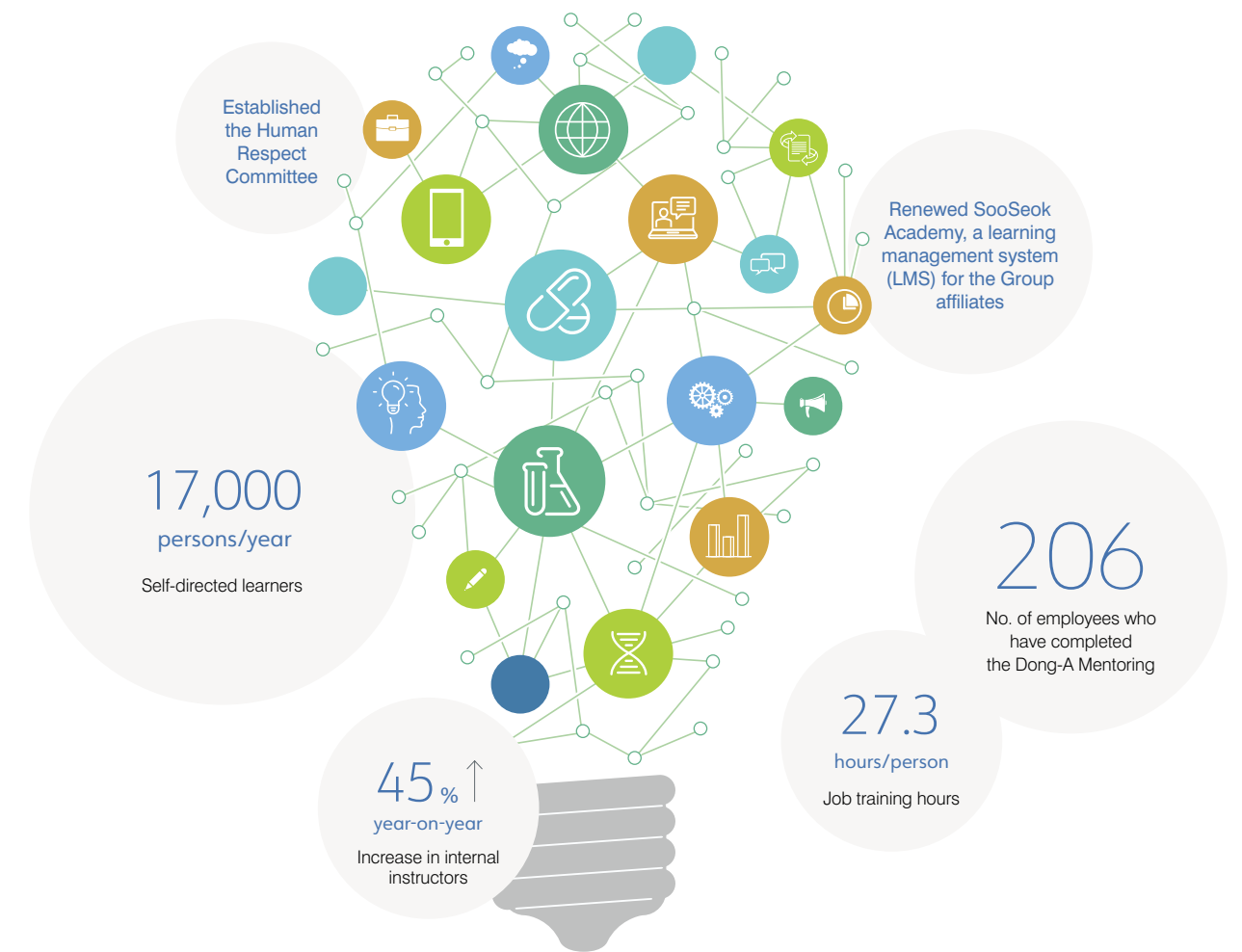


**OUR VALUE**

**HUMANITY**

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

**ACHIEVEMENTS**



**APPROACH**

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

**MATERIAL ISSUE**

- Human rights management
- Human resources development and training

Linking UN SDGs



# Human Rights Protection

## Human Rights Management System

### Operation of the Human Respect Committee

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

### Employment Stabilization Policy

#### Mentoring System

We run the "Dong-A Mentoring" program to help new employees quickly adapt to the organization and become a member of Dong-A Socio Group. It is carried out for six months after the completion of new employee training and field on the job training (OJT). The program was first implemented in 2010, and will be held for the 20th time in 2020. Over the last decade, a total of 2,046 employees or 1,102 mentor-mentee couples shared know-how on desirable work life and on work, and grew together by autonomously engaging in a wide variety of activities, such as conducting volunteer work and enjoying cultural and art performances. In particular, they faithfully performed their duties as members of a company that strives to fulfill its social responsibilities by taking part in volunteer activities for neighbors who need a helping hand. The mentoring program will be continually offered so that new employees can settle down in the organization at an early phase and achieve job stability.

**Adoption of the Wage Peak System** A wage peak system was adopted in 2016 to build a corporate culture of win-win between labor and management and to secure jobs for youths.

