



2023 SK bioscience ESG Report

HEALTHIER LIFE, SUSTAINABLE FUTURE



About This Report

Overview

SK bioscience has published its second ESG report in 2023 to share our ESG strategies, activities, and performances with our stakeholders. We will disclose our ESG management transparently by publishing annual ESG report and collect the opinions of stakeholders proactively and incorporate them into our management activities.

Reporting Guidelines

This report has been prepared in accordance with the Global Reporting Initiative(GRI) Standards 2021 and reflects the Sustainability Accounting Standards Board(SASB) Standards to incorporate industry-specific major issues. In addition, Task Force on Climate-related Financial Disclosure(TCFD) and the United Nations Sustainable Development Goals(UN SDGs) have been adopted in this report.

Reporting Period

This report covers performance and activities from January 1 to December 31, 2022. It includes partial data for the first half of 2023. For some indicators, data for the past three years are presented to show the latest trend of quantitative performance.

Reporting Scope

The scope of this report encompasses the entire ESG performance of the domestic business sites of SK bioscience. Financial information is prepared based on consolidated financial statements under K-IFRS(Korean International Financial Standards). Non-financial information is also prepared in accordance with the fiscal year. Other scopes of reporting are noted additionally.

Reporting Assurance

SK bioscience conducted an independent assurance process from the British Standards Institution(BSI), a professional assurance agency, to secure the data reliability and improve the quality of the report. The specifics of the results can be found on pages 124 and 125.

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Interactive PDF User Guide

This report has been published as an interactive PDF file, allowing readers to access relevant pages within the report and content-related websites.

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CEO Message



Dear shareholders and customers

Guided by our corporate mission of 'Promoting human health, from prevention to cure', SK bioscience strives to achieve both economic value(EV) and social value(SV) in the field of public health.

As the three-year pandemic comes to an end, we find ourselves stepping into a new phase. The importance of securing vaccine sovereignty has escalated among nations, leading us to realize that the vaccine industry holds significance in achieving not only social value but also economic value. Consequently, global collaboration and the expansion of our supply chain network have become indispensable in preparing for the next pandemic. We wholeheartedly acknowledge that achieving SK bioscience's mission holds greater value than ever before.

Drawing from our pandemic experience, SK bioscience is now poised to earnestly implement SKBS 3.0, a significant new leap forward, while further advancing our ESG management.

The core of SKBS 3.0 is achieving growth-based EV and practicing SV, which represents the company's calling.

To realize this, SK bioscience will first continue to develop blockbuster vaccines with global competitiveness. Our focus lies in developing new premium vaccines, including the next-generation pneumococcal vaccine, which is being developed in collaboration with Sanofi Pasteur. To achieve this, we are investing in world-class production infrastructure, exemplified by the new Songdo Global R&PD Center and the pursuit of cGMP(Current Good Manufacturing Practice) at Andong L HOUSE. We are making continuous efforts to secure new technologies, such as developing an mRNA platform in partnership with CEPI.

Secondly, we will actively pursue a strategy of globalization, a combination of global and localization, for our vaccine business. Our experience with global vaccine inequality during the COVID-19 pandemic inspired us to develop a business model called SKYShield. This model addresses global vaccine supply imbalance by transferring our manufacturing capabilities, process development platforms, technological prowess, and expertise to overseas governments and partners, enabling them to gain their own competitive edge in vaccine production. Our initial target regions include Middle East, Africa, Asia, South America, etc.

Lastly, SK bioscience aims to expand its business beyond vaccines into new areas of biotechnology. We plan to secure new growth engines by entering the Cell & Gene Therapy(CGT) C(D)MO business, leveraging the capabilities accumulated through our successful vaccine development process. To achieve this, we are developing a multi-faceted strategy for the CGT CDMO business in the U.S., including the establishment of SK bioscience USA in Boston.

In 2022, we started our journey into ESG management by establishing a company-wide ESG strategy and an ESG Management Implementation Structure under the supervision of the ESG Committee under the Board of Directors. We have made significant performances in each ESG area, including the formulation of a mid to long-term climate change response strategy. This year, as part of our ongoing efforts to enhance ESG management, we conducted a company-wide human rights impact assessment in alignment with global trends. Moving forward, we plan to expand this assessment to include our partners and local communities to fulfill our social responsibility. We will also extend our support to our partners, assisting them in strengthening their own ESG management capabilities, to promote and establish ESG management throughout the supply chain. By contributing to the vitalization of the bio-ecosystem, we will actively realize our ESG vision of 'Healthier Life, Sustainable Future'.

SK bioscience is committed to promoting global public health with a sense of social responsibility for people and society and strives to grow together with local communities and all stakeholders. We humbly request your enduring interest and support on our journey towards a healthier future for humanity.

Thank you.

Jae Yong Ahn

Chief Executive Officer, SK bioscience

Message from the Management Team



Hun Kim
President of Global R&BD

SK bioscience has played a significant role in Korea's quest for vaccine sovereignty through the successful commercialization of its COVID-19 vaccine, SkyCovione. Moreover, we maintain our commitment to follow-up research and development, including the pursuit of a universal COVID-19 vaccine, to better prepare for future pandemics. In particular, we have been striving to promote global public health by actively participating in research projects through global partnerships with the Coalition for Epidemic Preparedness and Innovation(CEPI) and the International Vaccine Institute(IVI). In addition, we will further advance our research and production facilities by investing in the establishment of a Global R&D Center in Songdo, which will serve as a central hub for global vaccines and bio-networks. We also plan to accelerate our endeavors to enter new markets for existing SKYVAX products by launching glocalization projects centered on the Global R&D Center in earnest. SK bioscience will continue to strengthen its research and business capabilities to become a top-notch company that extends beyond Korea and ventures into the global market. We ask for your unwavering support in our challenges and growth as we strive to protect human and public health from the threat of pandemics, as well as various infectious diseases.

Sang-gyun Lee
Andong L HOUSE Factory Director

In the wake of the COVID-19 pandemic, climate change has become an even more important issue to address. This is because it has been confirmed that climate change has a serious impact on ecosystems and biodiversity loss, which, in turn, threatens human health. SK bioscience's Andong L HOUSE, a global hub for vaccine production, is also contemplating numerous measures to respond to climate change. Improving sustainability has been prioritized as a key task in the factory's management strategy. We also have established a specific plan to achieve net-zero emissions by switching to 100% hydrogen fuel by 2031. We promise that Andong L HOUSE will continue to do its best, and we hope that this ESG report will help increase your understanding of SK bioscience's efforts and future strategies.



Chang shin Kim
Head of SHE Division

Based on the management principle of promoting human health, SK bioscience recognizes safety, health, and environment(SHE) as the most basic elements of its management approach. We prioritize the health and safety of our employees and stakeholders. Our commitment lies in achieving our SHE management goals by minimizing the environmental impact of our business activities. We are dedicated to becoming a leading company that fulfills its responsibilities and obligations for sustainable management.

We strive for a systematic and proactive risk management approach, focused on preventing accidents and diseases in line with the rapidly changing business environment and the expansion of our business areas. Specifically, we are strengthening risk assessment activities for each task to proactively prevent and manage blind spots. And thus, we emphasize on-site risk management by encouraging direct participation of employees performing these tasks. Furthermore, we remain committed to minimizing the impact of our business activities on the global environment through the expansion of our environmental management efforts and robust responses to climate change.



Ji-hyeon Yu
Head of Legal Affairs

SK bioscience has established business ethics principles under the belief that 'Transparency is the key prerequisite for sustainable management' and actively practices legal management. We have established a Code of Ethics and have prepared and distributed the Guidelines for the Practice of the Code of Ethics, along with a Q&A casebook, to provide clearer and more consistent ethical judgment standards to our employees. Additionally, we are making continuous efforts to promote business ethics by regularly conducting business ethics training and workshops for employees.

Furthermore, we have established a company-wide risk management system to screen potential risks and manage them intensively. By monitoring risks and taking immediate action, we aim to ensure compliance management and minimize business risks. Moving forward, SK bioscience will continue to fulfill its responsibilities and roles, striving to become a respected company that practices good business ethics by adhering to our principles of business ethics and compliance management.



Company Overview

Company Introduction

SK bioscience is a leading vaccine company that emerged as a spin-off from SK chemicals in 2018. Prior to the spin-off, SK bioscience selected premium vaccines with high-added value as its primary growth engine. Since then, it has continuously made development efforts, successfully creating Korea's first trivalent cell culture influenza vaccine in 2015, a quadrivalent cell culture influenza vaccine and pneumococcal conjugate vaccine in 2016, a zoster vaccine in 2017, a varicella vaccine in 2018, and 1st homegrown Covid-19 Vaccine SKYCovione in 2022. Following the spin-off, in addition to premium vaccines, SK bioscience has secured a new pipeline and platform technologies in the fields of basic and therapeutic vaccines. Simultaneously, while expanding its business into biopharmaceuticals, it has established a plan to become a major global vaccine and bio-company.

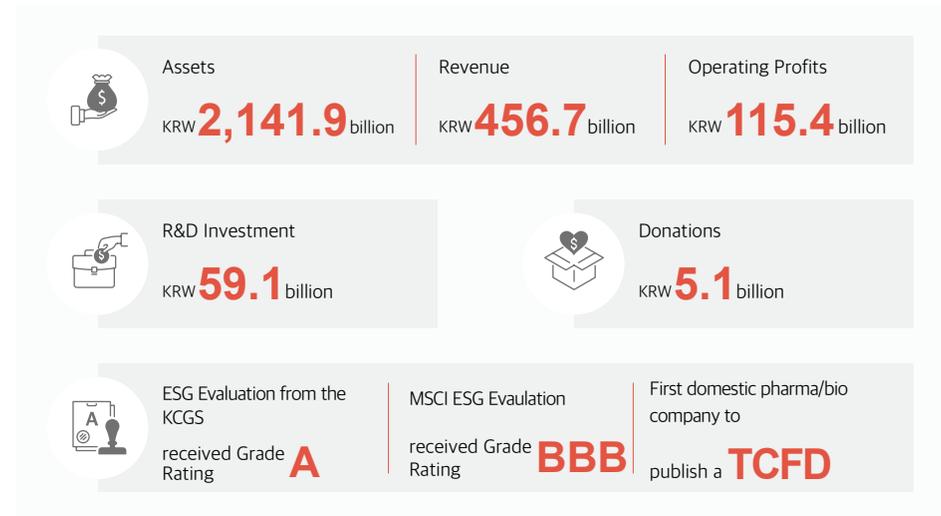
SK bioscience's headquarters and R&D center are located in Pangyo, and its production plant, L HOUSE, is located in Andong. Andong L HOUSE, which means 'light of the world', has become a world-class manufacturing plant that produces COVID-19 vaccines through CDMO contracts with global companies such as AstraZeneca and Novavax. The plant leverages its state-of-the-art facilities, high production capacity, and rigorous hygiene management.

In 2022, SK bioscience signed an MOU with the Hilleman Laboratories to jointly research and develop new vaccines and platforms, including the next-generation Ebola Zaire vaccine. It also contributed to improving public health by achieving adolescent authorization of the Covid-19 Vaccine 'Nuvaxovid' domestically and BLA of the typhoid vaccine 'SKYTyphoid' for export. We also became the first domestic pharmaceutical and bio company to publish a TCFD report and received 'Grade A' rating on ESG Evaluation from the Korea Institute of Corporate Governance & Sustainability. In this way, we are making great strides as a sustainable company.



Name	SK bioscience Co., Ltd.
CEO	Jae Yong Ahn
Founding Date	July 1, 2018
HQ	310, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
No. of Employees	1,072(as of December 31, 2022)
Business Areas	R&D, production, and sales of vaccines and biopharmaceuticals
Business Sites	Pangyo Headquarters and R&D Center, Andong L HOUSE
Overseas Corporation	SK bioscience USA Inc.

2022 In Figure



SKBS Mission & Vision

SK bioscience aims to prevent and treat diseases through the development and distribution of biopharmaceuticals, including vaccines, with the ultimate goal of promoting global health. SK bioscience has stepped into SKBS 3.0, where we prepare for the future after going through SKBS 1.0, which laid the foundation as a vaccine company, and SKBS 2.0, a period of quantum jump up. In 2022, we defined a new vision that embodies our commitment to innovation in vaccine development and production, as well as our ambition to emerge as a global leader. By strengthening global partnerships, continuing to invest in R&D and production, and expanding into other parts of the world, SK bioscience will grow into a world-class vaccine and bio company that could serve as a hub for global vaccine distribution.

Mission

We promote human health,
from prevention to cure

Vision

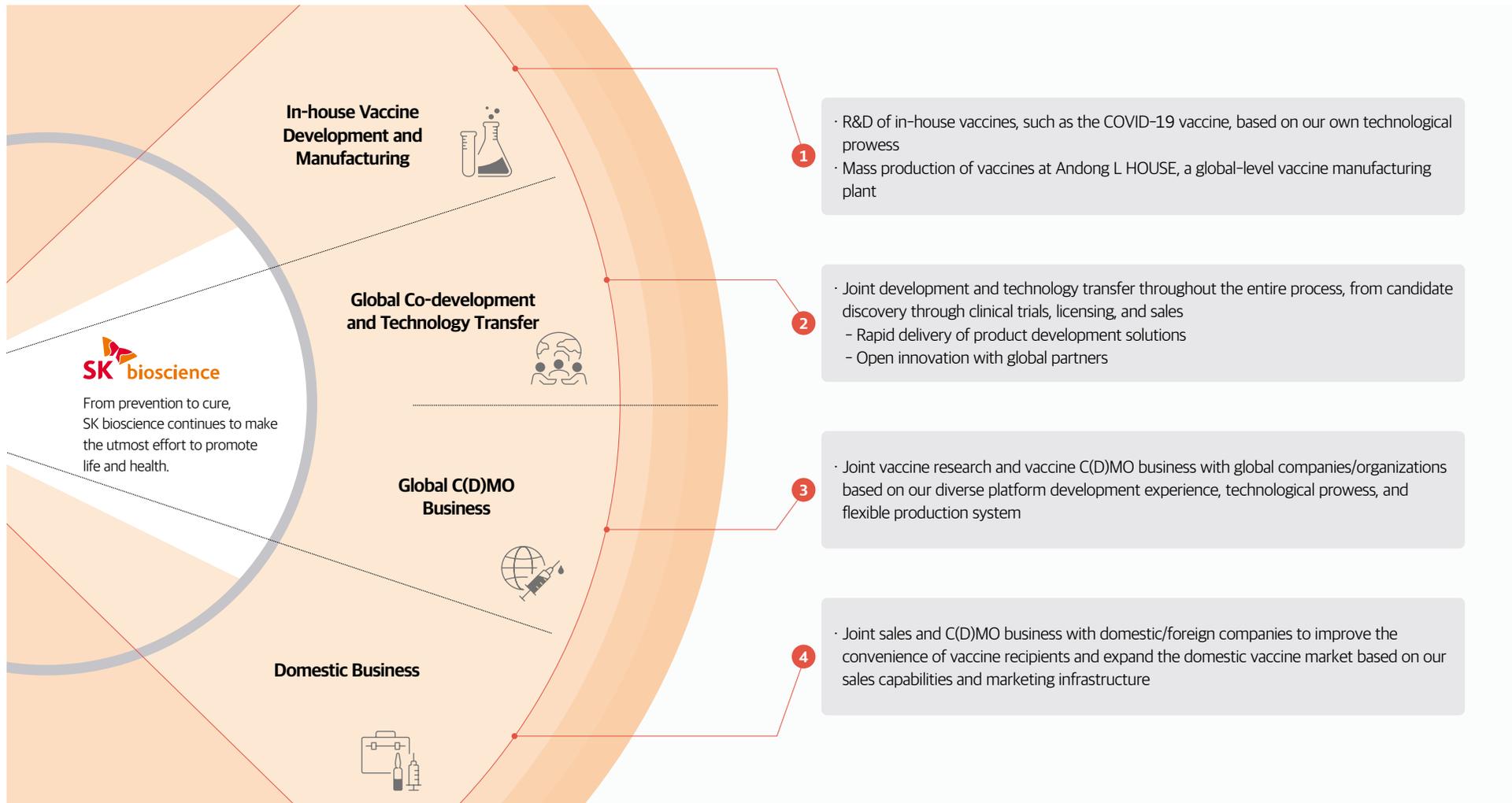
Global Innovative Partner of
Vaccine and Biotech



SUSTAINABLE BUSINESS

Our Business

By leveraging its unique business capabilities across the entire value chain of the vaccine business (from R&D to production, distribution, and sales), SK bioscience has established a remarkable level of competence and global partnerships in the vaccine industry. This has been achieved through conducting various vaccine-related businesses, such as in-house vaccine development projects, joint development and technology transfer initiatives, C(D)MO business, and domestic distribution and sales operations. Through these endeavors, we are diversifying our vaccine portfolio, acquiring new technologies such as mRNA, and collaborating with global initiatives, to solidify the foundation for future growth.



Our Science & Technology

Establishment of Pipeline to Protect Global Public Health

As the Covid-19 pandemic transitions to the endemic phase, SK bioscience aims to secure a diverse vaccine portfolio by developing not only basic vaccines but also endemic and premium vaccines. We are making continuous efforts, including investing in R&D and human resources, to expand beyond our existing portfolio centered on domestic premium vaccines and move towards developing a pipeline of new preventive vaccines. Based on our firm commitment to in-house vaccines, we have secured a broad pipeline ranging from basic vaccines such as typhoid conjugate vaccines to premium vaccines like next-generation pneumococcal vaccines and RSV vaccines. Additionally, we are actively developing new next-generation vaccines through our in-house developed COVID-19 vaccine platform.

		Global Partner			Basic Research/ Preclinical	Phase 1 Clinical Trial	Phase 2 Clinical Trial	Phase 3 Clinical Trial	Commercialization
Response to Endemics & the Next Pandemic	1	COVID-19 Vaccine	CEPI	BMGF	GSK IIVI IPD South Korean government				● MFDS (Korea), MHRA (UK) License & WHO EUL
	2	Broadly Protective Sarbecovirus Vaccine	CEPI	IPD ¹⁾	●				
	3	Nasal Spray*	IAVI ²⁾	BMGF ³⁾	IPD	●			
Premium Vaccines	4	SKYCellflu Trivalent/Quadrivalent							●
	5	Next-gen Pneumococcal Vaccine	Sanofi				● U.S.		
	6	RSV Vaccine			●				
	7	Cancer Immunotherapies, Obesity Vaccines, etc			●				
	8	Recombinant Herpes Zoster Vaccines			●				
Basic Vaccines	9	HPV Vaccine 10-valent	Sunflower		●				
	10	HPV Vaccine 4-valent	Sunflower			● Phase I/II Clinical Trial			
	11	mRNA Vaccine(Lassa fever, Japanese encephalitis)	CEPI	BMGF	●				
	12	Typhoid Conjugate Vaccine	IVI ⁴⁾	BMGF					● Earned MFDS Export License
	13	Rotavirus Vaccine				● Phase I/II Clinical Trial			
	14	INTS ⁵⁾ Vaccine* (Non-Typhoidal Salmonella)				●			
	15	Hepatitis A Vaccine			●				
	16	Other Basic Vaccines			●				In-house development and introduction from home and abroad in progress

1) Institute for Protein Design

2) International AIDS Vaccine Initiative

3) Bill & Melinda Gates Foundation

4) International Vaccine Institute

5) Invasive Non-Typhoidal Salmonella

* Collaboration Project

Endemic & Next Pandemic Response

SK bioscience has not only successfully manufactured Covid-19 vaccines for global companies such as AstraZeneca and Novavax but has also accomplished the remarkable feat of developing Korea's first COVID-19 vaccine, showcasing its excellent manufacturing and R&D capabilities. Looking ahead, SK bioscience is actively preparing to respond to the next pandemic with a differentiated product portfolio, aligning with the transition to the endemic phase. As part of this strategy, we are expanding our infectious disease portfolio by pursuing new C(D)MO projects with global companies and planning to supply products to international organizations and governments.

• COVID-19 Vaccine 'SKYCovione Multi Inj.'

Our COVID-19 vaccine, SKYCovione Multi Inj., was the first COVID-19 vaccine developed in Korea and played a pivotal role in securing domestic vaccine sovereignty. Additionally, it became the first domestically developed vaccine to receive approval from the UK Medicines and Healthcare products Regulatory Agency(MHRA) and was listed on the World Health Organization(WHO) Emergency Use Listing(EUL).

With the COVID-19 pandemic coming to an end, 70.1% of the total developing world population(as of May 2023) has not been vaccinated against COVID-19, and experts have pointed out that the imbalance in vaccine supply must be addressed in order to respond to future pandemics. SK bioscience aims to contribute to improving global public health by increasing vaccination rates in developing countries by expanding the supply of SKYCovione Multi Inj.