## Improving Employee Welfare

### Vacations and Leaves

#### Sharing of Annual Leave Plan

A prior notice is made on a yearly group leave plan at the beginning or end of the year so that work schedules are identified and adjusted, thus minimizing gaps in work during the leave period. Since leave plans can be known beforehand and all employees can rest during the same period, they are free in using their leaves and can accordingly anticipate a corporate culture where true balance is achieved between work and personal life. Employees do not have to make reservations right before the vacation period, and therefore can reduce vacation costs by making airplane or lodging reservations beforehand.

### Status of Dong-A Mentoring

(Unit: Person)

Classification	2017	2018	2019
Dong-A Socio Holdings	36	12	30
Dong-A ST, Dong-A Pharmaceutical, DM Bio	188	90	176
<b>Total</b>	<b>224</b>	<b>102</b>	<b>206</b>

### Sabbatical Leave

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

### Family-friendly Management

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

### Family Day

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

### Corporate Family Events

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



### Gifts for Employees' Children

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

### Fund and Facility Support

#### Housing Fund Loan

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

#### Life Stability Loan

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

#### Tuition Support

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

#### Welfare Points

Employee satisfaction is being raised through the welfare point system, where employees can choose and use various items and benefit content according to their individual needs. For three years from 2017 to 2019, welfare points were provided three times, amounting to KRW 100 thousand each time, on the occasion of New Year's Day, Chuseok, and Labor Day.

#### Recreational Facility Support

To fully establish a desirable vacation culture and promote employee welfare, we provide support employees in making lodging reservations at corporate resorts and hotels. Also, a lottery-drawing event is held to use a condominium during the summer and year-end vacation season. The Sangju HR Development Center is operated as a summer vacation spot to provide a space for family rest during the summer vacation period. A total of 88 employees and 102 employees respectively won the lottery-drawing event on using a condominium during the summer vacation and year-end vacation period in 2019. Also, 58 employees used the Sanju HR Development Center as a summer vacation spot.

## Employee Health and Safety

### Company Medical Office

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

	2017	2018	2019
No. of employees who used the company medical office (Person)	846	855	947

### Health Medical Exams for Employees Over 45 Years Old

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

### Support for Medical Expenses

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

### Creating a Healthy Workplace

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

	2017	2018	2019
No. of participants in the creating a healthy workplace program (Person)	80	91	79

### Support for Retired Employee Gatherings

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

# Human Resources Management

## Internalizing VISION 2025

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

Going forward, we will continue to offer the Vision Agent course and online VISION courses to the Group executives and managers. By doing so, we will enhance the leadership skills of our employees who are performing pivotal roles in achieving the vision, thereby facilitating organizational innovation and positive change, and enabling earlier achievement of the vision.

## Building a Happy Organizational Culture

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

### Programs to Build a Happy Organizational Culture

:D Fun	:D Class	:D Together	Dream Bookclub
<p><b>Cultural performance to create a happy workplace</b></p> <p><b>Goal</b> Create a pleasant work environment Establish an arena for communication through cultural performances</p> <p><b>Outcome</b> Held once in 2019, attended by 130 persons (Three-fold increase from the previous year)</p> <p><b>Future plan</b> Hold semiannually</p>	<p><b>Liberal arts lectures for employees</b></p> <p><b>Goal</b> Establish an arena for liberal arts lectures that reflect employee demand</p> <p><b>Outcome</b> Twice in the first half of the year</p> <p><b>Future plan</b> Hold quarterly</p>	<p><b>Cultural activities together with the children of employees</b></p> <p><b>Goal</b> Balance between work and personal life Enhance loyalty to the company</p> <p><b>Subject</b> Employees accompanied with a child (age 8-10)</p> <p><b>Outcome</b> Planned to be held once in the second half of 2020</p> <p><b>Future plan</b> Hold semiannually</p>	<p><b>Book rental service for employees</b></p> <p>Relocated the Dream Bookclub to the Welcome Center to increase accessibility and establish a cultural space</p> <p>Opened the Dream Bookclub at the Cheonan Plant to spread a reading culture</p> <p>Held a book rental event at the Cheonan Plant and Yongin Research Center on May 9 and August 27, 2019, respectively</p>

## Human Resources Development Program

### Nurturing Dong-A Leaders

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

### Onsite-driven, Performance-focused Job Trainings

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

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

In 2020, we plan to add common office work area and run a total of 30 courses. In addition, we will continue to conduct an analysis of training needs, accompanied field visits, and behavior event interview (BEI) while having subject matter expert (SME) workshops. Also, the R&D training system will be re-established to secure a key R&D talent pool, thereby strengthening our R&D capabilities. The academy for common job trainings for the Group affiliates will be expanded to 30 courses, and we will focus on nurturing job experts and developing them into internal instructors, and then will commence the development of courses that are suitable for each Group affiliate's circumstances.