• Broadly Protective Sarbecovirus Vaccine

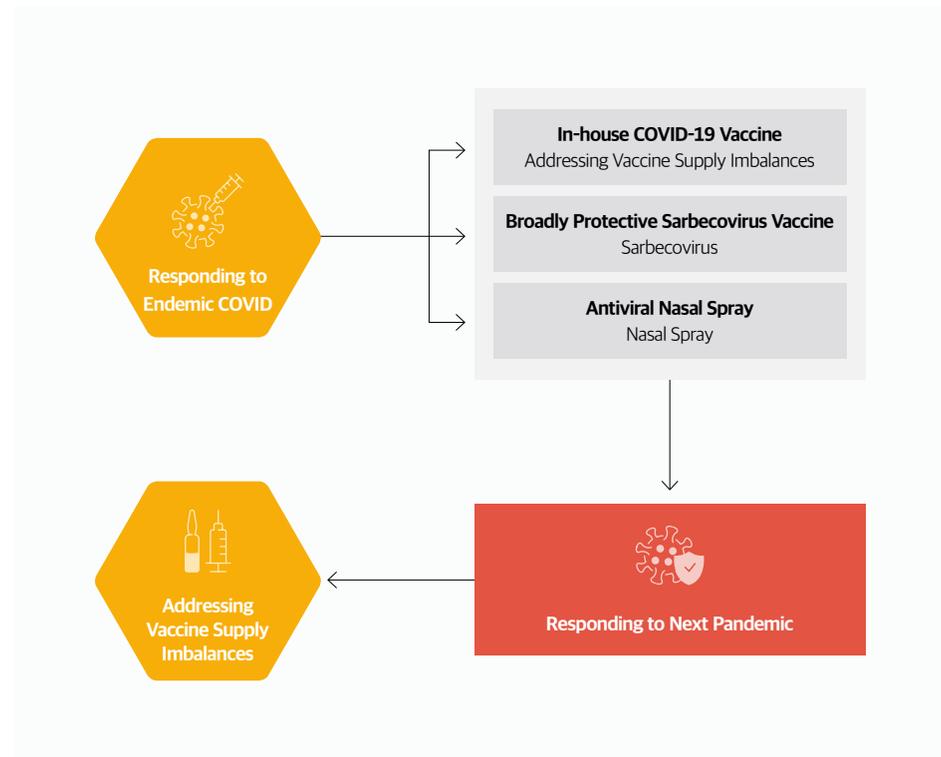
Since 2000, the world has witnessed three significant coronavirus outbreaks: SARS, MERS, and COVID-19. Looking ahead, we are likely to see the re-emergence of new COVID-19 variants, as well as continuous variants and mutations of viruses within the Sarbecovirus family, such as SARS. This underscores the ever-increasing importance of proactive measures to respond to endemics and the next pandemic.

SK bioscience is promoting the development of a universal vaccine against sarbecovirus through global collaboration and a nanoparticle R&D platform similar to SKYCovione. The development of a universal sarbecovirus vaccine is expected to be the fastest and most efficient means of defense for people around the world, enabling comprehensive protection against potential virus variants originating from animals, including COVID-19 variants.

• Nasal Spray

Based on our in-house COVID-19 vaccine platform, we are developing next-generation vaccines in various forms, including nasal sprays that can be administered to prevent infection. The advantages of nasal spray-type medicines are remarkable: they can be stored at room temperature, making manufacturing and distribution easier, and they can be used multiple times with multi-dose formulations. This is expected to help resolve the imbalanced supply of vaccines in urgent health situations, such as future pandemics, and contribute to building a proactive global disease prevention and control response system.

Expanding Product Portfolio to Address Endemic COVID



Development of Premium Vaccines

SK bioscience has built a broad product portfolio to contribute to promoting public health and continues to invest actively in vaccine research, which will be the driving force of our future life science business. As a result of our relentless efforts to develop premium vaccines with high-added value based on cutting-edge technologies, we achieved a significant milestone in 2015 by developing the first trivalent cell culture influenza vaccine in Korea. Since then, we have achieved further success in developing premium vaccines, driving innovation across all areas of our business, from basic research to production and commercialization.

• Next-Generation Pneumococcal Vaccine

The development of the next-generation pneumococcal vaccine started in 2014 in collaboration with a global pharmaceutical giant Sanofi Pasteur. It entered Phase 1 clinical trials in December 2018 after receiving U.S. FDA approval and is expected to enter global Phase 3 clinical trials in the first half of 2023 following successful Phase 2 results in 2022. In particular, we have acquired a domestic patent for 'Multivalent Pneumococcal Polysaccharide-protein Conjugate Composition Technology', which differentiates it from existing vaccines. If we succeed in commercializing this vaccine, we expect to enter the global pneumonia vaccine market which is currently dominated by multinational pharmaceutical companies, and create very meaningful results.

• Respiratory Syncytial Virus(RSV) Vaccine

RSV is recognized as one of the leading causes of bronchiolitis, small airway and bronchiole hyperemia, and pneumonia in infants and young children, as well as older adults. As people cannot develop lifelong immunity against the RSV virus, it has high infection and attack rates, and high mortality rates for infants and older adults. We are developing differentiated vaccine products based on our existing research and new platforms.

• HPV Vaccine 10-valent

We are actively pursuing the development of HPV vaccines, which are considered a global blockbuster area. Having already completed the Phase 1/2 clinical trial of the quadrivalent HPV vaccine, we have achieved a high level of immune response and safety. Now, we are intensifying our efforts to develop a 10-valent HPV vaccine, aiming to launch the best product in the world. Leveraging the data and experience from the Phase 1/2 clinical trial of the quadrivalent HPV vaccine, we expect to minimize development risks and facilitate successful commercialization of the 10-valent HPV vaccine.

• Cell-Culture-Derived Influenza Vaccine(SKYCellflu Trivalent)

SKYCellflu Trivalent was the first cell culture influenza vaccine developed in Korea in 2015. The vaccine is produced using a state-of-the-art sterile incubator, eliminating the need for antibiotics or preservatives and the use of fertile eggs. This approach allows the vaccine to be administered even to individuals with egg allergies. Furthermore, it became the first cell-cultured influenza vaccine in the world to be prequalified by the WHO.



• **Cell-Culture-Derived Influenza Vaccine(SKYCellflu Quadrivalent)**



SKYCellflu Quadrivalent is the only quadrivalent cell culture influenza vaccine to be launched in Korea and the world. It is produced through the same state-of-the-art sterile incubator as our SKYCellflu Trivalent and holds a high market share thanks to its innovation and reliability. Based on WHO's prequalification, SKYCellflu Quadrivalent is being supplied to the global market as well.

• **Live Varicella Virus Vaccine(SKYVaricella Inj.)**



SK bioscience's self-established bioprocess technology is applied to SKYVaricella. It has confirmed its immunogenicity and safety in global Phase III clinical trials in children aged 12 months to 12 years at 19 clinical institutions at home and abroad. It is the second varicella vaccine in the world to be prequalified by the WHO. Furthermore, it has won a bid for export to Latin America from the Pan American Health Organization(PAHO), an international organization under the United Nations(UN).

• **Recombinant Herpes Zoster Vaccines**



Herpes zoster is a disease of the skin and nervous system caused by the reactivation of the dormant varicella-zoster virus in the ganglion, resulting in a rash on the skin as the body's immunity declines due to various causes. We have developed 'SKYZoster', the world's second premium Herpes Zoster Vaccine and Korea's first. SKYZoster is a live vaccine that attenuates the varicella-zoster virus, and its safety has been rigorously verified through specialized non-clinical testing centers overseas. Since its launch, SKYZoster has been widely distributed both domestically and internationally, making it a representative product that meets the growing demand for Herpes Zoster vaccines.

Basic Vaccines

SK bioscience's in-house vaccine products are produced under strict quality control and are recognized for their high market share. At the same time, SK bioscience is expanding its portfolio of basic vaccines to provide customers with a diverse range of options and secure new growth engines.

• **Hepatitis A Vaccine**

According to the WHO, 150 million people worldwide are infected with the virus that causes Hepatitis A every year, and 14 million people, more than 10% of them, are complaining of symptoms. The age of onset of the Hepatitis A virus is increasing, and the frequency of outbreaks in Korea has been rising since 2013. Hepatitis A vaccines are entirely imported due to the lack of a localized vaccine, with the domestic market size estimated to be KRW 25 billion in 2020. SK bioscience is currently conducting preclinical research to develop a Hepatitis A vaccine, which will be distributed to a large population at home and abroad to address the imbalance of vaccination opportunities.

• **Typhoid Conjugate Vaccine(SKYTyphoid Multi Inj.)**



Typhoid occurs in environments where access to clean water is limited, making it more common in developing countries. Infants and babies, in particular, are at a higher risk of infection due to their weak immunity. Since 2013, SK bioscience has been actively involved in researching and developing typhoid vaccines in collaboration with the International Vaccine Institute(IVI) and the Bill & Melinda Gates Foundation(BMGF). As a result of these efforts, we have successfully developed SKYTyphoid Multi Inj., a polysaccharide-protein conjugate vaccine. This vaccine carries polysaccharides from typhoid bacteria, serving as antigens, and is conjugated to diphtheria toxin protein, providing immunogenicity and long-term protection with a single dose. Additionally, it can be safely administered to infants aged 6 months to 2 years. After going through the WHO prequalification process, we are planning to expand the distribution of SKYTyphoid Multi Inj in countries affected heavily by typhoid, with support from the Global Alliance for Vaccines and Immunization(GAVI).



OUR ESG, OUR PEOPLE

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SK DBL (Double Bottom Line)

SK DBL Introduction

Aligned with its core management principle, the Double Bottom Line(DBL), SK Group has been quantifying the social value(SV) generated by contributing to addressing social issues and pursuing employee happiness in monetary terms since 2019. SK bioscience adopts this SK Group's method to gauge its own performance. Moving forward, we will continue to actively expand our efforts to create social value through business expansion and ESG management in line with SK Group's management direction of pursuing both economic and social value.



SK bioscience provides tangible measurement indicators and reference points to quantify the social value it creates, focusing on three main areas of measurement: indirect economic contribution, environmental performance, and social performance.

DBL Implementation Strategy and Framework

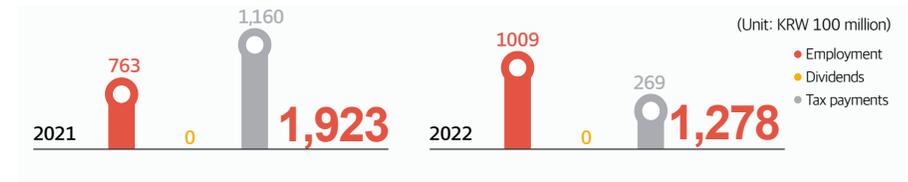
The DBL measurement indicators developed in consideration of SK bioscience's business environment are as follows: 'Indirect Economic Contribution' measures the value added to the economy through corporate activities, including employment, taxes, and dividends. 'Environmental Performance' measures the value contributed to society through environmental products and services, as well as environmental processes. 'Social Performance' measures the value created through improving the quality of life via our products/ services, stakeholder happiness, and social philanthropic activities in local communities.

We collaborate with a group of social value experts to select detailed indicators for each of the three areas. These indicators are updated every year based on our business implementation, and an objective methodology is used to calculate the monetary values of each performance. The results are then shared with our stakeholders and actively utilized in establishing our management strategy and decision-making.



Indirect Economic Contribution

Through its business activities, SK bioscience not only generates economic performance for itself but also makes an indirect contribution to the overall economy.



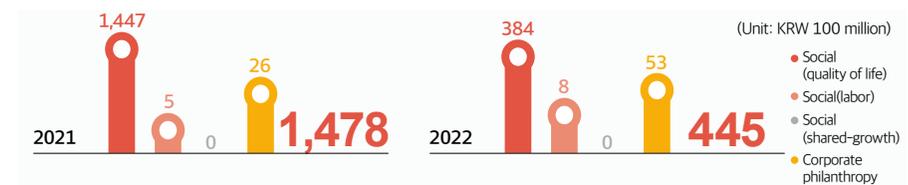
Environmental Performance

SK bioscience strives to minimize the environmental impact of its vaccines throughout the entire process of R&D, production, and distribution. We will regularly measure and monitor our environmental performance to continually improve it.



Social Performance

SK bioscience creates social performance by improving the health of customers through vaccines, pursuing the happiness of stakeholders such as employees, and contributing to local communities through social philanthropic activities. As we face the endemic phase of COVID-19, we are committed to strengthening social and health safety nets and addressing the social issues in the medical and health fields that cannot be solved solely through vaccines. Looking ahead, we will continue to create social value linked to our business by fostering global bio talent who will join us in preparing for the next pandemic.



ESG Committee Interview



 Interview

Chang-Jin Moon
Chairperson of the ESG Committee

1 Please tell us how your extensive career at the Ministry of Health and Welfare, where you worked to improve the health and well-being of the public up to the position of Vice Minister, has influenced your role as the ESG Chairperson of SK bioscience.

SK bioscience’s corporate mission of ‘We Promote human health, from prevention to cure’, aligns closely with the goals of both governments and the World Health Organization(WHO). While companies and governments may pursue their objectives differently, the ultimate goal remains the same. Therefore, I firmly believe that my knowledge and experience gained in public service can significantly contribute to the company’s ESG management efforts.

The ESG Committee serves as the control tower as the highest deliberation and decision-making body under the Board of Directors for ESG management strategies and implementation for sustainability. As the Chairperson, my role involves reviewing and overseeing the progress of the mid-and long-term goals and strategies for each ESG area, as well as detailed action plans, activities, and information disclosures. This allows us to make informed decisions regarding ESG risks and opportunities that may arise. I also promote independence in setting directions and specific activities, striving to review carefully to ensure that ESG evaluation meets global standards.

2 What is the significance of SK bioscience’s ESG management promotion in terms of the company’s business and social and environmental aspects?

ESG is no longer a choice but an imperative. With our core business directly impacting human health, SK bioscience, as a leading company in the bio-industry, has been embracing its social responsibility by building a global bio ecosystem and engaging in social philanthropic activities within local communities.

As part of these activities, we identify the needs of the ecosystem and local communities and actively support basic research and talent development through mutual cooperation. Additionally, we sponsor the Right Fund and the International Vaccine Institute, operate scholarships, and support research in the field of biopharmaceuticals/vaccines. Moreover, we have established strong partnerships with international organizations like the Bill & Melinda Gates Foundation, CEPI, and GAVI to contribute to global health. We believe that it is the essence of

SK bioscience to promote ESG management based on sustainability, extending far beyond one-time philanthropy.

3 Please tell us about any recent company achievements or issues in terms of ESG management that you would like to highlight.

The COVID-19 pandemic showed why SK bioscience should be committed to ESG activities. As the pandemic posed a significant threat to human health, vaccines and treatments emerged as crucial factors in overcoming it. At the onset of the pandemic, when vaccine supply was scarce, SK bioscience’s production of AstraZeneca’s Covid-19 vaccines fulfilled our ESG goal of improving human health more than 100%, making a substantial contribution to our ESG efforts.

SK bioscience has established a board-centered management system based on its expertise and independence to carry out responsible management. In particular, 2022 was the year when we promoted ESG management in earnest, crafting a comprehensive vision and strategic direction through committee resolutions, and developing dedicated systems for each ESG area. In order to fulfill our social responsibility to respond to climate change as a vaccine company, we established a Net Zero Roadmap to reduce greenhouse gas emissions company-wide and actively implemented the TCFD Statement of Support. We will continue to strive for sustainable growth by thoroughly implementing tasks for each ESG area.

4 Lastly, I would kindly like to request your congratulatory words for the publication of SK bioscience’s second ESG report.

We believe that ESG reports are very important, not only for active communication with stakeholders and transparent disclosure of information but also for companies to assess their own ESG management. The process of publishing the report provides a great opportunity to elevate our ESG management to the next level by addressing shortcomings and proactively reinforcing areas that need improvement. Just like our vision of ‘promoting human health’, we will embody the ultimate value of ESG management through the promotion of health. Furthermore, we are committed to becoming a leading ESG management company, fostering health and happiness not only in Korea but also globally.

ESG Committee Interview



 Interview

Jeong-Wook Choi

Member of the ESG Committee

1 This is your third year as a member of the ESG Committee. We'd like to know more about the role of the ESG Committee and the ESG issues you've reviewed and made decisions.

The ESG Committee is responsible for reviewing and advising on ESG management strategies, directions, and related reports for sustainable growth of SK bioscience. Since ESG affects the entire business value chain, we conduct extensive discussions and reviews on all aspects of company management from an ESG perspective.

SK bioscience has designated 2022 as the inaugural year for ESG management and has been dedicated to establishing an ESG management system, including ESG vision and promotion strategies. As a result of these efforts, we have defined our vision as 'Healthier Life, Sustainable Future'. Recognizing that ESG information disclosure will become mandatory by 2025, last year, we published our first ESG report, along with a TCFD report to address climate change. Additionally, we have revised our Human Rights Management Declaration to broaden the scope of stakeholders and encompass the right to health. Going forward, I believe our challenge is to internalize ESG management throughout the company and manage ESG efforts and growth harmoniously, pursuing both economic value(EV) and social value(SV) in line with SK Group's core management principle, the Double Bottom Line*.

2 How does ESG impact SK bioscience from a financial perspective?

Since ESG activities include social and environmental impacts, which are non-financial factors, it is difficult to evaluate the performance of ESG management based on numbers or financial information alone. However, SK bioscience's corporate mission is to promote human health through the development and production of vaccines. Therefore, there is a close relationship between financial performance and the creation of business-linked social value through ESG management.

It is important to recognize that corporate growth and ESG are not mutually exclusive, but rather complementary. We believe that creating social value through ESG management will lead to a virtuous cycle of increasing financial performance and economic value. SK bioscience is planning to expand its business for greater financial performance and, at the same time, create social value through ESG management.

3 What is the significance of SK bioscience's business from an ESG perspective, considering social and environmental aspects?

Businesses cannot be sustainable if society is not sustainable. Business and society do not exist in isolation but are interdependent in many ways. Beyond corporate social responsibility or corporate philanthropy, a community perspective that promotes coexistence is needed. I believe that SK bioscience's business is aligned with this community perspective.

SK bioscience aims to realize a healthier life and a sustainable future for humankind by protecting global public health through the development of high-quality and safe vaccines. We firmly believe that our business simultaneously enhances the long-term sustainability of society, the environment, and the company itself.

4 Lastly, would you like to say a few words to congratulate the publication of SK bioscience's second ESG Report?

SK is a group with ESG management in its DNA, as a company that has been pioneering social value creation even before the term ESG was coined. As a member of the group, SK bioscience is proud to be a company with ESG DNA.

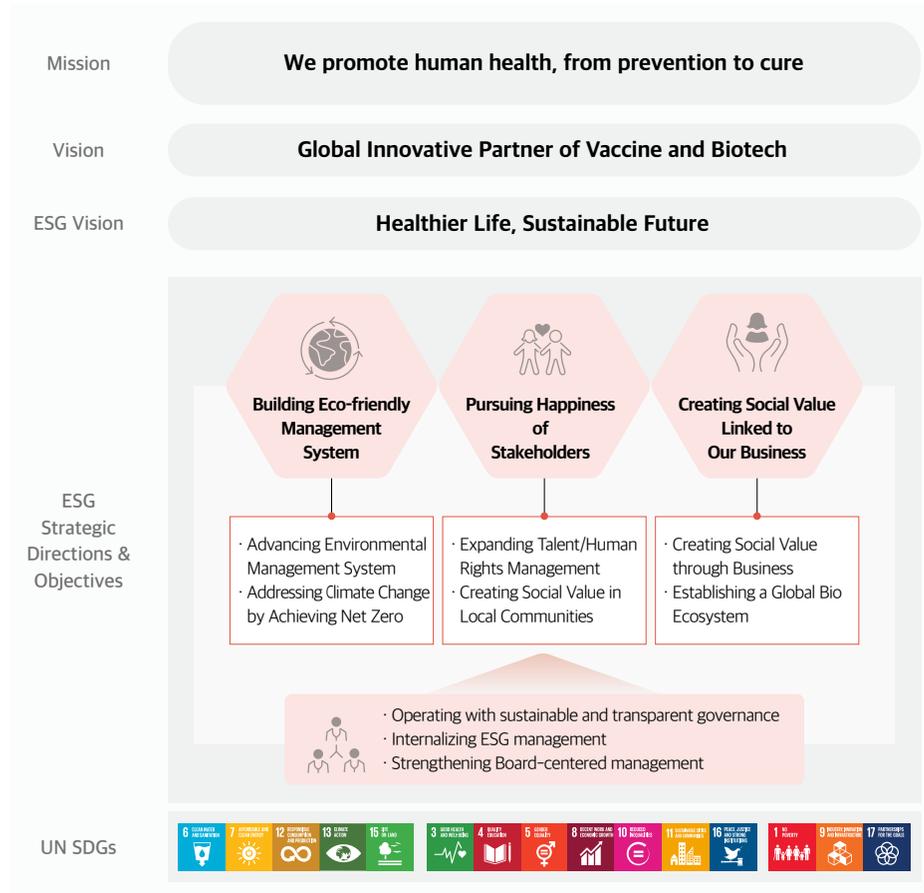
We will make our ESG vision of 'Healthier Life, Sustainable Future' a reality by promoting ESG management authentically, transparently, and practically.

* SK's management principle to grow together with society by simultaneously increasing economic value(EV) and social value(SV) in all business activities, moving away from the 'Single Bottom Line' that solely pursues economic value and profit.

ESG Management System

ESG Management Strategies

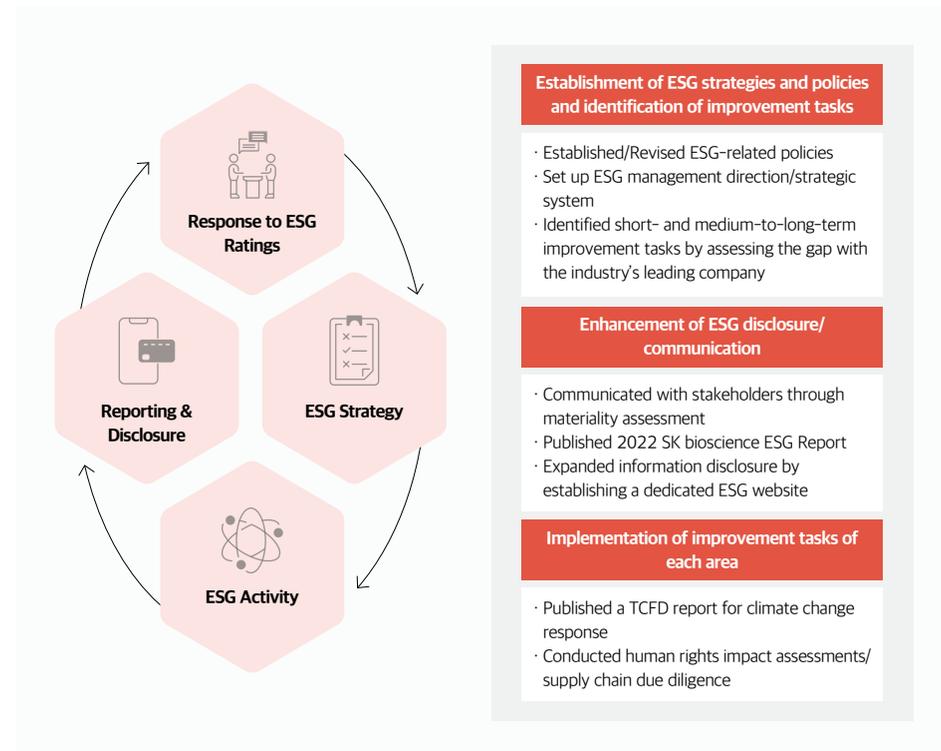
SK bioscience has been making sincere sustainability efforts based on our corporate mission of ‘Promoting human health, from prevention to cure’. We have established an ESG management system and strategy, centered around our ESG vision of ‘Healthier Life, Sustainable Future’, and have identified and implemented specific tasks for each area. We will secure the momentum for sustainable growth by managing environmental and social risks and operating with transparent governance.