Classification	Details
Introductory course for new ETC MRs	6-week lodging training to strengthen the capabilities of new ETC Medical Representatives (MR)
Selling Model Step 1, 2	Course aimed at increasing understanding of illnesses and ETC information delivery capabilities
Competency improvement course for pharmaceutical marketing	Course to improve marketing capabilities for ETC/OTC drugs, marketing trend-sharing session, marketing strategy
Competency improvement course for OTC sales	OTC sales manager capability improvement program, practical program for OTC MR
GMP School Course	Course for learning the basic Good Manufacturing Practice (GMP) of the pharmaceutical industry
Course for a production quality control team	Training on how to resolve onsite issues for quality management
Competency improvement course for pharmaceutical products development	Creation of regulation documents, reimbursement price system, patent management, health professional course, etc.
Business development programs	Writing email in English, plant due-diligence course, regional expert course, overseas marketing, etc.



**Nurturing Internal Instructors**

We have established a system to nurture internal instructors in February 2019, in order to secure a pool of internal job experts and to build a virtuous cycle of knowledge where the experts' knowledge and know-how are shared with other employees. In addition, we strived to provide better treatment to internal instructors and offered programs designed to support their growth. An internal instructor nurturing course was provided twice to effectively improve their knowledge and skill delivery capabilities. For each course, individual coaching and management took place, ranging from instructional design to teaching plan creation and pilot lecture. By making improvements to the internal instructor system and implementing support programs, a total of 152 internal instructors provided lectures in 2019. There was considerable positive feedback on how it was easy to understand explanations that were given in connection with the company's circumstances and how practical field solutions were obtained.

**Project to Renew SooSeok Academy**

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

**No. of Internal Instructors**

(Unit: Person)



**Composition of Internal Instructors in 2019**

(Unit: Person)

**Value training**

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- Internalization of the Vision
- "Di dim dol" Course
- New employee training

**Job training**

73

- GMP School
- Marketing/Development/Global/IT
- ETC selling model
- Academy for common job trainings

**Strengthening common job skills**

	Management	Sales	Marketing	Production	Global
<b>Courses that were completed at the academy for common job trainings in 2019</b>	Basic financial accounting 1, 2 Understanding management strategies Feasibility course	Practical product presentation Sales PT Sales manners 1, 2	Copyrighting course Marketing strategy course Social media and video marketing	Practical matters on making field improvements Production cost reduction 1, 2	Global marketing strategy Course on writing email in English Course on understanding foreign culture

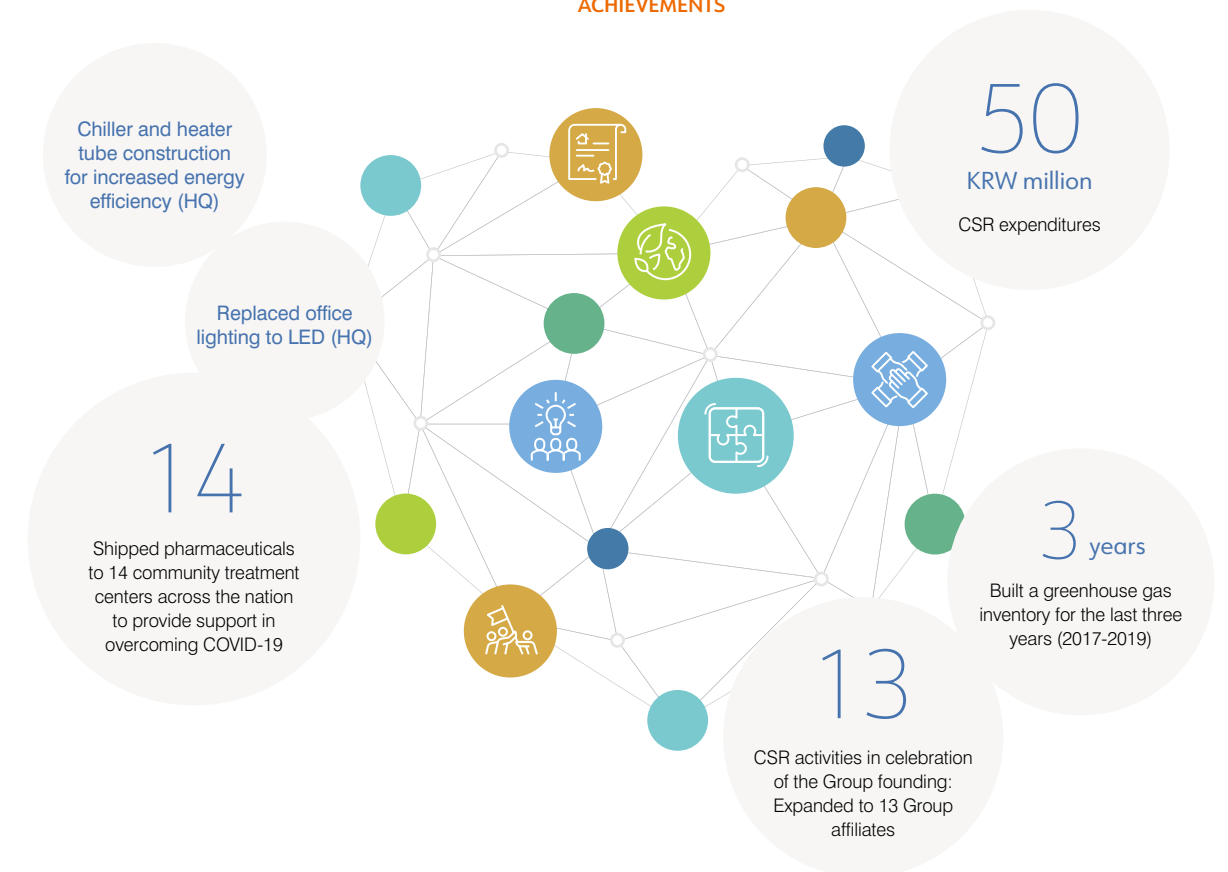
**OUR VALUE**

**RESPONSIBILITY**

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

Dong-A Socio Holdings recognizes the importance of the environment and is expanding relevant investment. We are carrying out tree-planting volunteer activities, providing employee training to strengthen their environmental awareness, and making other efforts to upgrade our environmental policy.

**ACHIEVEMENTS**



**APPROACH**

Based on the slogan "staying healthy together forever", Dong-A Socio Holdings has categorized CSR activities of the Group into local community engagement, employee participation in volunteer programs, and support for youth, and is conducting CSR activities accordingly, in addition to marketing CSR activities through which we donate our products. We also strive to minimize our ecological footprints as a global corporate citizen including by complying with national-level waste policies. In addition, we have built a greenhouse gas (GHG) inventory in 2019 to take part in the global efforts to respond to climate change, and is establishing a foundation to "build green headquarters by 2024, and realize green headquarters by 2028". We will also help the Group affiliates build a GHG inventory.

**MATERIAL ISSUE**

**Social investment**

**Linking UN SDGs**



# Social Contributions

## CSR Direction

The goal of Dong-A Socio Group's CSR activities is to fulfill social responsibilities as a healthcare company so that the company and local community can grow together and to contribute to the healthy lives of humanity. To this end, we are focusing on creating social value by establishing a CSR activity system that any Group employee can easily access, and plans to more systematically and strategically execute CSR activities by carrying out three specialized programs – local communities, employee participation, and future generations.

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

## Major CSR Activities

### Local Communities

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

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

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

## Employee Participation

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

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

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

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

## Future Generations

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



## CSR Performance<sup>1)</sup>

CSR expenditures<sup>2)</sup>  
(Unit: KRW million)



CSR investment to operating profit<sup>2)</sup>  
(Unit: %)



Employee participation rate in CSR  
(Unit: %)



<sup>1)</sup> Figures of Dong-A Socio Holdings

<sup>2)</sup> Transferred some of CSR programs to Dong-A ST and Dong-A Pharmaceutical in 2019

# Green Management

## Environmental Management

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

### Environmental Management of Dong-A Socio Holdings



## Seoul Headquarters

### Energy Conservation Activities

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

**Energy Conservation Goals** In 2020, Dong-A Socio Holdings plans to reduce the energy consumption at the HQ building by 2% from the amount used in the last three years. To achieve this goal, we will reduce wastes by using reusable, assembly-type construction materials and use eco-friendly construction materials, while expanding the establishment of highly efficient facilities and use of highly efficient consumables. We will also establish measures that can increase reusable energy use, and focus on preventing leakage of ozone layer-depleting substances. In addition, we will enhance our environmental management level by attending environmental expositions, benchmarking outstanding cases, and receiving consulting from professional companies. Our long-term plan through 2028 includes setting up wastewater treatment facilities, providing environment-related training, and conducting volunteer activities on Arbor Day, and we also plan to install new & renewable energy and ESS energy storage systems, including solar power generation, geothermal power generation, and wind power generation.

### Energy Conservation Plan at the Seoul Headquarters

Item	Unit	2017	2018	2019	Goal for 2020	Mid-to long-term goal by 2028
Electricity	kWh	443,151	500,340	500,765	471,790 (2% reduction compared to the last three years)	450,000 (10% reduction)
Gas	m <sup>3</sup>	65,608	64,172	52,784	59,637 (2% reduction compared to the last three years)	48,500 (8% reduction)

## Sangju HR Development Center

### Energy Conservation Activities

The Sangju HR Development Center has been managing peak demand and saving energy since 2018. As a result, its peak demand went down 209 kW from 541 kW in 2018 to 332 kW in 2019, resulting in the effect of reducing costs by a monthly KRW 1.7 million and an annual KRW 20 million.

**Energy Conservation Goals** The Sangju HR Development Center plans to set up a photovoltaic power generation facility on its rooftop, and is reviewing the matter of selling surplus electric power to the Korea Electric Power Corporation. Once construction of the facility is completed, the Center anticipates a reduction in energy use as well as meaningful results in GHG reduction. It plans to make an environmental investment of around KRW 160 million, and produce an annual 125,897 MWh new & renewable energy.