Establishment of ESG Management System

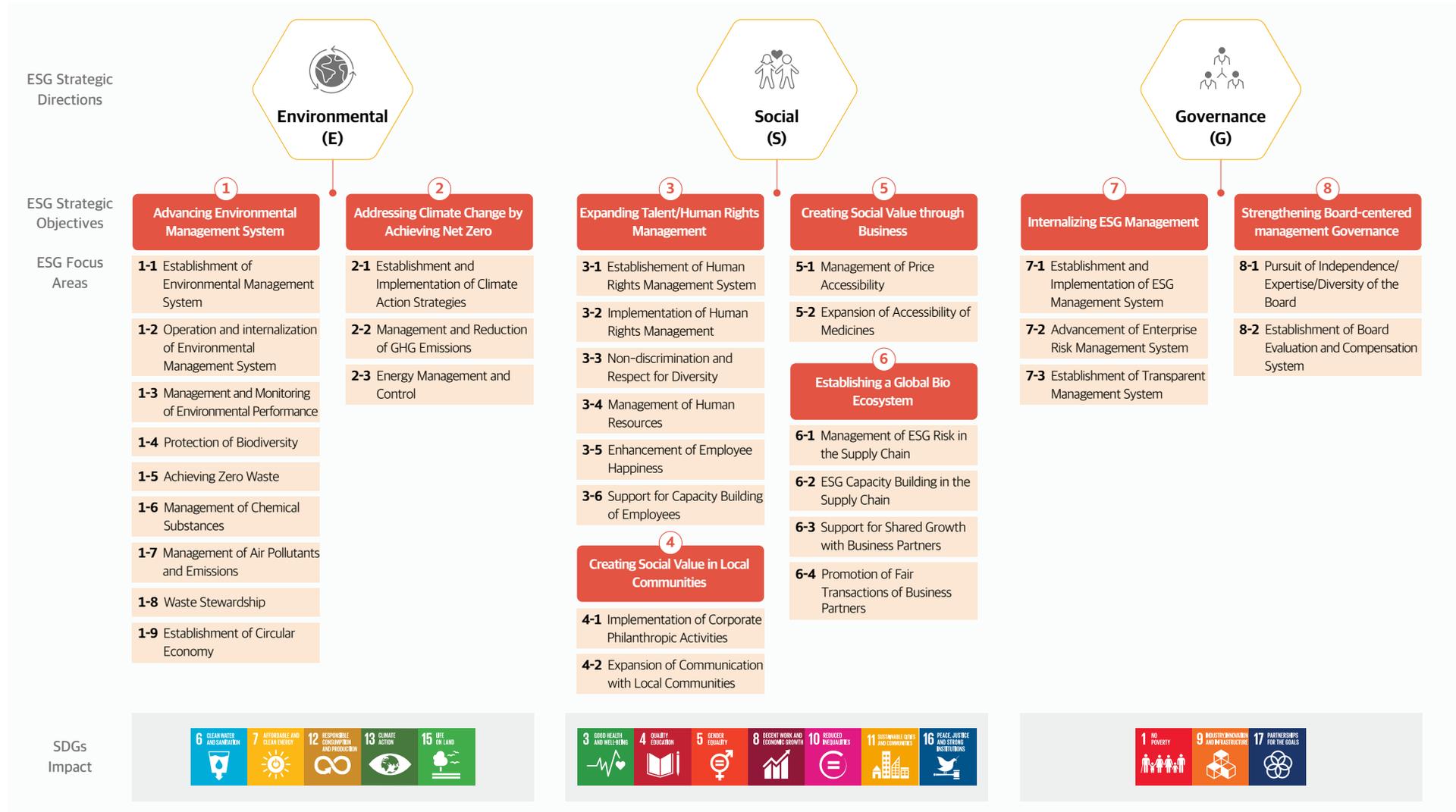
SK bioscience aims to establish a robust foundation for promoting ESG through the implementation of an ESG management system. The ESG Committee operates under the Board of Directors. It oversees company-wide ESG management activities, performance, and follow-up plans. Moreover, it identifies potential risks and opportunities to ensure they are reflected in decision-making processes. The ESG Team is responsible for executing ESG management strategies and tasks. It handles practical matters related to ESG activities and responds to information disclosure and evaluation. As a responsible global bio company, SK bioscience is committed to contributing to the achievement of the UN Sustainable Development Goals(UN SDGs) by practicing ESG management at a global level, guided by our company-wide ESG management system.

Results of ESG management strategy system and implementing tasks in 2022



ESG Management Strategy Framework

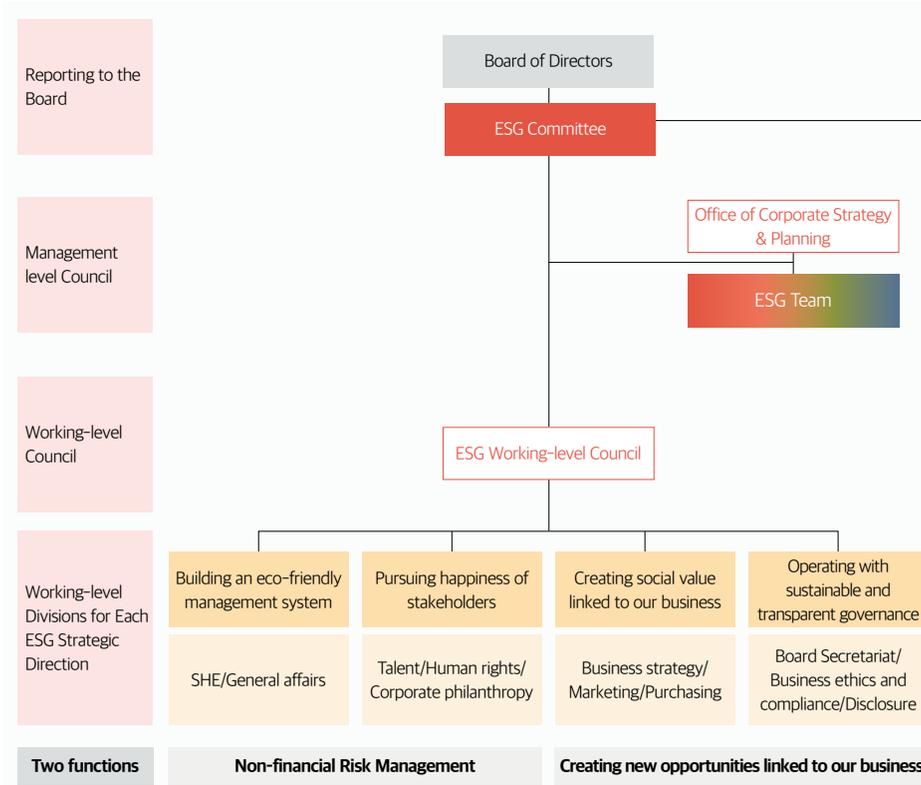
The United Nations Sustainable Development Goals (UN SDGs) are a set of global objectives to be achieved by the international community from 2016 to 2030. As a member of the international community, SK bioscience is committed to contributing to the achievement of the UN SDGs. This commitment is guided by our unwavering mission of 'Promoting Human Health' and ESG vision of 'Healthier Life, Sustainable Future'. We actively pursue various activities through our ESG management strategies in accordance with the SDGs.



ESG Management Implementation Structure

SK bioscience has established an ESG Management Implementation Structure to elevate its ESG management to the level of a global leading company. This structure is designed to manage non-financial risks and create new business opportunities effectively. For systematic ESG management, It comprises the ESG Committee, ESG Working-level Council, and ESG Team. The ESG Committee, operating under the Board of Directors, serves as the highest deliberation and decision-making body for ESG management. On the other hand, the ESG Working-level Council is responsible for implementing ESG improvement tasks and creating tangible outcomes. The ESG Working-level Council implements short and medium-to-long-term improvement tasks related to ESG. Meanwhile, the ESG Team is in charge of company-wide ESG works, including reporting management-level meetings, decision-making support. It also handles information disclosure and responds to external evaluation agencies.

ESG Management Implementation Structure



ESG Committee

In 2021, SK bioscience established the ESG Committee, which comprises one executive director and two outside directors, under the Board. To ensure effective committee operation, the company revised the ESG Committee Regulations. The primary role of the ESG Committee is to review and advise on management strategies and directions for the company's sustainable growth. Additionally, the ESG Committee is responsible for setting ESG activity goals and developing detailed action plans. It also conducts reviews of activities and information disclosures, which allow the committee to make well-informed decisions regarding ESG risks and opportunities.

Major Role of ESG Committee

Setting mid- and long-term directions and goals for ESG management and managing the implementation of improvement tasks	Review and advise on business strategy and non-financial risks	Review of various other ESG-related decisions
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Attendance Status of ESG Committee

Name	Category	2022 Attendance Rate
Chang-Jin Moon	Outside Director	100%
Jeong-Wook Choi	Outside Director	100%
Jae Yong Ahn	Executive Director	100%

Major Agenda of ESG Committee

회차	Date	Major Agenda (content)
1	2022.02.28.	Review of the ESG Management Plan for 2022
2	2022.04.18.	Review the establishment of ESG strategy and report on the progress of the ESG report
3	2022.05.10.	Report on the status of ESG report publication(vision and materiality assessment, etc.)
4	2022.07.20.	Report on the progress of climate change response and revision of the Human Rights Management Declaration
5	2022.10.13.	Report on ESG assessment response and publication of TCFD report
6	2022.12.15.	Report on the Global Bio Ecosystem Management Plan and the progress of Jigwanseoga



FOCUS ISSUES

- 22 Double Materiality Assessment
- 25 Focus 01. Securing Mid-to-long term Growth Engine
- 30 Focus 02. Talent Acquisition

Double Materiality Assessment

SK bioscience conducted a Double Materiality Assessment to evaluate the impact of corporate sustainability issues on society and the environment. Additionally, the assessment aimed to evaluate the impact of external risks on the business and financial environments in which the company operates. The assessment involved a comprehensive analysis of international standards and evaluation indicators specific to the bio-industry. It also included benchmarking of companies in the same line of business, media research, and stakeholder surveys, deriving a pool of 24 issues. By analyzing the materiality and impact of these issues from both a financial perspective and a social and environmental perspective, 11 material issues were selected as priorities.

Double Materiality Assessment Process

Step 1 Composition of a Pool of Issues

- Composing a pool of 24 issues specific to SK bioscience based on GRI Standards 2021, global initiatives, evaluation indicators, and analysis of companies in the same line of business and global leading companies

Step 2 Assessment & Prioritization

Level of Social and Environmental Impact

- Benchmarking with companies in the same line of business and global leading companies
- Analyzing media related to economic, environmental, social performance, and ESG issues
- Survey and analysis of internal and external stakeholders such as employees and external experts

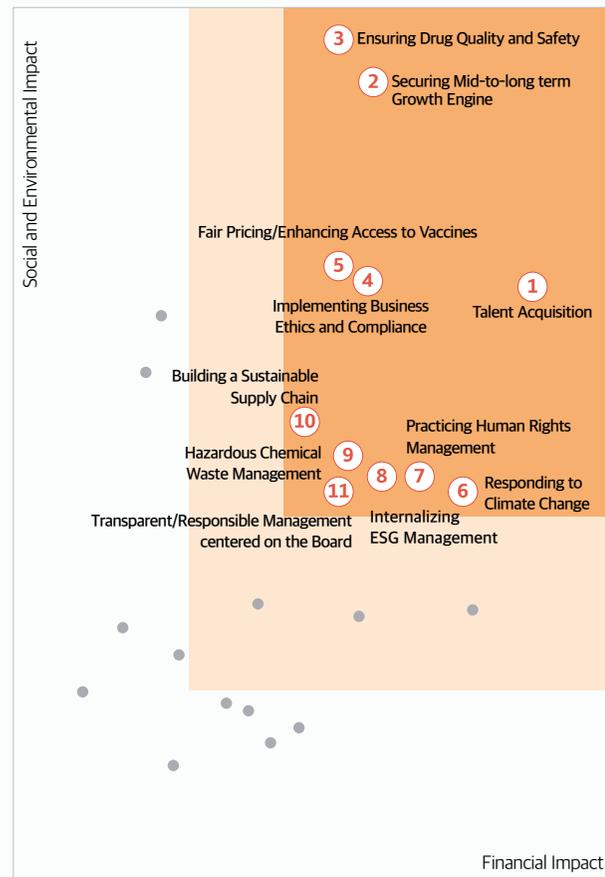
Level of Financial Impact

- Analysis and reflection of international standard indicators such as MSC1, SASB, etc.
- Analysis of corporate ESG strategy
- Survey and analysis of employees in the financial field

Step 3 Selection of Material Issues

- Quantifying the social, environmental, and financial impact by issue. And deriving 11 issues after conducting a comprehensive assessment
- Internal review of the 11 issues and confirmation of final material issues
- Environment: 2 / Social: 5 / Governance: 2 / Business: 2

Double Materiality Assessment Results



Rank	Area	Issue	Report Page
1	S	Talent Acquisition	30~32, 71
2	B	Securing Mid-to-long term Growth Engine	25~29
3	S	Ensuring Drug Quality and Safety	74~75, 76~78
4	G	Implementing Business Ethics and Compliance	91~94
5	B	Fair Pricing/Enhancing Access to Vaccines	27, 71~73
6	E	Responding to Climate Change	35~37, 50~53
7	S	Practicing Human Rights Management	38~40, 65~67
8	S	Internalizing ESG Management	15, 18~20
9	E	Hazardous Chemical Waste Management	47~48
10	S	Building a Sustainable Supply Chain	41~43, 68
11	G	Transparent/Responsible Management centered on the Board	86~90
12	E	Minimizing Environmental Impact through SHE Management	45~49
13	G	Voluntary Compliance with Fair Trade Laws and Regulations	84, 93~94
14	S	Promoting Workplace Safety & Health and Employee Health	59~64
15	S	Information Security Management	69
16	S	Expanding Community Participation	72
17	E	Establishing a Circular Economy System	45, 47
18	G	Company-wide Integrated Risk Management	95~97
19	G	Strengthening Stakeholder Communication and Disclosure	29, 32, 101
20	G	Expanding ESG Management Activities	18~20
21	B	Expanding Business-related Social Value (SV) Creation	15, 71~73
22	B	Transparent Tax Management and Payment	99
23	G	Protecting Shareholder Rights	98
24	S	Implementing Customer-centered Management	82~83

Material Issue Management

Material Issue	Governance	Strategy & Risk Management	Activity & Performance	Page
Talent Acquisition	<ul style="list-style-type: none"> Operating HR systems that help secure global bio experts and grow employee capabilities 	<ul style="list-style-type: none"> Operating a global recruitment program to secure talent with global competencies and core experience Fostering next-generation talent through education/on-site visit support as part of the Global Training Hub for Biomanufacturing(GTH-B) Encouraging employees to set their own goals by conducting KPI-based performance evaluations Improving work performance and strengthening employee motivation by establishing a regular performance management system 	<ul style="list-style-type: none"> Fostering bio talent through the Park Man-Hoon Scholarship Providing vaccine manufacturing process training to 26 trainees of GTH-B Establishing the Park Man-Hoon Award with the International Vaccine Institute (IVI) (awarded once in 2022 and twice in 2023) 	30~32, 71
Securing Mid-to-long term Growth Engine	<ul style="list-style-type: none"> Operating a dedicated division for innovative R&D of vaccines and biopharmaceuticals and improving vaccine manufacturing technology 	<ul style="list-style-type: none"> Establishing SKBS 3.0 strategy to respond to the endemic phase of COVID-19 and the next pandemic, expanding new bio businesses such as CGT, and building global partnerships as future growth engines Increasing investment in R&D and production infrastructure, and expanding and strengthening vaccine portfolio through input of human resources 	<ul style="list-style-type: none"> Expanded the vaccine pipeline to include 14 vaccines, including next-gen pneumococcal and RSV vaccines Supporting about 200 billion won for R&D projects from CEPI, BMGF, etc. C(D)MO contracts with AstraZeneca/Novavax for producing their Covid-19 vaccines 	25~29
Ensuring Drug Quality and Safety	<ul style="list-style-type: none"> Acquisition of K-GMP and EU-GMP certifications (drug manufacturing & quality control standards) to ensure the quality of pharmaceuticals Operating a GMP-qualified quality assurance system 	<ul style="list-style-type: none"> Operating the quality control process to ensure quality across the entire value chain Protecting the safety and rights of clinical trial participants by operating Data Safety Monitoring Boards(DSMBs) Verifying the reliability, effectiveness, etc. of clinical studies and complying with ethical principles and domestic and international regulations by organizing independent clinical audits 	<ul style="list-style-type: none"> Ensuring quality with K-GMP and EU-GMP certification Operating a Quality Management System(QMS) and establishing a QMS policy Conducting regular training to strengthen GMP capabilities Conducting 64 quality inspections for clients, suppliers, and health authorities 	74~78
Implementing Business Ethics and Compliance	<ul style="list-style-type: none"> Operating Compliance Team(Ethics Management Team) Chief Compliance Officer of the CP Team overseeing the entire process 	<ul style="list-style-type: none"> Taking disciplinary action for irrational and unfair behaviors within the company through the Ethics Reporting System Linking with the voluntary compliance program for fair trade to manage compliance risks Encouraging voluntary compliance of employees by operating a Compliance Officer System Enhancing transparency in corporate management through an Internal Accounting Control System(IACS) in accordance with the External Audit Act 	<ul style="list-style-type: none"> Completing 99% of employee's training for practicing the Code of Ethics 100% of ethics-related reports processed Revision of the Practice Guidelines for the Code of Ethics 0 compliance-related legal violations 	91~94
Fair Pricing/Enhancing Access to Vaccines	<ul style="list-style-type: none"> Operating ESG team to plan social philanthropic programs for medical support Establishment of pricing and marketing strategies by the Office of Marketing & Sales 	<ul style="list-style-type: none"> Reducing price barriers for consumers through fair pricing of vaccines and pharmaceuticals Expanding industry-related corporate philanthropic activities for medically underserved populations 	<ul style="list-style-type: none"> Analyzing global status to establish fair pricing policies Planning corporate philanthropic activities to strengthen access to healthcare 	27, 71~73

Material Issue Management

Material Issue	Governance	Strategy & Risk Management	Activity & Performance	Page
Responding to Climate Change	<ul style="list-style-type: none"> ESG committee and CEO-led council to make decisions on climate change response strategies and activities 	<ul style="list-style-type: none"> Establish a mid- to long-term climate change roadmap in accordance with SBTi Identification and impact assessment of potential climate change risks in consideration of timeframe(short/medium/long term), financial impact, and materiality 	<ul style="list-style-type: none"> Disclosure of strategies and activities related to climate change response through publication of TCFD report Calculating and managing Scope 3 GHG emissions 	35~37, 50~53
Practicing Human Rights Management	<ul style="list-style-type: none"> Promoting effective human rights management through the operation of the Human Rights Management Committee and the Division in charge of human rights management 	<ul style="list-style-type: none"> Minimizing the risk of human rights violations through the grievance process such as online human rights violation grievance channels Conducting human rights impact assessments to identify actual and potential human rights issues and derive countermeasures/improvement tasks by issue 	<ul style="list-style-type: none"> Revising Human Rights Management Declaration Conducting surveys for human rights impact assessment for 244 employees at the headquarters and Andong L HOUSE 100% of employees completing sexual harassment prevention and disability awareness training 	38~40, 65~67
Internalizing ESG Management	<ul style="list-style-type: none"> Establishing an ESG management implementation structure such as the ESG Committee under the Board and the ESG working-level council 	<ul style="list-style-type: none"> Setting mid-to-long-term directions and goals for ESG management Aligning business strategies to create new ESG opportunities and implementing company-wide ESG management through non-financial risk management 	<ul style="list-style-type: none"> Creating KRW 172.1 billion in Social Value(SV) through SK DBL Achieving 100% attendance rate of ESG Committee 	15, 18~20
Hazardous Chemical Waste Management	<ul style="list-style-type: none"> Establishing a chemical inventory to systematically manage hazardous chemicals 	<ul style="list-style-type: none"> Conducting preliminary hazard reviews before introducing new chemicals Implementing computerized management of Material Safety Data Sheets(MSDS) for new chemicals by applying the SHE IT system 	<ul style="list-style-type: none"> Developing & implementing a plan to conduct a risk assessment of chemicals handled at sites Conducting training on chemical MSDS 	47~48
Building a Sustainable Supply Chain	<ul style="list-style-type: none"> Establishment of a supply chain management system to strengthen supply chain ESG capabilities 	<ul style="list-style-type: none"> Analyzing ESG self-assessment results of suppliers to identify risks, taking corrective actions, and deriving improvement tasks Strengthening a support system for mutual growth by providing capacity-building support, training programs, and communication channels for suppliers Reducing the burden of ESG assessment on suppliers 	<ul style="list-style-type: none"> Introduction of 'Click ESG', a supply chain ESG assessment platform Conducting supply chain risk assessments for 46 suppliers Derived improvement measures for 21 suppliers Distributed the Supply Chain ESG Support Guidebook 	41~43, 68
Transparent/Responsible Management centered on the Board	<ul style="list-style-type: none"> Realizing transparent management through the appointment of board members who comply with the principles of independence, expertise, and diversity 	<ul style="list-style-type: none"> Promoting board-centered management through the establishment of five committees under the Board and fulfilling the responsible role of the Board of Directors Conducting the regular Board self-evaluations to enhance governance credibility and transparently disclosing the evaluation results Conducting objective evaluations of outside directors once a year 	<ul style="list-style-type: none"> Received Grade A rating on ESG Evaluation for governance from the Korea Institute of Corporate Governance & Sustainability 15 Board meetings held 	86~90