## Yongin Research Center & HR Development Center

### Environmental Policy

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

### Energy Conservation Activities

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

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

### Energy Conservation Plan at the Sangju HR Development

Item	Unit	2017	2018	2019	Goal for 2020
Electricity	kWh	476,970	448,684	406,685	380,000
Gas	Kg(lpg)	7,226	6,380	9,501	9,025
Gasoline	kl	1,582	1,586	1,313	1,247
Diesel	kl	72	63	25	25
Wastewater	kl	2,383	3,405	3,465	3,291

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## Financial & Non-financial Performance Summary

### Sustainable Management Performance of Dong-A Socio Group<sup>1)</sup>

Classification	Performance indicators	Unit	2017	2018	2019
Economic	Total assets	KRW billion	1,459.4	1,241.9	1,358.6
	Total liabilities	KRW billion	545.2	506.2	611.7
	Total shareholders' equity	KRW billion	914.2	735.8	746.9
	Sales	KRW billion	690.3	707.5	769.7
	Operating profit	KRW billion	53.4	50.5	52.8
	Operating profit margin	%	7.7	7.1	6.9
	R&D investment	KRW billion	17.6	22.2	21.5
	R&D investment to sales	%	2.6	3.1	2.8
Social	No. of employees	Person	5,086	5,164	5,483
	Full-time employees	Person	4,808	4,879	5,163
	Part-time employees	Person	278	285	320
	Female employees	Person	859	909	1,028
	Percentage of female employees	%	13.5	15.7	16.0
	Safety training hours per person	Hour/Person	16.7	17.2	16.1
	Industrial accident	Case	12	18	19
	Job training hours per person <sup>2)</sup>	Hour/Person	24.3	25.6	23.2
	Employee turnover rate <sup>3)</sup>	%	12.0	12.8	9.3
	Years of service	Year	8.4	8.3	8.1
	CSR expenditures	KRW billion	4.92	4.05	3.95
	CSR expenditures to operating income	%	9.2	8.0	7.5
	Employee participation rate in CSR	%	27.1	33.5	29.3
Violation of laws <sup>4)</sup>	Case	3	9	3	
Environmental	Energy consumption <sup>5)</sup>	TJ	1,503	1,574	1,622
	Greenhouse gas (GHG) emissions <sup>6)</sup>	tCO <sub>2</sub> eq	111,036	113,634	99,315
	GHG emissions (Scope 1)	tCO <sub>2</sub> eq	50,074	51,208	42,793
	GHG emissions (Scope 2)	tCO <sub>2</sub> eq	60,962	62,426	56,522
	Water consumption	m <sup>3</sup>	3,765,797	3,995,742	4,352,168
	Wastewater discharge	Ton	1,072,267	1,091,179	1,094,536
	Volume of waste generated	Ton	14,049	9,871	10,357
	Volume of hazardous waste generated	Ton	8,446	3,940	3,099
Waste recycling rate	%	24.8	22.7	21.8	

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

<sup>2)</sup> Sum of internal trainings conducted at the Group affiliates and training courses offered at the HR Development Center of the Group

<sup>3)</sup> Based on the number of retired persons, including voluntary resignation and resignation to change jobs, as well as resignation due to executive promotions and transfer among the Group affiliates and retirement at the regular retirement age

<sup>4)</sup> Total number of violation of laws, including the Occupational Safety and Health Act and environmental laws, by the Group affiliates

<sup>5)</sup> Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, Soo Seok

<sup>6)</sup> Including Dong-A Socio Holdings, Dong-A ST, Dong-A Pharmaceutical, ST Pharm, Yongma Logis, Soo Seok, Korea Sinto

## Sustainable Management Performance of Dong-A Socio Holdings

## Financial Performance

**Summarized Consolidated Statements of Comprehensive Income**

(Unit: KRW billion)

Classification	2017	2018	2019
Operating revenues	690.3	707.5	<b>769.7</b>
Operating expenses	636.9	656.9	<b>716.9</b>
Operating profit	53.4	50.5	<b>52.8</b>
Other income	2.7	2.6	<b>2.4</b>
Other expenses	5.2	201.7	<b>3.3</b>
Finance income	5.9	4.1	<b>5.1</b>
Finance costs	16.4	16.9	<b>14.1</b>
Gain (loss) using the equity method	6.8	-11.7	<b>-4.3</b>
Profit before income tax expense	47.1	-173.1	<b>38.7</b>
Income tax expense	14.6	-9.2	<b>18.7</b>
Profit for the year	32.5	-163.9	<b>20.0</b>
Other comprehensive income (loss)	0.5	-9.0	<b>-0.1</b>
Total comprehensive income for the year	33.1	-172.9	<b>19.8</b>

**Summarized Statements of Comprehensive Income**

(Unit: KRW billion)

Classification	2017	2018	2019
Operating revenues	82.7	71.1	<b>67.7</b>
Operating expenses	53.4	47.1	<b>43.7</b>
Operating profit	29.3	24.0	<b>24.0</b>
Other income	0.7	0.2	<b>0.1</b>
Other expenses	0.4	93.7	<b>0.1</b>
Finance income	5.4	2.8	<b>3.7</b>
Finance costs	10.7	12.1	<b>8.5</b>
Profit before income tax expense	24.3	-78.8	<b>19.2</b>
Income tax expense	2.3	0.0	<b>5.3</b>
Profit for the year	22.0	-78.9	<b>14.0</b>
Other comprehensive income (loss)	0.0	-1.3	<b>0.7</b>
Total comprehensive income for the year	22.0	-80.1	<b>14.6</b>

**Summarized Consolidated Statements of Financial Position**

(Unit: KRW billion)

Classification	2017	2018	2019
Current assets	353.9	291.7	<b>315.3</b>
Non-current assets	1,105.5	950.2	<b>1,043.3</b>
Total assets	1,459.4	1,241.9	<b>1,358.6</b>
Current liabilities	323.0	319.9	<b>414.4</b>
Non-current liabilities	222.2	186.3	<b>197.3</b>
Total liabilities	545.2	506.2	<b>611.7</b>
Equity attributable to owners of the Parent Company	912.8	734.2	<b>745.1</b>
Share capital	30.7	30.7	<b>30.7</b>
Share premium	285.8	285.9	<b>285.9</b>
Capital adjustment	-197.9	-197.9	<b>-197.9</b>
Other components of equity	146.2	137.6	<b>141.9</b>
Retained earnings	647.9	478.0	<b>484.6</b>
Non-controlling interest	1.5	1.6	<b>1.8</b>
Total equity	914.2	735.8	<b>746.9</b>
Total liabilities and equity	1,459.4	1,241.9	<b>1,358.6</b>

**Summarized Statements of Financial Position**

(Unit: KRW billion)

Classification	2017	2018	2019
Current assets	123.0	51.2	<b>66.0</b>
Non-current assets	776.2	744.9	<b>770.4</b>
Total assets	899.3	796.1	<b>836.4</b>
Current liabilities	156.4	123.6	<b>184.4</b>
Non-current liabilities	106.4	122.3	<b>93.3</b>
Total liabilities	262.8	245.9	<b>277.7</b>
Share capital	30.7	30.7	<b>30.7</b>
Share premium	285.8	285.9	<b>285.9</b>
Capital adjustment	-193.3	-193.3	<b>-193.3</b>
Other components of equity	92.2	88.5	<b>89.1</b>
Retained earnings	421.1	338.5	<b>346.4</b>
Total equity	636.5	550.2	<b>558.7</b>
Total liabilities and equity	899.3	796.1	<b>836.4</b>

## Non-financial Performance

Classification	Performance indicators	Unit	2017	2018	2019
Employee	No. of employees	Person	308	210	173
	Full-time employees	Person	269	189	156
	Part-time employees	Person	39	21	17
	Percentage of part-time employees	%	12.7	10.0	10.4
	Percentage of employees subject to regular performance evaluation	%	100	100	100
Diversity	No. of female employees	Person	61	65	62
	Percentage of female employees	%	19.8	32.0	35.6
	No. of female executives	Person	2	3	2
	No. of female managers	Person	4	6	6
	No. of persons with disabilities	Person	0	0	0
Safety	No. of foreigners	Person	0	0	0
	Safety training hours per person	Hour/Person	9.5	10.1	5.4
	Industrial accident	Case	0	0	1
	Injury	Case	0	0	0
Education	Lost days	Day	0	0	3
	Job training hours	Hour	4,690	5,065	4,733
Corporate governance	Job training hours per person	Hour/Person	15.2	24.1	27.4
	Grievance handling rate	%	0	100	100
Years of service	Organizational diagnosis	Point	-	3.4	3.7
	Employee turnover rate	%	19.2	13.5	7.6
Parental leave	Years of continuous service	Year	9.3	9.0	9.2
	Percentage of female employees entitled to parental leave	%	14.3	13.0	14.6
Environment	Percentage of male employees entitled to parental leave	%	3.0	0	0
	Energy consumption	TJ	32	35	35
	Greenhouse gas (GHG) emissions	tCO <sub>2</sub> eq	1,703	1,853	1,811
	GHG emissions (Scope 1)	tCO <sub>2</sub> eq	521	642	599
	GHG emissions (Scope 2)	tCO <sub>2</sub> eq	1,182	1,212	1,212
	Water consumption	m <sup>3</sup>	19,472	22,747	14,996
	Wastewater discharge	Ton	2,383	3,405	3,465
	Volume of waste (hazardous waste) generated	Ton	31	30	26
Anti-corruption	Employee participation rate in anti-corruption training	%	0	86.2	83.9
	Participation rate in pledge to Jeong-do Management	%	0	91.9	90.2
	Business partner due-diligence	%	-	-	100
	Participation rate of business partners in pledge to CSR Code of Conduct	%	0	0	33.2
R&D <sup>1)</sup>	Violation of laws	Case	0	0	1
	R&D investment	KRW billion	13.8	16.5	15.6
Local community engagement	R&D investment to sales	%	16.7	23.3	25.4
	CSR expenditures	KRW billion	0.29	0.24	0.05
	CSR expenditures to operating income	%	1.0	1.0	0.2
Local community engagement	No. of people benefited from CSR activities	Person	2,150	2,150	2,150
	Employee participation rate in CSR	%	32.8	54.3	16.2

<sup>1)</sup> Based on separate financial statements

## GHG Independent Verification Statement

## DONG A SOCIO GROUP

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

- Scope**
- Reporting boundary
    - the whole sites and emission facilities of 5 companies in Dong a Socio Group
    - ※ Dong-A ST, Dong A Pharmaceutical, ST Pharm, Dong-A Socio Holdings, Soo Seok
  - Reporting period: Calendar year of 2017~2019 (2017. 1. 1 ~ 2019. 12. 31)
  - Verification object: Direct/Indirect emissions (Scope1, Scope2)
  - Assurance level: Reasonable assurance (materiality threshold: ±5% of total emissions)