Securing Mid-to-long term Growth Engine

Alignment With UN SDGs



Goal 3
Ensure healthy lives and promote well-being for all at all ages



Goal 9
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

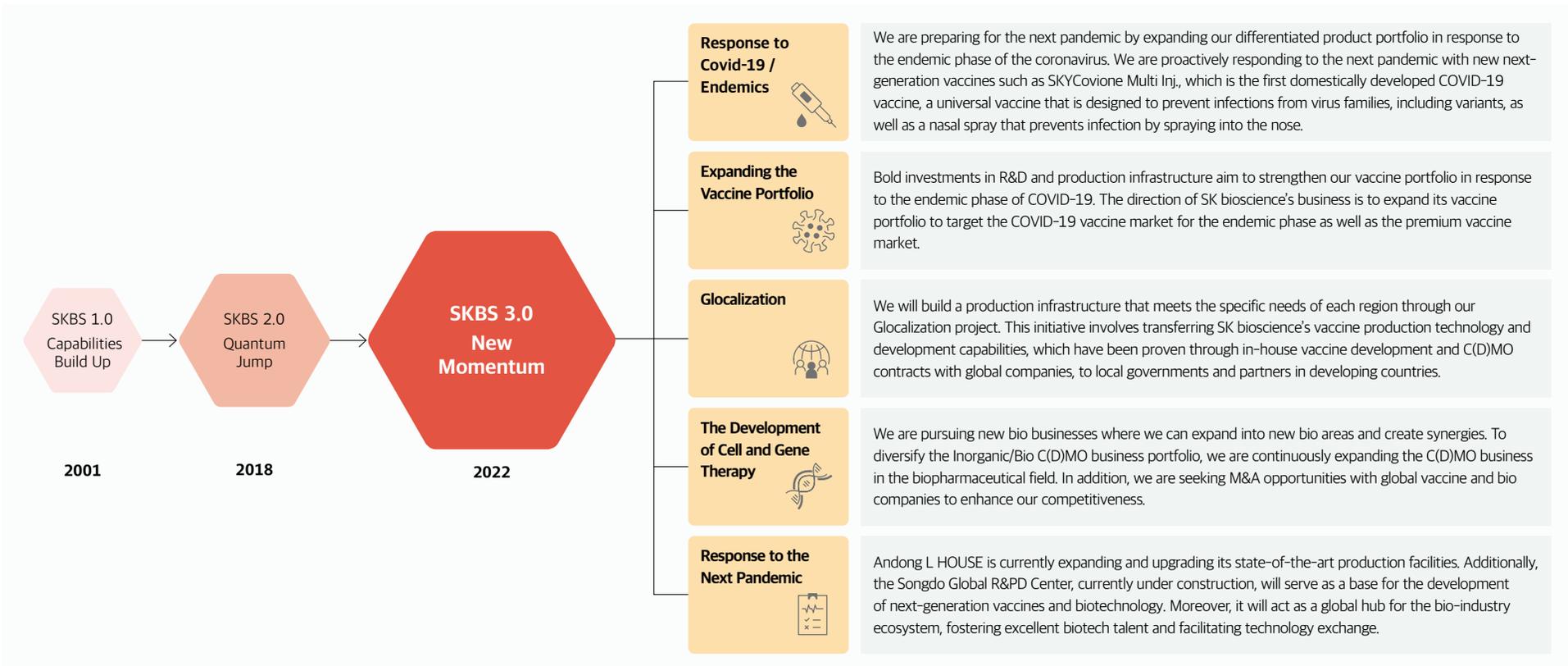


Goal 10
Reduce inequality within and among countries

SKBS Management Approach

To become an innovative global partner in the vaccine and bio field, SK bioscience has identified new future growth engines and established strategies to fulfill its vision. Based on innovative technologies and advanced production systems secured through continuous investment, we have not only succeeded in developing our own in-house vaccines but have also established ourselves as a trusted global partner. Additionally, as we prepare to respond to endemics and the next pandemic, our innovative achievements in the domestic and international vaccine markets have garnered attention from governments, institutions, and companies worldwide. Now, SK bioscience is embarking on another leap forward with 'SKBS 3.0'.

New Strategy for SKBS 3.0



SKBS 3.0 Growth Strategy

Mission **We Promote Human Health, from Prevention to Cure**

Vision **Global Innovative Partner of Vaccine and Biotech**

WHAT



Response to Covid-19/Endemics

- SKYCovione Multi Inj.
- Universal Vaccine
- Nasal Spray



Vaccine Portfolio Expansion

- Expand Vaccine Exports
- Develop in-house Blockbuster Vaccines
- Vaccine CDMO contracts with global pharmaceutical companies



Globalization

- Skyshield(Regional Vaccine Manufacturing Hub)
- Business Expansion by establishing a U.S. corporate entity



Expansion of Bio Business

- Develop CGT (Cell & Gene Therapy)
- CDMO



Response to the Next Pandemic

- Prompt response against an outbreak of infectious diseases

HOW



R&D/Production Infrastructure

- Songdo Global R&PD Center
- Expansion of Andong L HOUSE



Platform Technology

- Development of mRNA platforms



Global Partnerships

- Strengthening Global Public Health Partnership(CEPI, BMGF, IVI)
- Enhancing Cooperation with global pharmaceutical companies



M&A/JV

- Partnership
- Inorganic Growth



Management Infrastructure

- ESG
- DT(Digital Transformation)
- SHE(Safety-Health-Environment)
- HR

Partnership

Glocalization

Establishment of the Global Network

SK bioscience is building a collaborative system based on its global network to improve the health of humanity and lead the global vaccine and bio market beyond Korea. The Glocalization strategy aims to capture the global market in advance by incorporating SK bioscience's R&D and production capabilities, which have already proven their commerciality, into foreign regions. Moreover, this strategy allows us to safeguard public health, facilitate the growth of the vaccine industry, and secure sales in the global market by internalizing vaccines required at global bases with insufficient manufacturing capabilities. In particular, we are establishing a system for joint pandemic response among SK bioscience's global bases.

Through our Glocalization strategy, we aim to contribute to resolving the imbalance in vaccine supply in countries lacking technology and infrastructure, such as Latin America and the Middle East, while also expecting to create socio-economic value by pioneering new markets for our in-house vaccines.



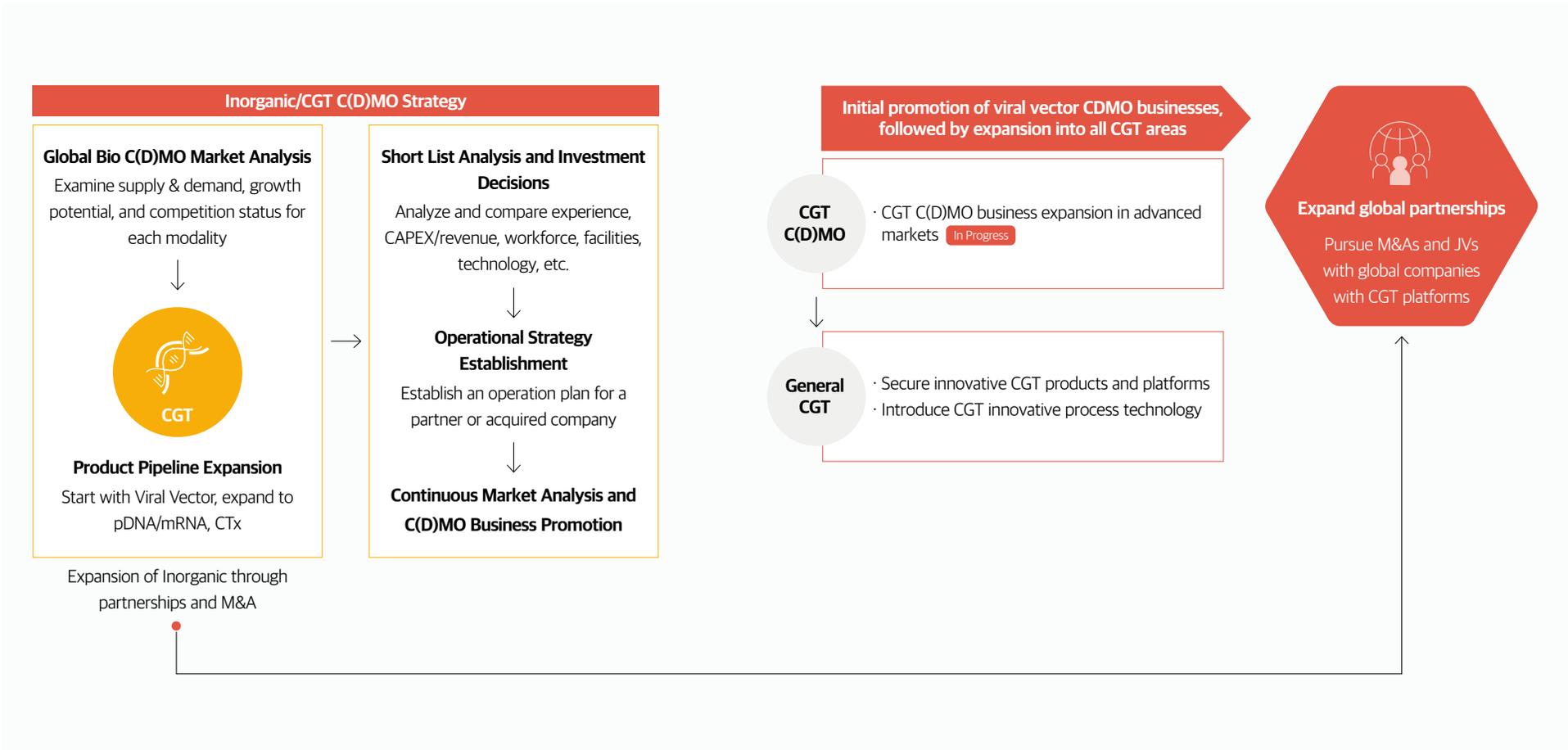
The Expansion of Bio Business - the Development of CGT

Strategy to Implement CGT Business

SK bioscience is currently expanding its new bio business, Cell-Gene Therapy(CGT), an innovative biotechnology with high growth potential. Through Inorganic Growth, one of the pillars of SKBS 3.0's growth engine, SK bioscience aims to conduct business. In addition to CGT, SK bioscience is also venturing into the growing fields of ADC(Antibody Drug Conjugate), pDNA, and mRNA. Its ultimate goal is to secure a sustainable and scalable business foundation by expanding its product pipeline and pursuing M&A with global vaccine and bio companies.

Expansion of CGT C(D)MO Partnership

To expand into the CGT field and secure technological prowess across all business areas, SK bioscience aims to establish C(D)MO contracts, pursue M&As, and enter joint ventures with global companies that already possess existing CGT platforms. In particular, its goal is to create synergy between the Songdo Global R&PD Center, which will serve as a global R&D open lab, and the CGT C(D)MO business in advanced markets. Additionally, SK bioscience plans to produce commercial volumes at Andong L HOUSE to expand its new pipeline and explore opportunities for global network expansion.



Strengthening R&D/Production Infrastructure

Songdo R&PD(Research & Process Development) Center

SK bioscience plans to establish a global R&PD center in Songdo, Incheon to expand the R&D and production infrastructure that is currently located in Pangyo and Andong, Gyeongbuk Province, and to establish a global top-tier-level R&D network. The Songdo Global R&PD Center will be equipped with a 'Pilot Plant', a cGMP-level production facility recognized by the U.S. FDA, and will serve as the foundation for future innovation platform technology development and global cooperation. The new R&PD center is expected to help us achieve our goal of contributing to promoting human health by resolving global vaccine supply imbalances, as well as exploring new markets for our in-house vaccines.



After securing the Songdo Incheon Techno Park site (30,413.8m²), construction will begin in April 2023 and be completed in June 2025

- Establish a Global Top-Tier R&D Network
- Expand Global vaccine R&D Open Lab & Talent Hub facility, CGT Commercial Production Facility and Introduce Digital Transformation
- Share Open Innovation R&D Capacity and Funding

Andong L HOUSE

SK bioscience's vaccine production facility, Andong L HOUSE, is the largest vaccine factory in Korea, offering production solutions and high operational standards that cater to the diverse needs of clients. Andong L HOUSE collaborates with various global companies, including C(D)MO contracts for COVID-19 vaccines. To ensure the production of high-quality products, it adheres to strict management standards that meet international regulations in all processes, from raw material procurement to manufacturing, quality control, and shipment. Currently, we are considering the first expansion of L HOUSE in Industrial Complex 2. This expansion aims to establish the facility as a global hub for vaccine production by increasing production capacity and investing in quality improvement.



Currently under review after purchasing a new site (about 99,130) for L HOUSE in Industrial Complex 2

- Production Capacity Improvement: Create more business opportunities through diversification of platforms like mRNA technology, which is based on flexibility
- Establish a qualified global production system and advance quality
- Introduce groundbreaking digital transformation



Interview

Young-Suk Kim, Head of Corporate Strategic Planning Office



How has SK bioscience been impacted by the transition to the endemic phase of the coronavirus, and what steps is the company taking to prepare for the future?

Governments and global initiatives around the world are implementing multiple policies and projects related to vaccine development to prepare for the next pandemic. This presents an opportunity for SK bioscience, which has successfully completed the development and production/supply of COVID-19 vaccines, to expand its business scope. SK bioscience aims to enhance its in-house vaccine development capabilities and production competitiveness by developing a pipeline of blockbuster vaccines, strengthening global partnerships, securing top-tier R&D/production infrastructure worldwide, and expanding production/sales bases. Based on these efforts, we aspire to expand our business areas to become a 'global leading vaccine company'.

What strategies are prioritized to secure mid- to long-term growth engines?

Based on our excellent R&D capabilities and successful global partnership experience, SK bioscience is promoting the completion and commercialization of our blockbuster vaccine pipeline as a top priority. In particular, our vaccines will not only drive the sustainable growth of SK bioscience but also contribute to raising the level of global healthcare to the next level. Additionally, we will pursue our glocalization strategy as a key growth engine. This involves transitioning SK bioscience's process/manufacturing technology to local markets through various SKYShield models. We will also explore various opportunities for the development of our Next Bio business, such as CGT's C(D)MO business.

What considerations are you making from an ESG management perspective to secure mid-to long-term growth engines?

SK bioscience focuses on two pillars of product development and production. The first pillar comprises Commercial Vaccines that drive commercial growth, while the second focuses on Public Health Vaccines that contribute to global public health. Our aim is to secure the global vaccine market and elevate the level of global public health by creating a virtuous cycle system. This system involves investing the financial resources secured from the success of our commercial products into public health products and utilizing the technologies acquired through the development of public health products for commercial products once again. Furthermore, we are committed to creating social value by addressing global vaccine supply imbalances through the development and glocalization of basic vaccines. This 2023 Report showcases the execution of our strategy, our achievements, and our commitment to becoming an ESG leader. We warmly seek the interest and generous advice of our stakeholders on our journey towards sustainable growth.

FOCUS 02 Talent Acquisition

Alignment With UN SDGs



Goal 4
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Goal 5
Achieve gender equality and empower all women and girls



Goal 8
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SKBS Management Approach

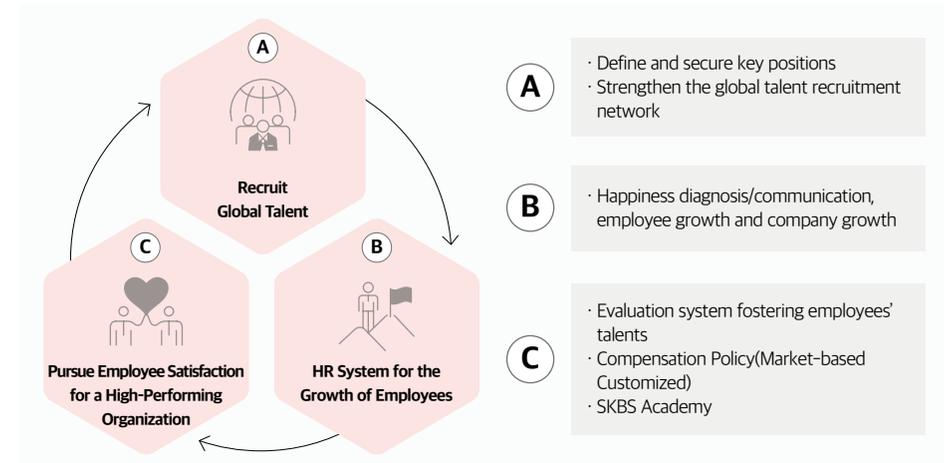
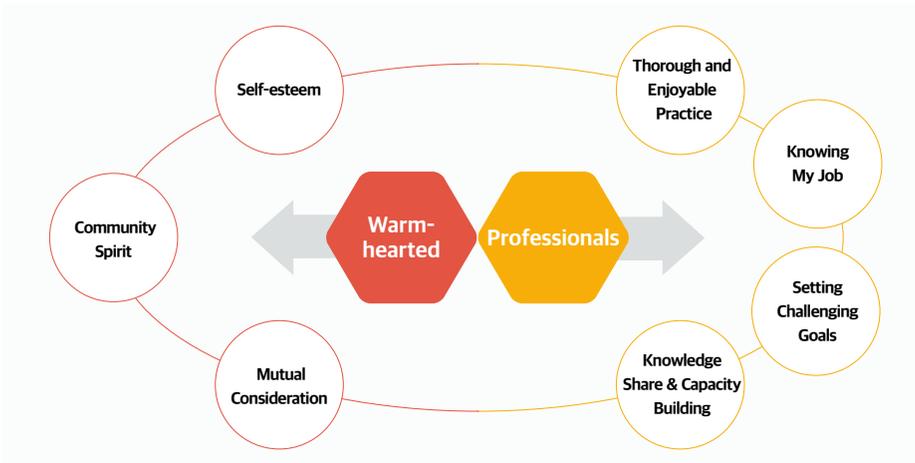
SK bioscience operates various talent recruitment/development programs to foster experts who will lead the company's future growth and bring individuals and organizations together. To expand our global business and secure future growth engines, we recruit talented individuals with exceptional capabilities and potential globally. In addition, based on the consent and support of our employees, we operate systems for talent development and compensation to promote fair performance evaluation and compensation. SK bioscience assesses happiness levels, facilitates communication about happiness, and provides support and encouragement for a happy and high-performing organization for all employees.

Ideal Talent for SK bioscience: Warm-hearted professionals

SK bioscience's growth into a global vaccine and biotechnology company beyond Korea has been the result of the efforts of not only numerous R&D personnel but also behind-the-scenes talent who have been supporting the entire process. SK bioscience is committed to fostering talented individuals with warm hearts and expertise. To this end, we operate various training and reward systems based on our unique talent characteristics of "warm-hearted professionals" and strive to cultivate a healthy corporate culture. To achieve SKBS 3.0, our future growth strategy, SK bioscience will continue to recruit and nurture outstanding talent, while also doing our best to improve the welfare and work environment for all employee.

Talent Management Strategy

SK bioscience has established a three-pronged talent development strategy to secure global talent, build an HR system for employee growth, and pursue a high-performing organization and employee happiness. To achieve these goals, we have identified and implemented key tasks in each area, including recruitment, compensation, development, and corporate culture. To ensure the timely allocation of talented employees, SK bioscience has transitioned from regular recruitment to on-demand recruitment. Additionally, we actively utilize external recruitment platforms to target prospective job seekers with excellent skills.



Securing Global Talent

SK bioscience has defined key positions and implemented various global talent recruitment programs to attract professionals with global competencies and experiences.



Networking to Attract Global Talent

Networking efforts to recruit global talent with vaccine R&D expertise



Global Talent Job Fair

Participate in major domestic and international job fairs such as the KASBP Symposium and the Korea Pharmaceutical and Bio-Pharma Manufacturers Association Job Fair



Selecting Scholarship Students

Select scholarship students from Seoul National University, Andong University, Korea Polytechnic University, and awarding scholarships

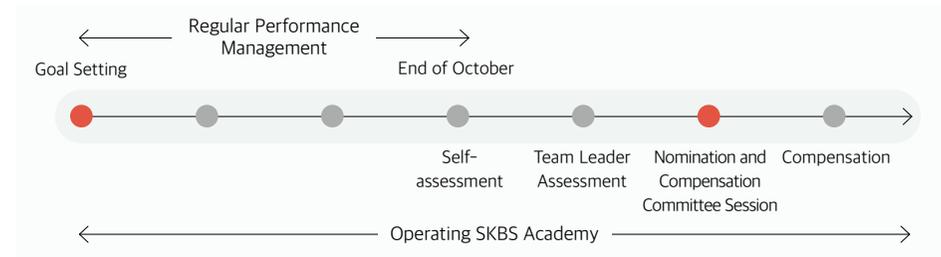


Strengthening Targeted Recruiting

Define future core positions and strengthen targeted recruiting

The HR system for Employee Growth

The core objective of SK bioscience's evaluation system is to facilitate continuous improvement in employees' actual performance and capabilities. To achieve this, we have established an absolute evaluation system, a compensation policy, and the SKBS Academy.