- Verification Standard**
- Guidelines on the verification for the operation of emission trading scheme (Notification No. 2018 070, Ministry of Environment)
  - KMR verification manual and procedure, IPCC Guidelines (2006)
  - WRI/WBCSD GHG Protocol (2004), ISO 14064 1 (2006), ISO 14064 3 (2006)

- Result**
- GHG emissions and Energy usage

Organization	Year	GHG emissions (tCO <sub>2</sub> -eq/Year)			Energy usage (TJ/Year)			Note
		Scope1	Scope2	Total	Scope1	Scope2	Total	
Dong-A Socio Group	2017	33,659	47,734	81,385	489	1,024	1,503	
	2018	34,994	48,650	83,636	515	1,068	1,574	
	2019	35,679	49,995	85,667	529	1,100	1,622	

Note 1. Greenhouse gas: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>

Note 2. 1 tCO<sub>2</sub>-eq.: 1t of carbon-dioxide or Global warming potential equivalent with 1t of carbon-dioxide

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

Mar 19, 2020

Korea Management Registrar  
President Eun Ju, Hwang

*E. J. Hwang*

## Third Party's Assurance Statement

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

### Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of Dong-A Socio Group to verify the contents of its Integrated Report 2019 (Hereby referred to as "the Report"). Dong-A Socio Group is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

### Scope and standard

Dong-A Socio Group describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team (hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

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

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards
  - Management approach of Topic Specific Standards
  - Economic Performance: 201-1
  - Indirect Economic Impacts: 203-1, 203-2
  - Procurement Practices: 204-1
  - Anti-Corruption: 205-1, 205-2, 205-3
  - Energy: 302-1
  - Emissions: 305-1, 305-2
  - Effluents and Waste: 306-2, 306-3
  - Compliance: 307-1
  - Employment: 401-1
  - Occupational Health and Safety: 403-2, 403-5, 403-6
  - Training and Education: 404-1, 404-2
  - Diversity and Equal Opportunity 405-1
  - Non-Discrimination: 406-1
  - Local Communities: 413-1
  - Customer Privacy: 418-1
  - Socioeconomic Compliance: 419-1

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

### Our approach

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

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

### Our conclusion

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

#### • Inclusivity

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

#### • Materiality

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

#### • Responsiveness

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

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

### Recommendation for improvement

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

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

### Our independence

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

June, 29<sup>th</sup>, 2020

CEO *E. J. Hwang*



## GRI Standards & ISO 26000 Index

### Universal Standards (GRI 100)

GRI Standards	Disclosure	Title	ISO 26000	Page
<b>Organizational Profile</b>				
	102-1	Name of the organization		26
	102-2	Activities, brands, products, and services		26
	102-3	Location of headquarters		27
	102-4	Location of operations		27
	102-5	Ownership and legal form		26
	102-6	Markets served		26-27
<b>GRI 102</b>	102-7	Scale of the organization	6.3.10, 6.4.1, 6.4.2, 6.4.3, 6.4.4, 6.4.5, 6.8.5, 7.8	26-27
	102-8	Information on employees and other workers		118
	102-9	Supply chain		32-33
	102-10	Significant changes to the organization and its supply chain		32-33
	102-11	Precautionary Principle or approach		96, 98
	102-12	External initiatives		About This Report
	102-13	Membership of associations		125
<b>Strategy</b>				
	102-14	Statement from senior decision-maker	4.7, 6.2, 7.4.2	6-7
<b>GRI 102</b>	102-15	Key impacts, risks, and opportunities	6.2	28-31
<b>Ethics and Integrity</b>				
	102-16	Values, principles, standards, and norms of behavior	7.7.5, 4.4, 6.6.3	98
<b>GRI 102</b>	102-17	Mechanisms for advice and concerns about ethics		99-100
<b>Governance</b>				
	102-18	Governance structure	6.2, 7.4.3	89-91
	102-20	Executive-level responsibility for economic, environmental, and social topics		89-91
	102-21	Consulting stakeholders on economic, environmental, and social topics	6.2	89-91
	102-22	Composition of the highest governance body and its committees	6.2	89-91
<b>GRI 102</b>	102-23	Chair of the highest governance body	6.2	89
	102-24	Nominating and selecting the highest governance body	6.2	90
	102-25	Conflicts of interest	6.2	89
	102-26	Role of highest governance body in setting purpose, values, and strategy		89-91
<b>GRI 102: Stakeholder Engagement</b>				
	102-40	List of stakeholder groups	5.3, 6.2	92
	102-41	Collective bargaining agreements		No such case
<b>GRI 102</b>	102-42	Identifying and selecting stakeholders	6.2, 6.7	92
	102-43	Approach to stakeholder engagement	6.2, 6.7	92-93
	102-44	Key topics and concerns raised	6.2, 6.7	95

GRI Standards	Disclosure	Title	ISO 26000	Page
<b>Reporting Practice</b>				
	102-45	Entities included in the consolidated financial statements	7.5.3, 7.6.2	27
	102-46	Defining report content and topic Boundaries		About This Report
	102-47	List of material topics		95
	102-48	Restatements of information		First Integrated Report of the company
	102-49	Changes in reporting		First Integrated Report of the company
<b>GRI 102</b>	102-50	Reporting period		About This Report
	102-51	Date of most recent report		First Integrated Report of the company
	102-52	Reporting cycle		1 Year
	102-53	Contact point for questions regarding the report		About This Report
	102-54	Claims of reporting in accordance with the GRI Standards		About This Report
	102-55	GRI content index		122-124
	102-56	External assurance	7.5.3	120-121
<b>Management Approach</b>				
	103-1	Explanation of the material topic and its Boundary	6.2.3, 6.3.7, 6.3.10, 6.4.3, 6.4.3, 6.5.4, 6.5.5, 6.4.6	88, 94-95, 97, 103, 109
<b>GRI 103</b>	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		

### Topic-specific Standards (GRI 200, 300, 400)

GRI Standards	Disclosure	Title	ISO 26000	Page
<b>Economic Performance (GRI 200)</b>				
<b>Economic Performance</b>				
<b>GRI 201</b>	201-1	Direct economic value generated and distributed	6.8.1, 6.8.2, 6.8.3, 6.8.7, 6.8.9	116-117
<b>Indirect Economic Impacts</b>				
	203-1	Infrastructure investments and services supported	6.3.9, 6.8.1-6.8.2, 6.8.7, 6.8.9	118
<b>GRI 203</b>	203-2	Significant indirect economic impacts	6.3.9, 6.6.6-6.6.7, 6.7.8, 6.8.1-6.8.2, 6.8.5, 6.8.7, 6.8.9	110-111
<b>Procurement Practices</b>				
<b>GRI 204</b>	204-1	Proportion of spending on local suppliers		116-117
<b>Anti-corruption</b>				
	205-1	Operations assessed for risks related to corruption	6.6.1-6.6.3, 6.6.6	99-100
<b>GRI 205</b>	205-2	Communication and training about anti-corruption policies and procedures	6.6.1-6.6.3, 6.6.6	99-100
	205-3	Confirmed incidents of corruption and actions taken	6.6.1-6.6.3	99



GRI Standards	Disclosure	Title	ISO 26000	Page
<b>Environmental Performance (GRI 300)</b>				
<b>Energy</b>				
GRI 302	302-1	Energy consumption within the organization	6.5.4	112-113, 115
<b>Emissions</b>				
GRI 305	305-1	Direct (Scope 1) GHG emissions	6.5.5	118
	305-2	Energy indirect (Scope 2) GHG emissions	6.5.5	118
<b>Effluents and Waste</b>				
GRI 306	306-2	Waste by type and disposal method	6.5.3	118
	306-3	Significant spills	6.5.3	No such case
<b>Environmental Compliance</b>				
GRI 307	307-1	Non-compliance with environmental laws and regulations	4.6	No such case
<b>Social Performance (GRI 400)</b>				
<b>Employment</b>				
GRI 401	401-1	New employee hires and employee turnover	6.4.3	118
<b>Occupational Health and Safety</b>				
GRI 403	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6.4.6, 6.8.8	118
	403-5	Worker training on occupational health and safety	6.4.6	118
	403-6	Promotion of worker health	6.4.6	105
<b>Training and Education</b>				
GRI 404	404-1	Average hours of training per year per employee	6.2.3, 6.3.7, 6.3.10, 6.4.3, 6.4.7	118
	404-2	Programs for upgrading employee skills and transition assistance programs	6.3.6, 6.3.7, 6.3.10, 6.4.3, 6.4.4, 6.4.7, 6.8.5	106-108
<b>Diversity and Equal Opportunity</b>				
GRI 405	405-1	Diversity of governance bodies and employees	6.2.3, 6.3.7, 6.3.10, 6.4.3	118
<b>Non-discrimination</b>				
GRI 406	406-1	Incidents of discrimination and corrective actions taken	6.3.6, 6.3.7, 6.3.10, 6.4.3	No such case
<b>Local Communities</b>				
GRI 413	413-1	Operations with local community engagement, impact assessments, and development programs	6.3.9, 6.5.1-6.5.3, 6.8	110-111
<b>Customer Privacy</b>				
GRI 418	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.7.1-6.7.2, 6.7.7	No such case
<b>Socioeconomic Compliance</b>				
GRI 419	419-1	Non-compliance with laws and regulations in the social and economic area	4.6, 6.7.1-6.7.2, 6.7.6	118

## Membership

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

\* Based on the membership of Dong-A Socio Holdings

## ABOUT THIS REPORT

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

### Reporting Standards

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

### Reporting Scope and Boundary

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

### Third Party Assurance & Disclaimer

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

## CONTACT INFORMATION

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

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## ADDITIONAL INFORMATION

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- Dong-A Socio Group Jeong-Do Management Website: <https://gamasot.dongasocio.com>
- With Dong-A Website: <http://with.donga.co.kr>



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