Evaluation system fostering employees' talents

Regular Performance Management

- Establish a permanent performance management system that enhances evaluation and feedback on work to improve work performance. Provide coaching and training for employee competencies

Nomination and Compensation Committee Session

- Conduct sessions with executives and team leaders to fairly assess employees
- Overall assessment of competencies by separating value, common competencies, and job-specific competencies

Compensation Policy

Market based

- Evaluate Performance Contributions and Competencies Based on Marketability
- Compensate based on external market value

Customized

- Customized evaluation considering the individual's role and job characteristics
- Differential compensation based on Job value in the market and individual competencies, and performance

SKBS Academy

Value/ Leadership

- On-boarding New Employees
- Leadership Program(Leader Workshops and Online Curriculum)
- HIPO Development Program

Job-specific

- GMP Common Training
- DX Capability Training
- Customized training in connection with K-NIBRT
- Foreign Language Enhancement Program



2022 Korea Pharma & Bio Job Fair

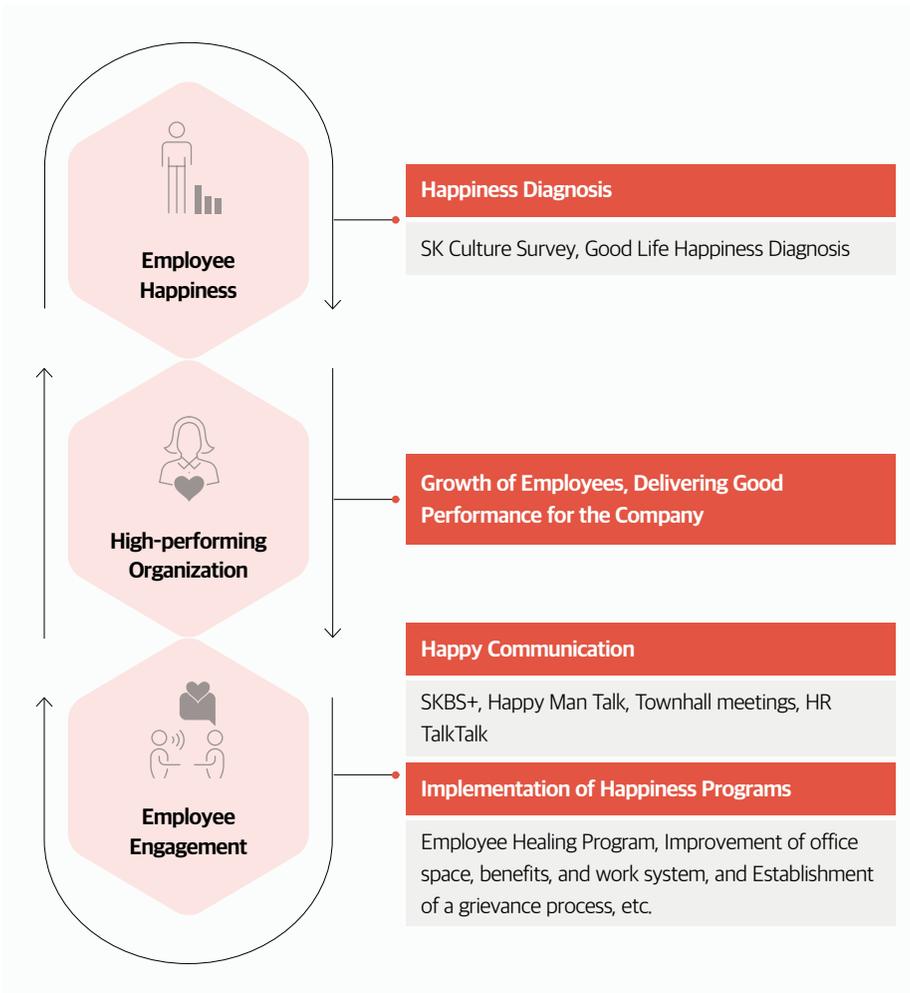


Park Manhoon Scholarship Signing Ceremony SK bioscience-School of Biological Sciences, Seoul National University

Pursuing High-Performing Organization and Employee Happiness

SK bioscience strives to create a happy and engaging environment for its employees, based on the virtuous cycle of happiness management. In this cycle, happy and engaged employees lead to good performance, resulting in a continuous loop of employee happiness. Additionally, we are committed to ensuring the sustainability of our happiness management by diagnosing the current level of happiness among our employees and actively seeking ways to increase their happiness through effective communication.

Happiness Management Frame



Interview

Jong-su Park, Head of Corporate Culture Office



What are your priorities for identifying talented individuals who will lead the future of SK bioscience?

The ideal talent for SK bioscience is a 'warm-hearted professional'. A 'warm-hearted professional' is a member of SK bioscience who shares our belief in promoting human health, from prevention to cure, and who envisions their desire for happiness and success clearly. They approach everything they do with passion and joy. To foster such talent, we operate various development programs, including workforce relocation, and strive to establish a strong corporate culture by reviewing HR systems. This ensures that existing employees can grow and feel rewarded within the company.

What is your talent acquisition strategy amid intensifying competition for talent?

SK bioscience has predefined the key positions required to fulfill our SKBS 3.0 strategy and is actively in the process of recruitment. The most important thing above all is securing core capabilities to successfully carry out SKBS 3.0 tasks. To this end, SK bioscience has established a human resources database for key positions and continuously networks with leading university research labs and academic societies. In addition, we offer a competitive compensation system based on market value, operate the SKBS Academy, and make HIPO fostering efforts to help talented individuals grow within the company.

What are some of the activities SK bioscience is undertaking to build expertise in the vaccines and bio field?

To strengthen employee competencies, we are implementing leadership and global language training through the 'SKBS Academy' system, which was established in 2022. Additionally, we are designing GMP common training and DX training programs to enhance common job competencies across the organization. Furthermore, to improve job expertise related to vaccine production/quality, we have signed an MOU with Yonsei University's K-NIBRT. This collaboration allows us to design customized training and provide various opportunities, including on-site training for the manufacturing process. We sincerely ask for your continued interest, as SK bioscience remains committed to achieving harmony and balance in the happiness of all stakeholders. We will prioritize both present and future happiness to ensure long-term sustainability.



ESG Performance

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2022 Highlights

Net Zero Roadmap



Set-up 2031 Net Zero Goal

Perform Energy Transition Scenario Analysis for GHG Emissions Reductions by Scope

Analyze cost savings under the Net Zero scenario

Human Rights Impact Assessment



Establish Human Rights Impact Assessment Process & Enhance Human Rights Due Diligence System

Conduct Human Rights Impact Assessment for employees at the headquarters and Andong L HOUSE in 2023

Derive a checklist of 633 indicators based on human rights-related guidelines, laws and regulations

Supply Chain ESG Support



Introduce 'Click ESG' (Supply Chain ESG Support Platform)

Compose 66 evaluation indicators (Environment: 25, Social: 28, Governance: 13)

Conduct supply chain risk assessment (46 companies)

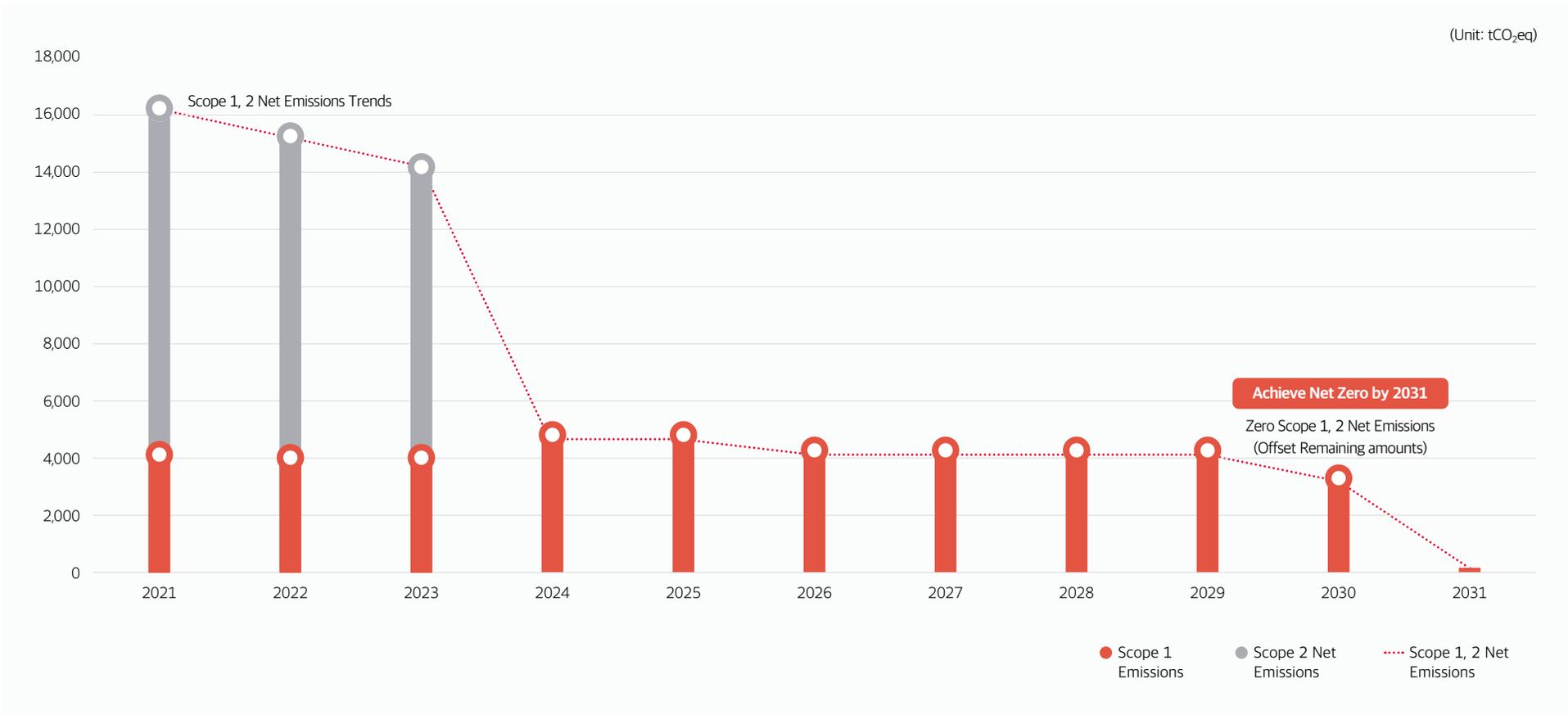
Highlight 1

Net Zero Roadmap

Scope 1 & 2 Net Zero Roadmap

SK bioscience has analyzed the GHG emissions of all its sites using the methodology proposed by the Science Based Targets initiative(SBTi). Based on this analysis, we have refined our goals and implementation strategies to achieve net zero GHG emissions by 2031. In Scope 1, the majority of GHG emissions have come from the use of LNG fuel in Andong L HOUSE boilers. To achieve the conversion target, we align with the government’s plan to supply and expand hydrogen energy infrastructure. For Scope 2, most GHG emissions have resulted from the use of electricity. To reduce these emissions, we plan to sign a renewable Power Purchase Agreement (PPA).

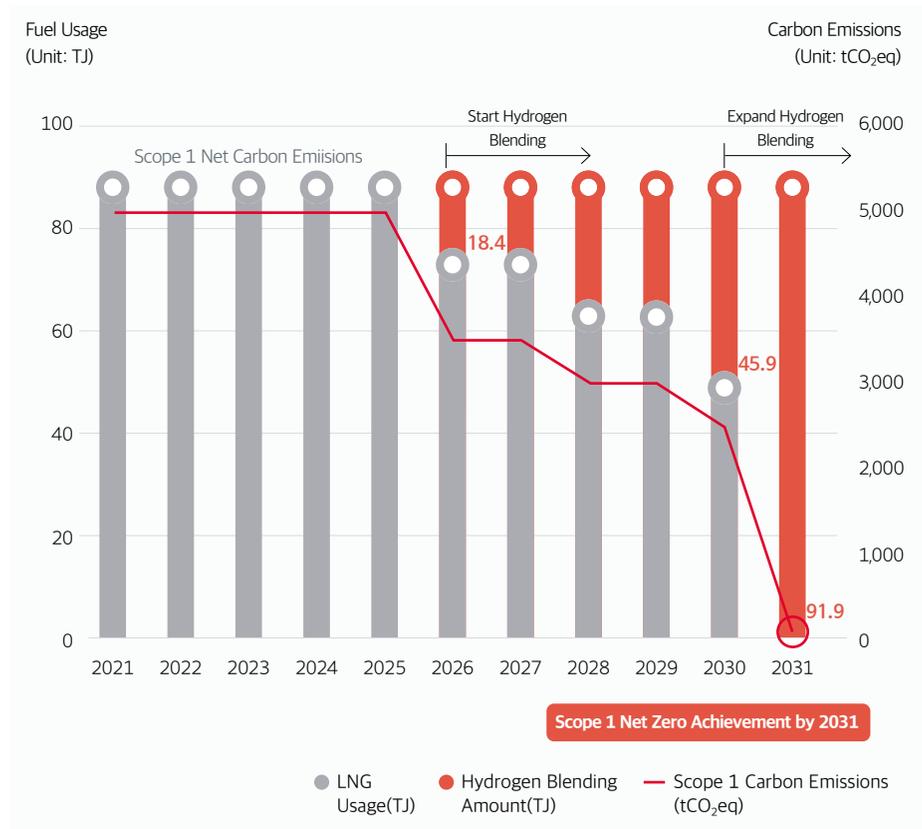
2031 Net Zero Roadmap



Scope 1 & 2 Net Zero Scenario

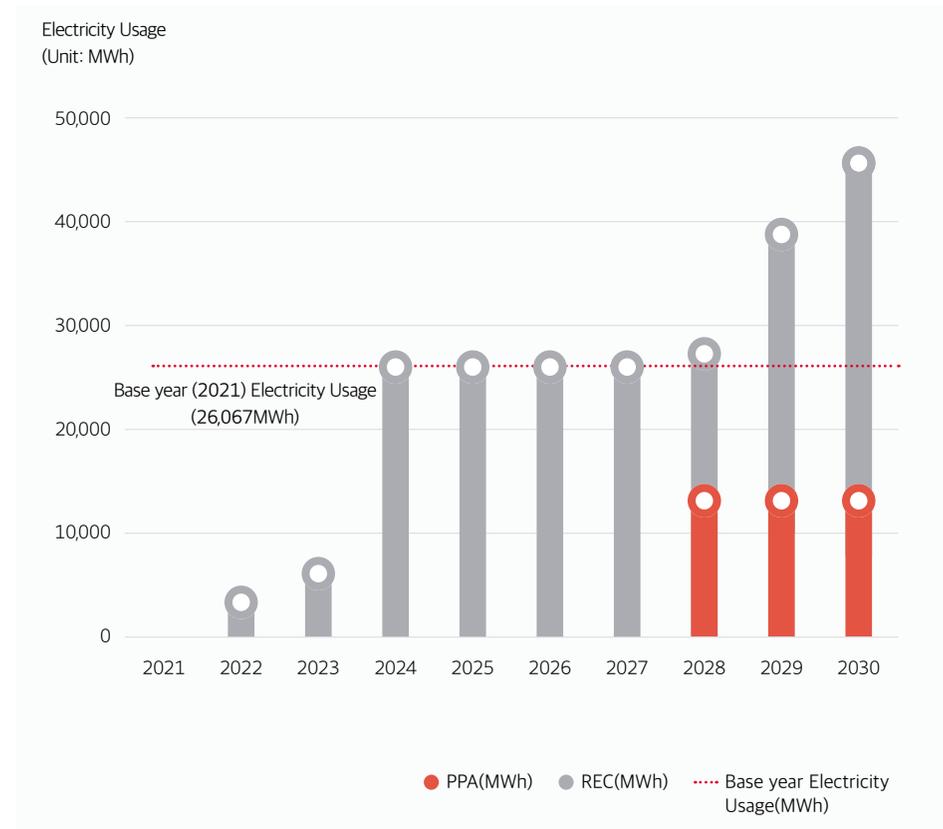
Direct GHG emissions (Scope 1) - Hydrogen energy transition scenario

Scope 1 direct GHG emissions resulting from stationary combustion of fuels account for 29% of the total emissions, with over 97% emitted from Andong L HOUSE's LNG boiler. While hydrogen energy is gaining attention as a clean energy source, it is expected to take time for the overall market environment to stabilize, involving factors like demand/supply, regulations/policies, and infrastructure. Therefore, SK bioscience plans to gradually start blending hydrogen in accordance with the government's plan to supply and expand hydrogen infrastructure. We will remain flexible and adjust the blending ratio based on upcoming hydrogen legislation and price situations. Our goal is to aggressively expand the blending ratio once the hydrogen market achieves relative stability, ultimately achieving 100% hydrogen fuel conversion and net zero emissions by 2031.



Indirect GHG Emissions (Scope 2) - Renewable Energy Transition Scenario

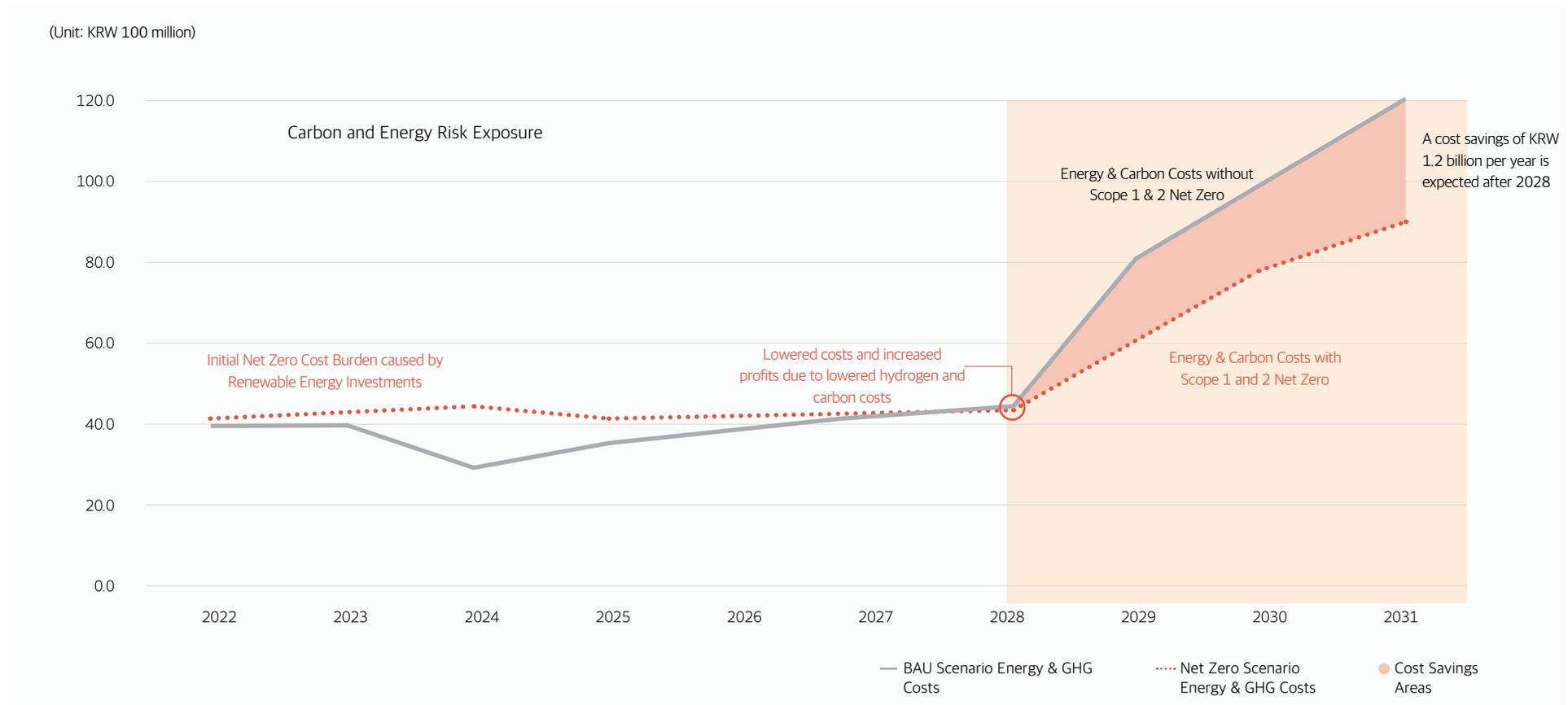
Approximately 70% of SK bioscience's GHG emissions come from Scope 2, and 99% of these emissions stem from electricity usage. Therefore, a key component of SK bioscience's Net Zero strategy is to convert existing fossil fuel-based power sources to renewable energy. To achieve this, SK bioscience aims to reduce emissions by expanding the use of renewable energy through Power Purchase Agreement(PPA) contracts. The target date will be updated as we expand Andong L HOUSE and construct new infrastructure, such as the Songdo Global R&PD Center. Moreover, we will maintain a flexible approach to address the risks posed by climate change in the rapidly changing domestic and international business environment.



Analyzing the financial impact of a Net Zero Scenario

Based on the IEA¹⁾'s SDS²⁾ climate change scenario, we calculated the impact of energy & carbon costs(Value at Risk), which represents the influence of Net Zero implementation at business sites on financial profit and loss. We found that achieving Net Zero will alleviate the burden of energy & carbon costs in the medium to long term. In the short term, the cost burden is expected to rise as renewable energy costs increase. However, energy & carbon costs are anticipated to decrease by 2028, reflecting the introduction of a carbon pricing system policy in the SDS scenario and the expected stabilization of prices due to the government's policy to expand hydrogen infrastructure. Subsequently, cost savings are expected to average about KRW 1.2 billion per year until 2031 when the net zero goal is achieved, thus providing a financial benefit for SK bioscience. The scope of the benefit is expected to expand further in the future when the supply of eco-friendly energy infrastructure, such as renewable energy and hydrogen, stabilizes.

Value at Risk of Energy & Carbon Costs



1) IEA: International Energy Agency

2) IEA Sustainable Development Scenario(SDS): A scenario that assumes the achievement of the sustainable energy goals recommended by the UN SDGs, consistent with the goals of the Paris Climate Agreement.

- Carbon cost (KRW/tCO₂eq): Increases from KRW 49,109/tCO₂eq in 2021 to KRW 136,679/tCO₂eq in 2031 based on IEA Sustainable Development Scenario (SDS) data.

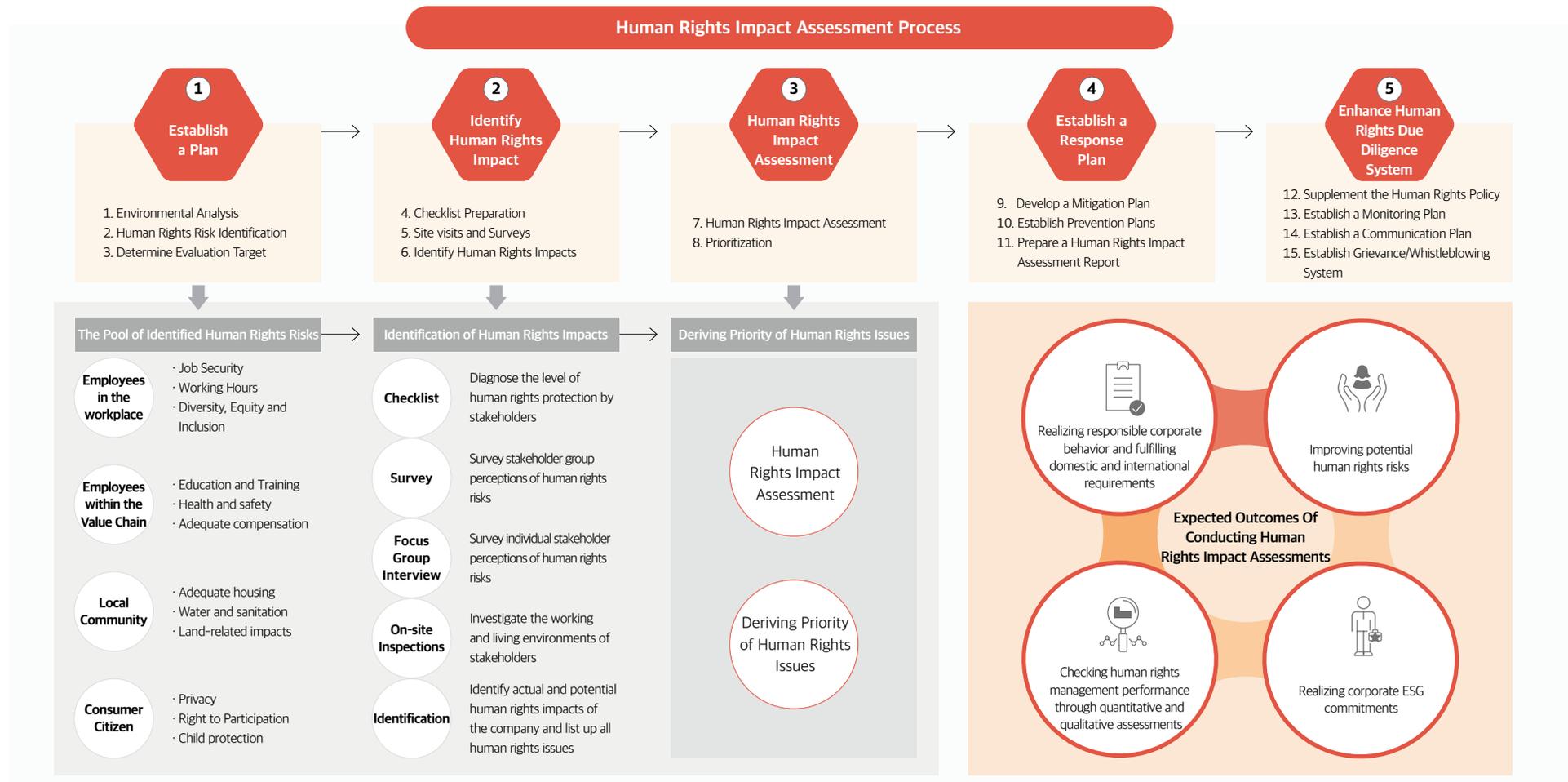
- PPA Tariff (KRW): Calculated using data on electricity bill increases over the past 10 years and forecasts of German industrial power tariff costs; assuming a minimum of KRW 150 and a maximum of KRW 242

Highlight 2

Human Rights Impact Assessment

Human Rights Impact Assessment Process

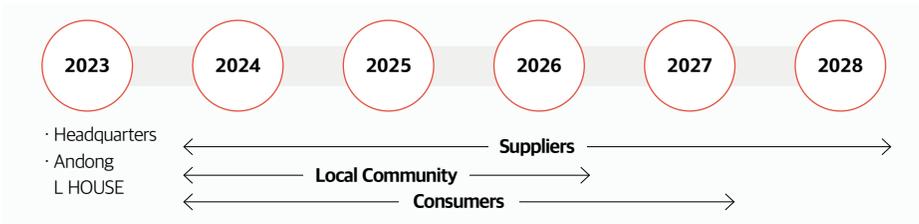
SK bioscience has established a human rights impact assessment process to prevent negative human rights impacts that may arise from the company's management or business activities and ultimately contribute to the realization of human rights. Through the human rights impact assessment, we will proactively identify and address human rights risks to prevent violations and improve the protection of human rights based on the assessment results.



Step 01 Establish a Plan

Human Rights Impact Assessment Target

SK bioscience conducted a Human Rights Impact Assessment in the first half of 2023 for all employees of the headquarters and Andong L HOUSE to prevent negative human rights impacts. Starting from 2024, we plan to gradually expand the scope of the assessment to include domestic and overseas business sites, suppliers, partners, local communities, and consumers.



Step 02 Identify Human Rights Impact -1

Deriving the Checklist

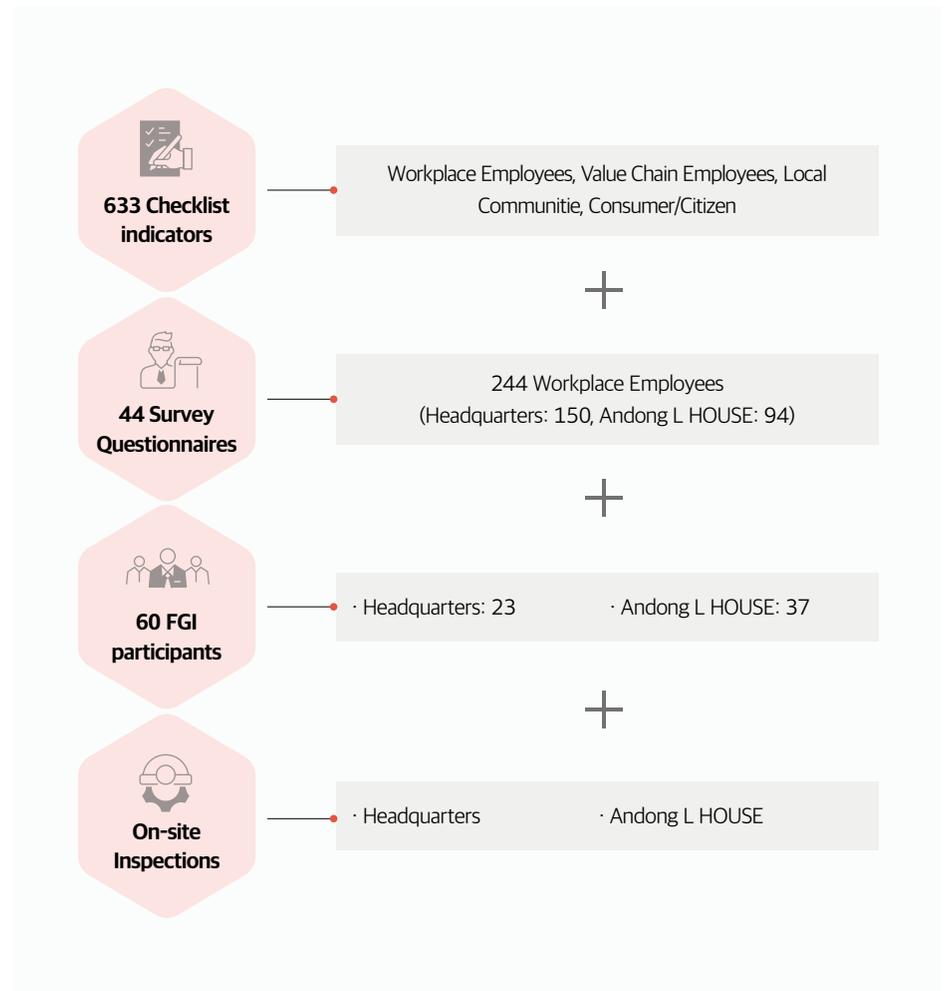
For the Human Rights Impact Assessment, SK bioscience derived a checklist of 633 indicators suitable for diagnosing major human rights violation factors based on domestic and international human rights-related guidelines, international norms, and domestic laws and regulations.



Step 02 Identify Human Rights Impact -2

Identifying human rights issues

We identified actual and potential human rights issues through a checklist of 633 indicators, surveys, focus group interviews(FGIs), and on-site inspections, gathering input on key business indicators.



Step 03 Human Rights Impact Assessment

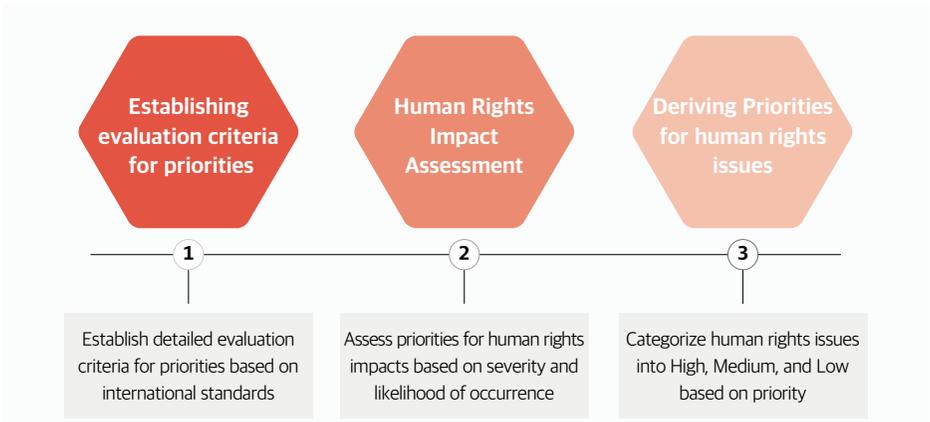
Step 04 Establish a Response Plan

Human Rights Impact Assessment

In the Human Rights Impact Assessment process, the severity and likelihood of actual and potential human rights issues identified in the human rights impact identification stage are evaluated in three stages: low, medium, and high. Severity is judged according to Scale, Scope, and Irremediability, following the UN Guiding Principles on Business and Human Rights. Likelihood is applied as a factor to identify priorities among issues with tied severity ratings.

Establishing a Response Plan for the Human Rights Impact Assessment

Based on the results of the Human Rights Impact Assessment, SK bioscience has prepared a Human Rights Impact Assessment Report that includes improvement tasks and mitigation and prevention plans for each area. Our Human Rights Impact Assessment Report will be publicly disclosed in August 2023.



Step 05 Enhance Human Rights Due Diligence System

Detailed criteria and evaluation methods for Human Rights Impact Assessment

Criteria		Detailed Criteria	Evaluation Criteria
Severity	Reference Size	· Significance of impacts on human rights	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 15px; height: 15px; background-color: red; border-radius: 50%; margin-bottom: 5px;"></div> High <div style="width: 15px; height: 15px; background-color: orange; border-radius: 50%; margin-bottom: 5px;"></div> Medium <div style="width: 15px; height: 15px; background-color: yellow; border-radius: 50%; margin-bottom: 5px;"></div> Low </div>
	Scope	· Number of individuals/groups affected · Consideration of the scope and characteristics of each stakeholder	
	Irremediability	· Likelihood of affected parties regaining previous rights	
Likelihood of Occurrence		· Whether it occurs and the likelihood of occurring on a continuing basis	

Enhancing the Human Rights Due Diligence System

SK bioscience has strengthened its human rights due diligence system to complement and reestablish its human rights policy. As part of this effort, we have established a monitoring plan and action plan to address the issues identified in the Human Rights Impact Assessment. Accordingly, we will implement a communication plan and human rights education program involving stakeholders. We aim to review and improve the grievance process and whistleblowing system. Furthermore, we plan to establish a task force dedicated to human rights management, working in conjunction with the existing division responsible for addressing human rights-related grievances.

We have established a mid-term roadmap to prevent and mitigate major human rights issues identified through the Human Rights Impact Assessment by 2025. Additionally, to ensure sustainable human rights management, we will establish an objective tracking system based on quantitative and qualitative indicators to monitor major human rights issues starting in 2026.

Highlight 3

Supply Chain ESG Support

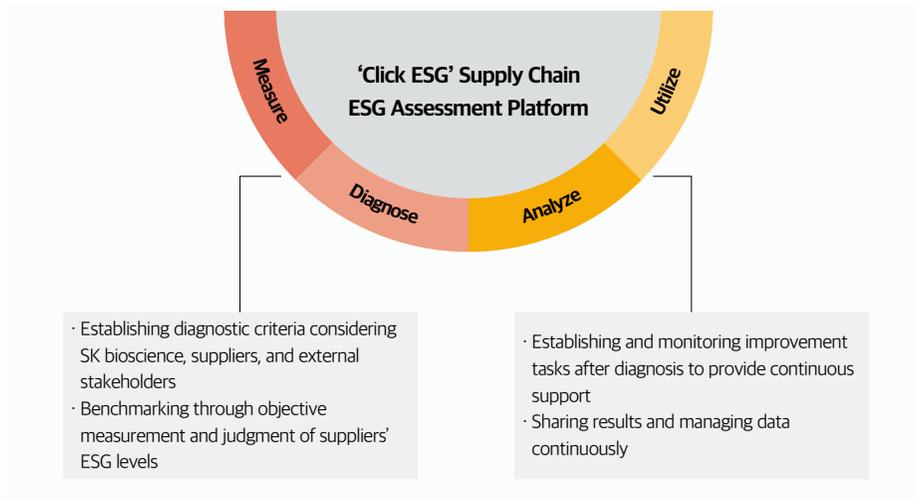
Supply Chain ESG Management

Globally, supply chain stability is becoming increasingly important. To foster a sustainable industrial ecosystem in a rapidly changing global business environment, we support all our partners in complying with their social responsibilities in areas such as ethics/anti-corruption, labor/human rights, safety/health, and the environment. By extending SK bioscience’s ESG management policies and activities to our suppliers, we aim to prevent various risks that may arise in the supply chain and enhance their ESG capabilities.

Supply Chain ESG Support Platform

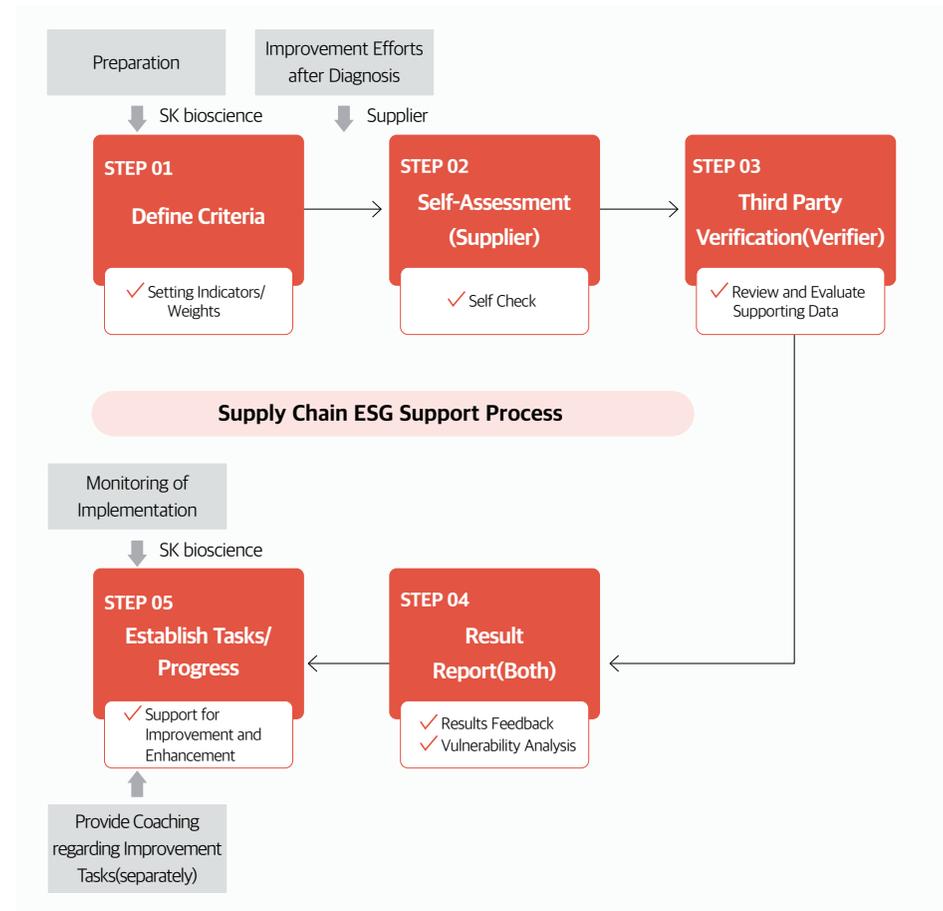
SK bioscience is promoting ESG management across the supply chain by reflecting ESG requirements in the selection and evaluation of suppliers. As part of this effort, we introduced ‘Click ESG’, an IT infrastructure-based supply chain ESG support platform, to identify ESG risks and simultaneously assist suppliers in their improvement efforts. In 2023, we plan to further advance the platform to encourage suppliers to participate in ESG management continuously and to grow with them by managing their non-financial risks.

ESG Platform Service Areas



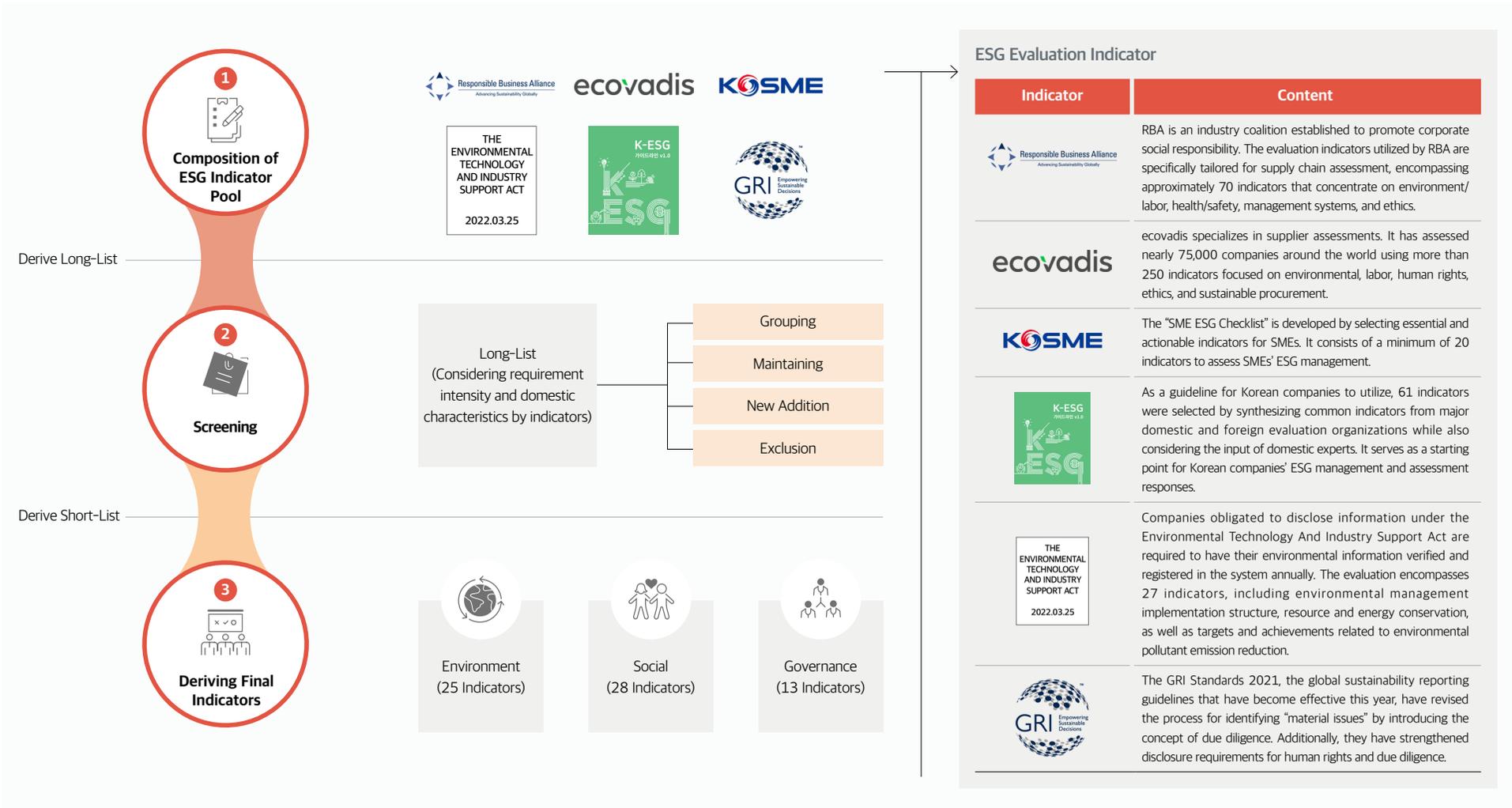
Supply Chain ESG Support Process

Through the Supply Chain ESG Support Platform, SK bioscience has transformed its existing supply chain ESG management system into a series of processes ranging from ESG self-assessment and evaluation to improvement and management. By doing so, we are supporting our suppliers’ ESG management and enhancing the sustainability of the entire supply chain.



Supply Chain ESG Management Indicators

Based on the requirements of domestic and international organizations and assessments, SK bioscience has developed 66 supply chain ESG management assessment indicators, including 25 in the environmental sector, 28 in the social sector, and 13 in governance. Moving forward, we plan to establish a diagnostic system tailored to the industry and supplier characteristics by comprehensively reflecting the standard classification system used domestically and abroad. Additionally, we will incorporate the principles of each of the five areas(ethics, labor, health and safety, environment, and management system) outlined in the Pharmaceutical Supply Chain Initiative(PSCI), a supply chain initiative in the pharmaceutical industry. This approach will help us effectively manage a sustainable supply chain.



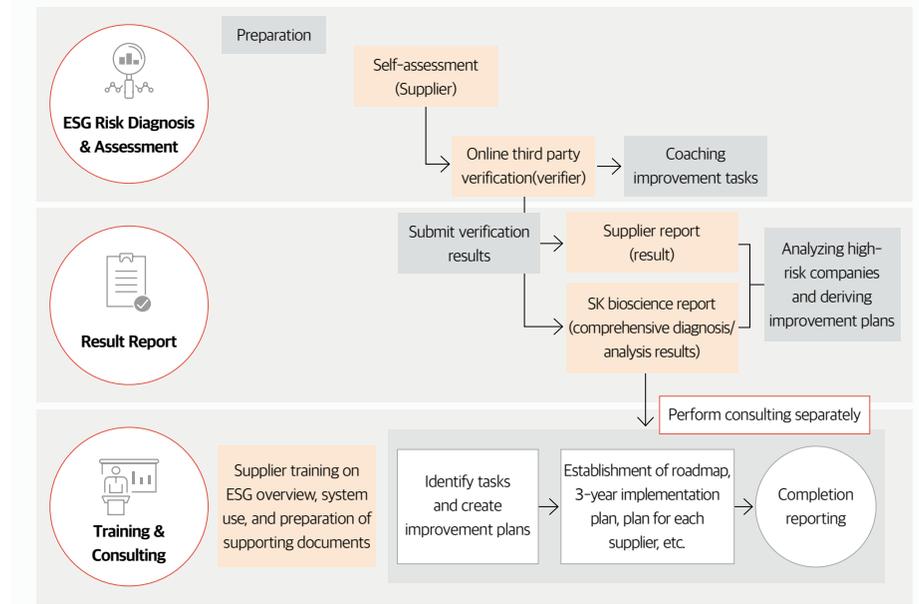
Supply Chain ESG Risk Management Framework

SK bioscience has introduced a systematic risk management process to prevent and manage various non-financial risks that may arise in the course of business activities of suppliers. We conducted a supply chain risk diagnosis for 50 of all registered suppliers, with four of them being excluded from the assessment due to their internal circumstances. To promote education on ESG management and risk management, we distributed materials and videos to all assessed suppliers and asked them to conduct a self-diagnosis based on these resources.

Status of the self-assessment of the first group of suppliers

Total	21/46	Risk Level(High)	76.19%	Risk Level(Medium)	9.52%	Risk Level(Low)	14.29%
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Currently, we are in the process of devising comprehensive diagnosis and improvement plans for suppliers who have undergone the ESG risk self-assessment and evaluation process, dividing them into two groups. We have already completed the comprehensive diagnosis and improvement plan for 21 suppliers in the first group. Approximately 76% of them were assessed as high-risk due to reasons such as non-implementation of ESG management, lack of supporting data, or limited data submission because of the absence of ESG personnel. By the end of August, we will also finalize corrective measures and improvements for 25 suppliers in the second group. Furthermore, we will select 10 suppliers from the high-risk group for on-site inspections and provide support for supply chain ESG management improvement plans, training, and consulting.



Supply Chain ESG Evaluation Improvement Roadmap and Plan

Starting with this supply chain ESG diagnostic evaluation, we will gradually expand the number of suppliers to be assessed, aiming to enhance supply chain ESG risk management by diversifying improvement programs and consulting services.

Moving forward, we will utilize the ESG diagnostic platform to conduct in-depth assessments of suppliers' ESG management status, encouraging voluntary management and verifying data. Based on the results, we will offer consulting services to high-risk suppliers as needed. Additionally, we will implement various support programs to promote practical improvements and enhance management systems. We will also provide in-depth training and consulting for high-risk suppliers to build a sustainable supply chain system.

Providing Supply Chain ESG Support Guidebook

SK bioscience distributed a guidebook that takes into account the corporate environment to assist its suppliers in understanding the concepts and methodology of ESG, facilitating smooth ESG assessments. The guidebook is divided into three parts and aims to enhance ESG assessment support by providing implementation items and supporting documents for each scale question.

Contents of Click ESG Guide Book

- Part 1. ESG Concepts and Understanding
- Part 2. Methodology
- Part 3. Indicator Guidance

Examples of Guide Book Page

FUTURE

ENVIRONMENTAL

- 45 Environmental Management
- 50 Action on Climate Change



Environmental Management

Environmental Management System

Environmental Management System

To effectively achieve the three objectives of ‘minimizing carbon emissions’, ‘recycling of resources’, and ‘minimization of ecological impacts’, SK bioscience has established a Safety, Health & Environment(SHE) management policy to carry out environmental management. At the company-wide level, SK bioscience shares an environmental policy aligned with the international standard ISO 14001. As a testament to our consistent efforts, we successfully obtained ISO 14001 certification for Andong L HOUSE in 2022.



ISO 14001

Environmental Management Policy

1. We do our utmost to use resources and energy sustainably, reduce environmental pollutants and chemical emissions. We recycle wastewater throughout the entire process of business operations from R&D to production, distribution, and disposal.
2. We operate an environmental management system and continuously manage improvement performance by regularly monitoring all businesses and partners.
3. We comply with environmental laws and regulations and invest in combating global climate change and preserving local ecosystems and environments.

Environmental Management Goal

Minimizing Carbon Emissions	Recycling of Resources	Minimizing Ecological Impacts
<ul style="list-style-type: none"> · Achieving Net Zero by 2031 · Reducing fossil fuel consumption · Expanding eco-friendly energy facilities · Continuing activities to reduce its carbon footprint and increase the offset amount 	<ul style="list-style-type: none"> · Making zero landfill waste by setting up a recycling system · Using eco-friendly/green environment materials · Establishing the baseline for waste recycling and achieving zero landfill waste through further exploration 	<ul style="list-style-type: none"> · Achieving zero environmental pollution and chemical substance leakage accidents · Monitoring process flow constantly through the BMS¹⁾ · Minimizing environmental load by proactively reviewing environmental factors during the business planning stage

1) BMS: Building Management System

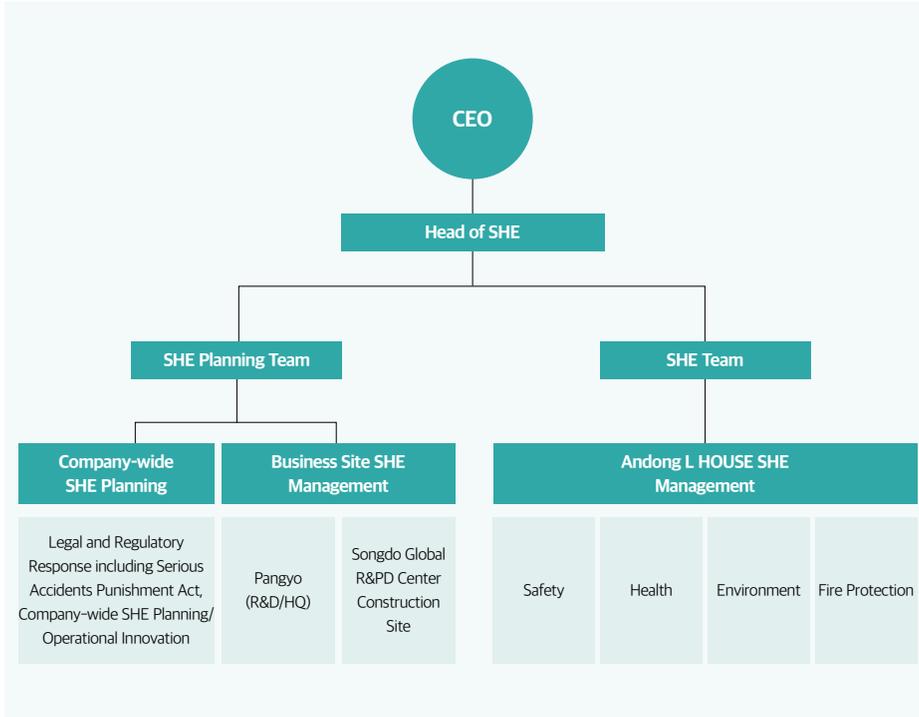
Environmental Management Operational Plan



A Dedicated Team for Efficient Environmental Management

At SK bioscience, the Vice President & Head of SHE, an executive-level position, who reports directly to the CEO, oversees company-wide environmental management. In line with SK bioscience's operational status, the SHE Planning Team at the headquarters is responsible for company-wide environmental planning and environmental management for Pangyo offices(R&D Center/HQ staff), while the SHE Team in Andong handles environmental management tasks for Andong L HOUSE. To ensure efficient environmental management, the division regularly reports significant environmental status to the management and incorporates it into the management policies. Additionally, the SHE budget, investment performance, and plans are reported to the Board of Directors annually. During this process, the division actively seeks input from the management and the Board of Directors to implement sustainable environmental management practices.

In 2022, the headquarters and Andong L HOUSE reported to the management on the environmental performance related to resource circulation, including monthly waste disposal, cumulative recycling rate, and recycling rate improvement. Additionally, the environmental management performance for 2022, as well as the plan for establishing an environmental management system were approved by the Board of Directors through a resolution. This plan includes the development of an environmental indicator inventory and baseline, which has been selected as a company-wide task for 2023.



Evaluation of Environmental Performance

SK bioscience regularly monitors, analyzes, and evaluates the company’s environmental management performance. We conduct quarterly evaluations of our environmental management system through an Environmental Management Review in accordance with ISO 14001 and report the results to key executives, including the CEO. Additionally, we ensure objective and transparent monitoring of our environmental management system by regularly conducting third-party verifications. To achieve our company-wide environmental goals, we conduct quantitative and qualitative assessments by incorporating environmental factors into our Key Performance Indicators(KPIs). Furthermore, we are working to refine evaluation components to reflect the global business environment and the needs of external stakeholders.

Environmental Training for Employees

SK bioscience operates an environmental training program through mySUNI, the SK education platform, to enhance employees’ understanding of environmental risks and promote eco-friendly activities. The program covers essential concepts and trends for implementing environmental management, such as eco-friendly technologies, RE100, and Net Zero. We actively enhance employees’ understanding and encourage eco-friendly practices in their daily lives. Starting from 2023, in addition to the existing program, we have introduced a new environmental-themed training course for all employees to further enhance environmental awareness at the company level.

2022 Environmental Training Status



Compliance with Environmental Laws

The SHE Division conducts environmental regulatory compliance assessments annually to identify environmental risks and opportunities. To identify new environmental regulations and effectively respond to them, we monitor laws and regulations on a bi-weekly basis. Starting from 2023, we are implementing semi-annual cross-checks at each business site to check whether we missed anything. Through the establishment of a monitoring system for domestic and international regulations, and proactive response measures, we have successfully achieved our goal of “zero violations of environmental laws and regulations” over the past three years.



Building Eco-friendly Business Sites

SK bioscience has applied eco-friendly technologies to the design and construction stages of each of its business sites. The headquarters and R&D center have earned a Grade 1 energy efficiency label in the field of office buildings, the U.S. LEED Platinum certification, and the highest grade in domestic and international eco-friendly building certification systems by applying 101 eco-friendly materials and technologies.

Andong L HOUSE applied 16 new eco-friendly technologies, including those that save energy and water resources. The factory was designed to achieve up to 30% energy savings compared to conventional methods by introducing LED lighting and toilet water recycling facilities. As a result, it became the world's first LEED Gold-certified eco-friendly pharmaceutical factory in 2013.



Andong LEED Gold Certification

The Songdo R&PD Center incorporated Incheon's Green Building design standards, Grade 1+ Energy Efficiency design standards, and LEED Gold design standards into the building design process to effectively reduce greenhouse gas emissions and promote low-carbon green growth.

Purchasing Eco-friendly Products

SK bioscience's purchasing team is dedicated to minimizing environmental risks by promoting the use of eco-friendly raw materials among major suppliers. In the future, we aim to gather data on carbon emissions and the environmental impact of these suppliers and integrate them into our evaluation criteria when selecting suppliers. SK bioscience is committed to gradually incorporating environmental factors into our supplier selection and evaluation processes, making them crucial indicators, and doing its best to purchase eco-friendly raw materials.

Evaluation Criteria for Purchasing Eco-friendly Raw Materials

 <p>Utilizing of Certification Marks Using ISO 14001, an eco-friendly product certification of an international environmental protection organization, as an evaluation criterion during supplier selection</p>	 <p>Recyclable and Sustainable Raw Materials Considering the recyclability and sustainability of raw materials when making a purchase</p>
 <p>Eco-friendly Packaging Promoting the use of paper and biodegradable plastics in packaging</p>	 <p>Eco-friendly Manufacturing Process Reviewing the use of eco-friendly methods during the manufacturing processes</p>

Management of Environmental Impacts

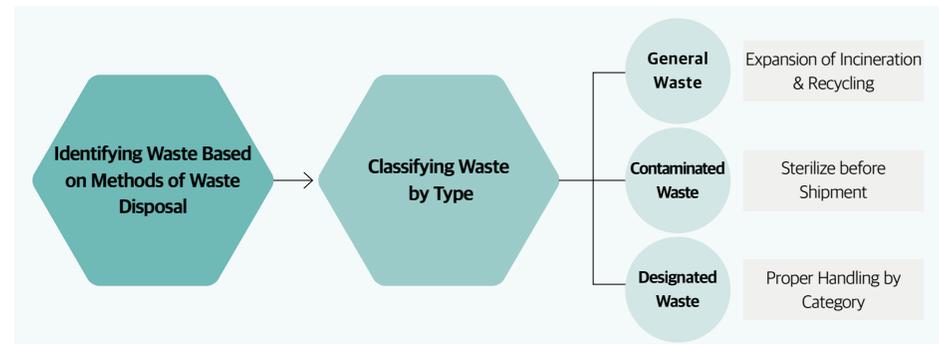
Waste Management

SK bioscience not only strives to recycle and reuse resources used in the entire production process of its products but also identifies and manages waste generation in each process to prevent environmental pollution caused by waste generation. We monitor every step of the process, from waste generation to treatment. We classify waste that may be contaminated separately and sterilize it before shipment to eliminate its harmfulness, considering the impact of waste on society, people, and nature. Additionally, we strictly manage designated wastes that may contaminate the surrounding environment by disposing of them through external companies. Apart from situations where waste is classified as hazardous waste, which legally requires incineration for disposal, we actively seek external recycling suppliers to recycle general waste, going above and beyond the legal requirements for waste treatment.

In 2022, SK bioscience improved the recycling rate of general waste at Andong L HOUSE by approximately 27.8% year-on-year. This was achieved through the identification of new recyclable items, changes in treatment methods, and the addition of management indicators for circular resources. Additionally, the company regularly receives and manages disposal data to understand the amount of waste disposal systematically. Despite a rise in the amount of waste disposed over the past three years due to increased vaccine production in response to the spread of COVID-19, the recycling rate has shown a consistent upward trend. In 2023, we have planned various recycling projects to further enhance the recycling rate of water and waste.



Process Monitoring and Waste Classification Process

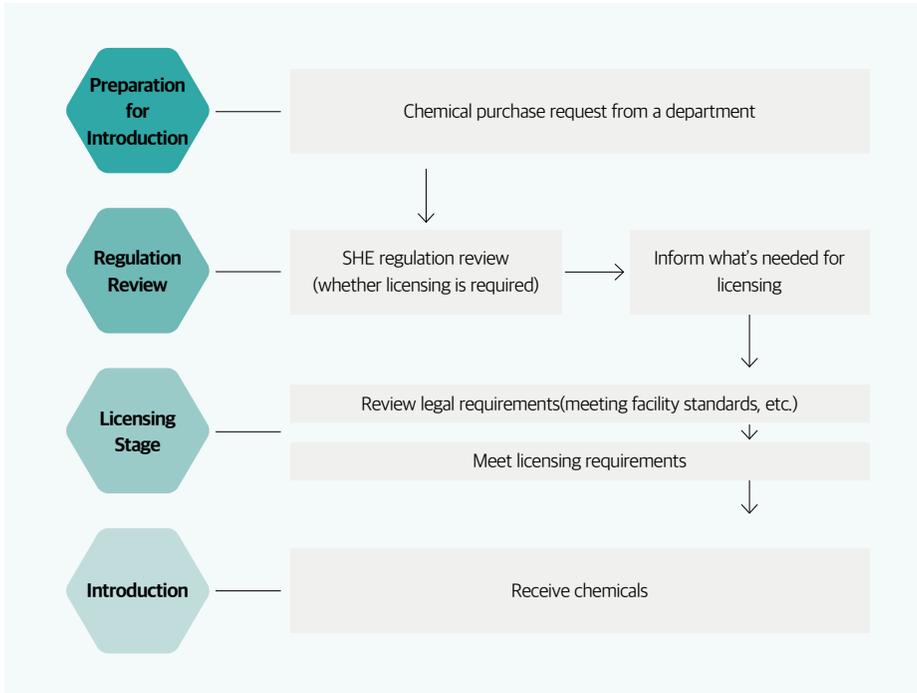


Hazardous Chemicals Management System

With the increased importance of managing hazardous chemicals due to strengthened global regulations, by creating an inventory, SK bioscience systematically manages hazardous chemicals at Andong L HOUSE. Furthermore, we review the hazards of new chemicals before introducing them and minimize the use of hazardous chemicals so that we can reduce the risk of hazardous chemical exposure or disposal to a wide range of stakeholder groups, including employees, nearby ecosystems, and local communities.

In addition, we introduced the SHE IT system to computerize and manage the Material Safety Data Sheets(MSDS) on new chemical substances and are planning to use the Chemical Hazard Risk Management(CHARM) for all chemicals that will be used at sites to further analyze and manage risk factors. Furthermore, by introducing the Chemical Management System(CMS), we plan to systemize the entire process management, including the import, use, and disposal of chemical substances.

Introduction Process of Chemicals



Hazardous Chemicals Safety Training

We provide training on key chemical substances during new hire training sessions and regular training sessions for all employees to raise awareness of the dangers of chemical substances. We also provide separate training on MSDS to inform the potential dangers of introducing new chemical substances. Moreover, we train chemical handlers by setting up standards for wearing protective equipment against hazardous chemicals. In 2022, we went all out to prevent related accidents by conducting special safety training for these handlers.



Safety Training on Chemicals

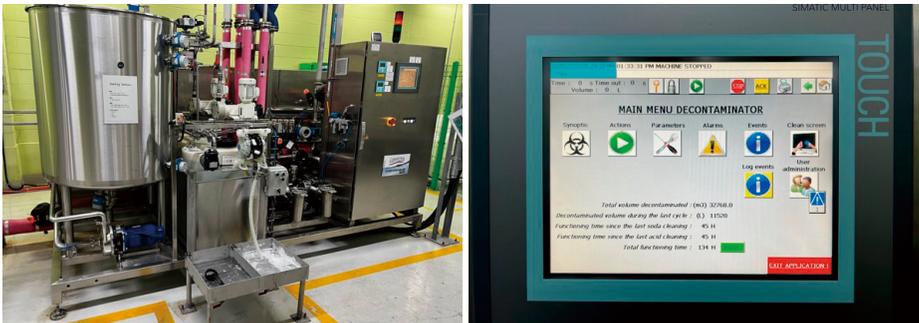
Air Pollutant Management

To reduce air pollutants generated by fossil fuels, SK bioscience has replaced industrial boiler fuels with LNG. We have implemented measures to manage air pollutants at the generation stage, including the addition of a number control function to operate the boilers sequentially based on steam requirements. Furthermore, we conduct regular measurements to ensure compliance with emission limits. Andong L HOUSE uses eco-friendly refrigerants that minimize ozone-depleting substances generated during refrigerator operation. In addition, to manage exhaust gas within the workplace, we measure the quality of air that is coming from outside to maintain a fresh air percentage of 30% or higher compared with the standards. We control indoor pollutants and prevent the infiltration of pollutants by operating independent and local heating, ventilation, air conditioning(HVAC) equipment. This is done not only to protect both the atmospheric environment and the respiratory health of employees within the workplace.

Water Pollutant Management

SK bioscience’s water resources management minimizes wastewater generation and reduces water consumption. We utilize the in-house Biokill system to reduce the risk of water pollution effectively. We try to reduce contamination during discharge by removing biological hazards that may arise from the process, and by controlling the pH level and sterilization before discharge. The wastewater from the Andong plant is sent to a wastewater treatment facility, where it is regularly monitored to ensure that its discharge remains below the approved inflow concentration level, as determined by Andong City, in accordance with the plant’s wastewater treatment efficiency. Additionally, we conduct monthly monitoring of wastewater discharge and implement measures to reduce usage. In 2022, we installed an additional wastewater meter to ensure accurate monitoring of the figures for each source of generation.

To reduce water consumption, we recycle factory water and are making efforts to identify various ways to consume treated wastewater. Also, we use the rainwater collected in our tanks in factories and manage the water usage through eco-friendly vegetation for water conservation. The usage and discharge of water are measured using a flowmeter, with the figures recorded twice a day.



Water Pollutant Management System



Biodiversity Conservation

SK bioscience deeply recognizes the value of biodiversity and the importance of preserving ecosystems. We emphasize the importance of environmental conservation to the continuity of our business by including environmental conservation training in our regular training curriculum. We also protect the natural environment and ecosystems in the vicinity by preserving the original form as much as possible when expanding business sites.

From the beginning of the industrial complex development, we have collaborated with local governments and industrial complexes to use the least amount of land possible when forming and leveling land, while also making efforts to preserve the remaining space in its original form. SK bioscience will take the lead in safeguarding biodiversity by preserving the natural environment to the greatest extent possible, acknowledging the region’s diverse life forms, and promoting coexistence with the ecosystem.

Biodiversity Risk Management Process

SK bioscience is currently reviewing the ongoing biodiversity conservation process of its parent company. Our plan is to implement Steps 2 and 3 by the first half of 2024 in order to identify biodiversity risks and develop management and mitigation measures. The biodiversity risk management process will be established by referring to global assessment methodologies and frameworks, such as the Taskforce on Nature-related Financial Disclosure(TNFD) guidelines and the Locate Evaluate Assess Prepare(LEAP) approach. Additionally, we are preparing to assess risks by considering biodiversity risks associated with dependency and impact.



Action on Climate Change

Governance

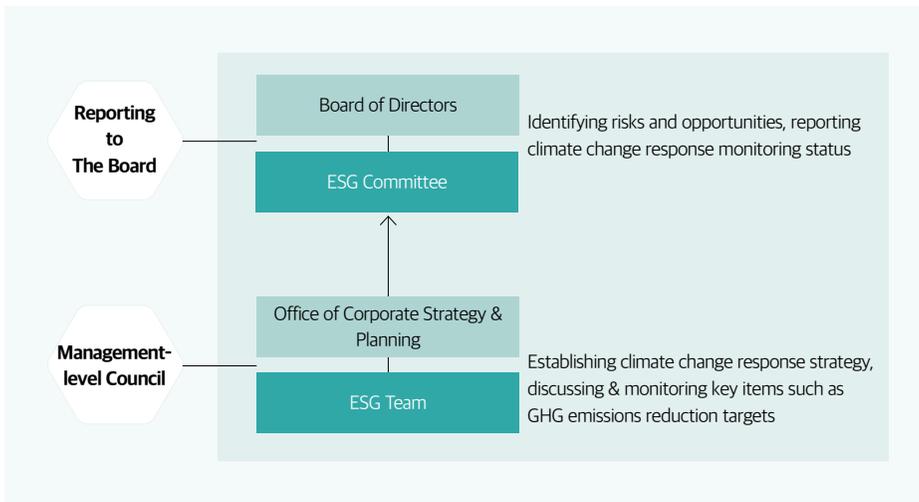
The Management and Supervision of the Board of Directors

SK bioscience's key decision-making bodies, namely the Board of Directors and the ESG Committee, are responsible for issues concerning climate change response strategies and activities. The Board of Directors holds the responsibility for managing and supervising all ESG management factors, including climate change. On the other hand, the ESG Committee evaluates risks and opportunities, assesses ESG management performance, and monitors and reports the implementation progress of climate change responses to the Board. Furthermore, the Board of Directors secures climate change leadership by integrating ESG performance into the CEO's key performance indicators(KPIs) and compensation system.

The Role of Executives

At SK bioscience, the ESG Team within the Strategic Planning Office under the CEO has established and operates a company-wide strategy to respond to climate change. Apart from overseeing the climate change response management strategy, the Strategic Planning Office makes crucial decisions regarding greenhouse gas reduction measures and investment activities. Additionally, it regularly monitors the activities of relevant departments such as their related strategies and risk management.

Climate Change Response System



Strategy

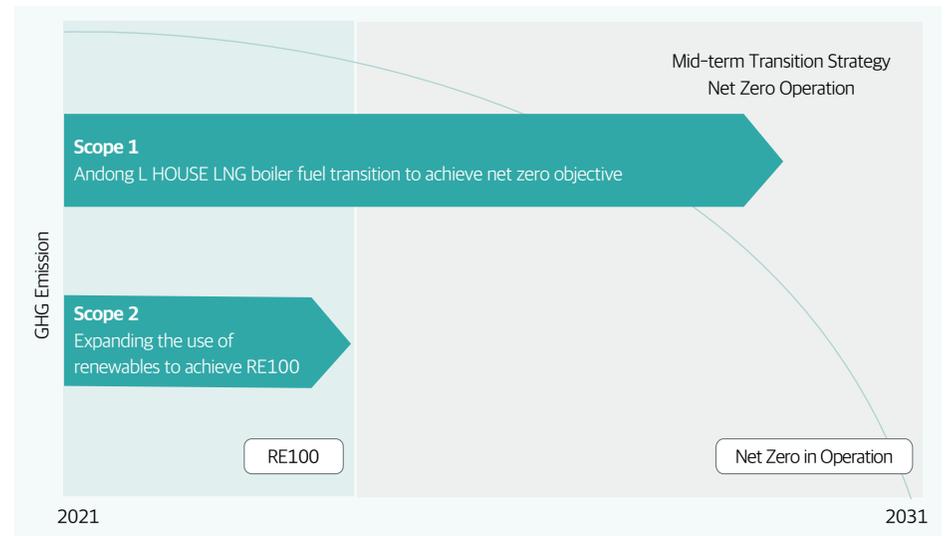
Net Zero Operation - Short-to-mid-term Strategy to Achieve Net Zero at Business Sites

SK bioscience has set a GHG Net Zero goal and developed a roadmap in alignment with the Science Based Targets initiative(SBTi). In addition, we have identified GHG emissions by major sources at our business sites through voluntary GHG verification since 2021 and have established strategies for fuel switching and RE100 adoption to refine our Net Zero goal. At the same time, we have analyzed the economic feasibility of Net Zero costs to enhance the implementation of our strategies.

Net Zero in Value Chain - Long-term Strategy to Respond to Climate Change

SK bioscience has completed the calculation of Scope 3 emissions for 2022 in order to plan reduction activities throughout the entire value chain. We plan to respond in stages by identifying the amount of GHG emissions in major categories. To achieve Scope 3 Net Zero, we will implement a gradual reduction strategy, starting with the conversion of internal and external vehicles to electric vehicles in the short term. Additionally, we will collect product LCA data and the emissions database of upstream and downstream transportation vehicles.

Business Site Net Zero Roadmap



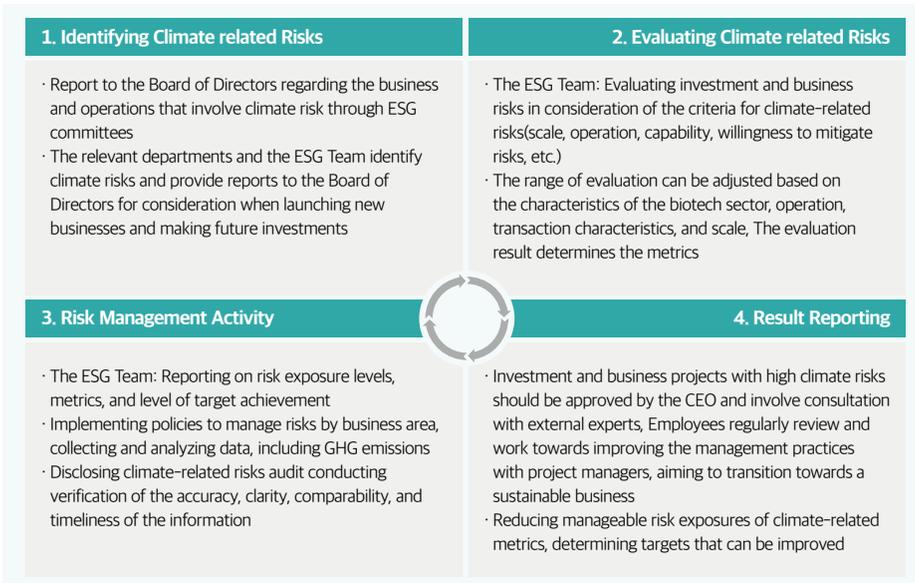
Risk Management

Climate Change Risk Management System

To manage climate change risks that have a direct or indirect impact on both financial and non-financial performance, SK bioscience conducts evaluations of potential climate-related risks. These evaluations take into account the timeframe(short, medium, and long-term), financial implications, and severity of the risks. The ESG Team collaborates with relevant departments to identify and assess climate-related issues, and subsequently reports them to the management. The management incorporates the identified risks and opportunities, along with their actual and potential impact, into their decision-making processes. The risk management system reflects domestic and international climate change policy objectives, Net Zero goals, achievements, and the level of exposure to climate risks. The key findings are then reported to both the ESG Committee and the Board of Directors.

Our ESG Committee is systematically monitoring climate change risks and opportunities, but moving forward, we plan to internalize climate change risk management into our Enterprise Risk Management(ERM) system, which integrates business risks for effective supervision. Accordingly, we will minimize negative risks from climate change by identifying potential impacts on the entire company in the event of severe climate change risks and proposing countermeasures.

Climate Change Risk Management Framework

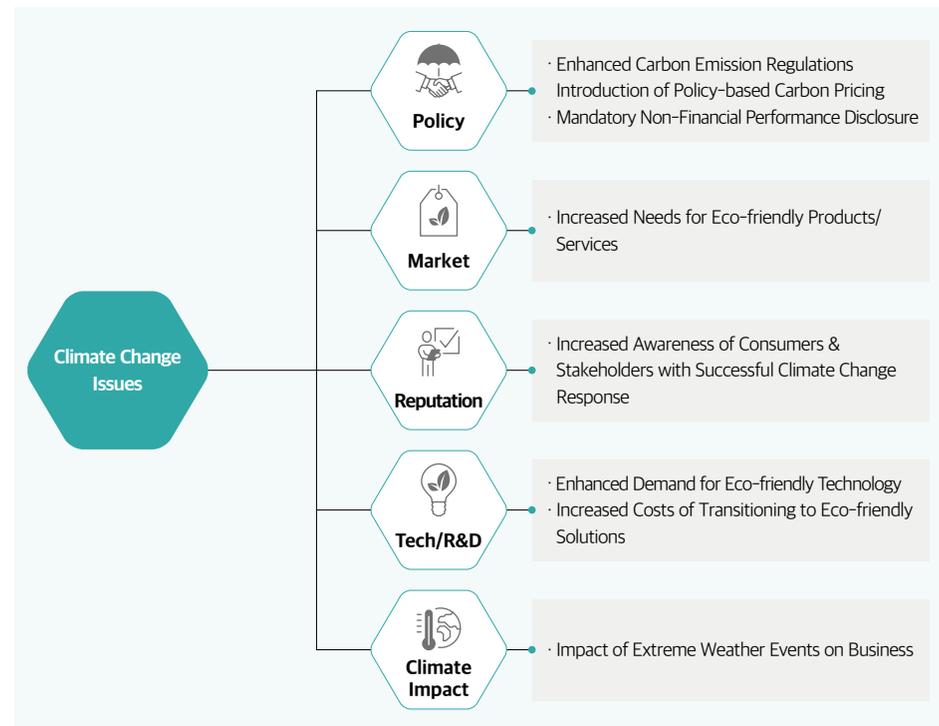


Identifying Climate Change Issues based on TCFD recommendations

In line with the TCFD's recommendations, SK bioscience has identified risks and opportunities that affect the sustainability of its business and its future response to climate change. At the policy level, the strengthening of carbon emission regulations and the introduction of carbon pricing act as drivers to accelerate corporate carbon reduction efforts. Additionally, the trend of mandating non-financial performance disclosure is promoting transparent reporting of carbon reduction performance.

In the market, growing demand for environmentally friendly products and services is driving a premium for low- and zero-carbon products. From a reputation perspective, we anticipate that an organization's brand image will soon be influenced by its climate change response performance, highlighting the importance of relevant R&D and technological capabilities. We also expect that extreme weather events will impact business operations and assets.

Climate Change Factors



Climate Change Risks and Opportunities

Climate change brings about various risks and opportunities that can directly or indirectly impact our financial and non-financial performance. Recognizing the significance of climate change on our business, SK bioscience has categorized these risks into transition risks and physical risks, and conducted risk and opportunity assessments. Building upon the evaluation outcomes, we plan to consistently manage the impacts of climate change.

Transition Risks

Risk Type	Climate Change Issues	Risks	Opportunities	Our Approach
Policy/Law	· Introduction of carbon tax/Regulations on carbon emissions	· Introduction of policy-based carbon pricing & Increased carbon price burden	-	· Establish & implement plans for achieving Net Zero goals, and disclose results
	· Increasing trend of disclosing climate change action status	-	· Increased sustainability of global collaborations as EU, U.S., and global organizations mandate disclosure of climate change actions	· Strengthen responses to global initiatives to secure external trust
Market	· Growing global needs for sustainable life sciences	· Failure to adequately respond to the rise and spread of global infectious diseases and illnesses undermines corporate value · Increased need to respond to post-pandemic trends regarding vaccine self-sufficiency and strengthening biosecurity	· Strengthen the presence as a vaccine maker by taking a leading role in climate change actions · Contribute to preventing the spread of disease caused by climate change	· Set a Net Zero goal and unveil an implementation strategy · Strengthen vaccine supply to developing countries · Increase R&D, production, and supply of products related to diseases and infectious diseases
	· Increasing possibility of receiving negative feedback from stakeholders and rising social costs	· Stakeholder demand for a stronger response to climate change and the resulting increase in social costs	-	· Set Net Zero goals · Disclose progress status and strategies and strengthen external communications
Reputation	· Increasing trend of disclosing climate change action status	· Failure to meet the climate change response requirements of global companies reduces opportunities to engage in C(D)MO	-	· Monitor and manage climate change action performance and encourage partners · Strengthen external communications on infectious diseases response status
	· Stakeholders' perceptions of climate change response performance and communication	· Delayed action on climate change damages brand credibility	· Strengthen branding based on Public Commitments, including climate change action	
Technology	· Increased demand for technologies that reduce environmental impacts and rising cost for low-carbon transition	· Increased environmental burden from waste and single-use packaging materials · Pollution of aquatic ecosystems during manufacturing, including organic solvents and pharmaceutical spills. · Delays in research or decreased opportunities for research collaboration with joint research institutions(Sanofi, IVI)	-	· Simplify packaging, upcycle, replace with recycled materials, etc. · Establish a low-carbon product R&D plan

Physical Risks

Risk Type	Climate Change Issues	Risks	Our Approach
Acute	Heat wave	· Increased incidence of infectious diseases and heat-related illnesses due to rising temperatures · Increased power usage and costs in production facilities and offices due to rising temperatures and heat waves	· Review potential risks of infectious diseases and heat-related illnesses and enhance response measures · Monitor and manage power consumption · Identify and implement improvement plans
	Wildfire	· Increased risk of damages to workplace facilities, structures, lives, and property by wildfires	· Establish and implement a workplace safety and health management policy
	Typhoon	· Possible loss of workplace facilities and structures due to strong winds · Potential for personal injuries and property damage caused by strong wind-induced facility loss	· Establish a dedicated safety and health division · Conduct regular facility inspections and assessments · Evaluate and improve disaster prevention measures
	Torrential downpour	· Risks of river flooding, external water reflux, and flooding in low-lying areas due to torrential downpour	· Set goals and measure performance for maintaining a safe environment
Chronic	Increased extreme weather events	· Spread of vector-borne infectious diseases due to changes in the habitat of insects, rodents, etc.	· Review the potential risks for emerging infectious diseases and zoonoses · Strengthen proactive response to infectious diseases
	Increased average temperatures	· Increased investment costs due to expanded power and cooling capacity of production facilities and offices	· Replace power-intensive facilities and promote operational efficiency · Promote workplace energy efficiency (eco-friendly building design, certification, etc.)

Indicators and Goals

GHG Emissions and Net Zero Objective Response

SK bioscience aims to reduce greenhouse gas emissions by expanding the use of renewable energy through Power Purchase Agreement(PPA). By gradually reducing GHG emissions at its business sites, such as through the staged conversion of LNG fuel to hydrogen for the Andong L HOUSE multitube-through boiler, SK bioscience plans to achieve its Net Zero goal by 2031.

Net Zero Goal Response

	Unit	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Goal	Target Year
Percentage of LNG Boiler Fuel	%	100	100	100	100	90	90	90	90	50	0	0%	2031
Percentage of Hydrogen Fuel	%	0	0	0	0	20	20	30	30	50	100	100% achievement	2031
Renewable Energy Conversion Rate	%	38	58	100	100	100	100	100	100	100	100	100% achievement	2024
Scope 1&2 Reduction Rate	%	29	42	73	73	76	76	76	76	87	100	100% achievement	2031

	Item	Goal	Target Year
Business Site GHG Reduction	Renewable Energy Usage	27,594MWh	2024
	Renewable Energy Usage Ratio	100%	2024
Scope 3 GHG Reduction	Scope 3 GHG Emissions	11,030tCO ₂ eq	2050

Energy Usage		Unit	2020	2021	2022 Goal	2022	2023 Goal
Total Energy Usage	Total Consumption	TJ	311.9	347.5	332.9	383.7	395.2

* The outlook and plans contained on this page are subject to change due to various climate change factors, as well as changes and uncertainties in business and market conditions. SK Bioscience assumes no responsibility or obligation to provide any assurances regarding the information and outlook presented.

Scope 3 Calculation Results and Management Plan

SK bioscience calculates and continuously manages its Scope 3 GHG emissions in order to reduce greenhouse gas emissions not only from its own business sites but also throughout the entire value chain.

To calculate our Scope 3 GHG emissions, we have selected the main categories and methodologies necessary for the calculation. We have identified and collected data such as the cost and quantity of raw materials purchased, fuel usage, and emission factors. Moving forward, we will continuously manage our Scope 3 GHG emissions by improving the template and methodology for data collection and analysis. The majority of SK bioscience's Scope 3 GHG emissions come from categories(purchased products and services) and 3(energy). Therefore, to reduce GHG emissions in both categories simultaneously, we will continue to work with key stakeholders to reduce our value chain GHG emissions, including intensively managing our partners.

Scope 3 Emission Status

	Category	Emissions(tCO ₂ eq)	Ratio(%)
1	Purchased Products & Services	77,271.60	69
2	Capital Goods	10,361.92	9
3	Energy	14,618.68	13
4	Upstream Transportation	3,008.96	3
5	Waste	746.79	1
6	Business Trip	445.22	-
7	Commute	821.65	1
8	Lease In	-	-
9	Downstream Transportation	-	-
10	Processing	-	-
11	Product Use	4,739.89	4
12	Product Disposal	366.10	-
13	Lease Out	-	-
14	Franchise	-	-
15	Investment	-	-
	Total	112,380.81	100



HUMAN



SOCIAL

- 55 Happiness-based Management
- 59 SHE Management System
- 65 Human Rights Management
- 68 Supply Chain Management
- 69 Information Protection and Security
- 71 Corporate Philanthropy
- 74 Quality Management
- 76 Product Safety Management
- 79 Responsible R&D
- 82 Customer Satisfaction
- 84 Responsible Marketing

Happiness-based Management

Increasing Happiness of employees

Happiness Level Diagnosis

SK bioscience diagnoses the current level of happiness of its employees and makes continuous efforts to improve it. To this end, in 2022, we have created a happy environment, respected diversity for employee happiness, and built a happy labor-management culture. We plan to continue to build a virtuous cycle of happiness management through happiness diagnosis, communication, and problem-solving.

SK Culture Survey

SK bioscience conducts the SK Culture Survey every year to diagnose its level of organizational culture. This survey helps identify issues and trends within the company, identify tasks to resolve problems, and cultivate a healthy organizational culture. Taking the survey results into account, in 2022, we introduced a healing program to improve the work-life balance of employees who overworked an average of 38 hours or more per month. Our plan is to create an organizational culture where all employees can immerse themselves in their work in a happy state and achieve the best outcomes.

Goodlife Lab Happiness Diagnosis

In May 2023, SK bioscience conducted a Good Life Happiness Diagnosis for all employees to assess their personal happiness levels to identify factors that contribute to their personal/workplace happiness. We plan to organize organizational-level solution workshops and conduct a second diagnosis in the second half of 2023.



Goodlife Lab Happiness Diagnosis

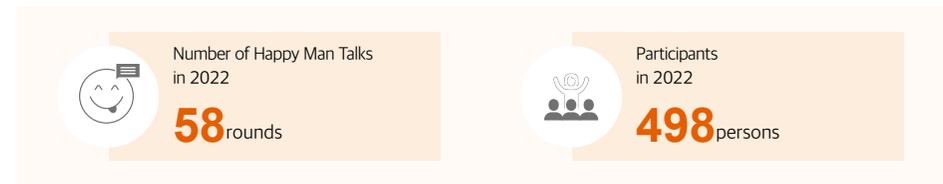
Happy communication

SKBS+

SK bioscience operates SKBS+, a program that shares the company's business performance and the implementation process of strategic tasks with all employees on a quarterly basis. Through this program, employees can develop a deeper understanding of the company's mission, vision, and overall management. Furthermore, the CEO conducts Q&A sessions with employees to have open communication regarding overall management.

Happy Man Talk

Happy Man Talk is a program in which the CEO and employees of SK bioscience engage in discussions about happiness. Through this program, we make it clear that the ultimate goal of company management is 'the happiness of employees'. We directly listen to factors that may undermine employees' happiness and discuss potential solutions together. In 2022, we held 58 Happy Man Talks to establish a virtuous cycle of communication.



HR Talk Talk

HR Talk Talk is an HR briefing session for all members of SK bioscience. It is conducted once a month for both leaders and employees, addressing topics such as key HR system changes and enhancement of perks and benefits. Suggestions from employees, identified through Q&A sessions, are categorized into short and medium-to long-term improvement tasks and managed accordingly for resolution.



SKBS+



Happy Man Talk

Creating a Happy Environment

Flexible Work System and Work Environment

SK bioscience operates a selective working hour system that aligns with the characteristics of our business sites, aiming to respect our employees' work-life balance and enhance their work engagement. Through this system, employees can efficiently manage their work by adjusting their work start times to better suit their circumstances. Additionally, we have implemented the Smart Work Center to facilitate flexible work arrangements, enabling employees to utilize it for work and external meetings, thus helping to reduce their commuting time.



Smart Work Center(Gwanhun-dong, Seoul)

Expansion of Perks and Benefits

SK bioscience provides various benefit programs to create a happy workplace. In 2022, we increased the amount of Benefit Allowances for employees' self-development and living support, and expanded family support such as health checkups and vaccinations to enhance employees' satisfaction and welfare. Additionally, we offer a range of vacation programs to help employees recharge. Notably, we provide six days of summer vacation per year to encourage employees to take care of their health and spend quality time with their families. In 2023, we plan to further enhance our vacation and welfare systems by gathering feedback from our employees.

Perks and Benefits System

 <p>Living Support</p> <p>Benefit allowances(Benepia)/SK Family Card Annual Fee Support/Purchase of eco-friendly agricultural product /Communication expense/ Transportation expense/Housing loan/Student loan/Support for resort hotels</p>	 <p>Event Support</p> <p>Congratulations and condolences allowance/Congratulatory money for child's school enrollment/Long service awards</p>
 <p>Medical/Health Support</p> <p>Medical expenditures/Health check-ups/ Vaccination/Group accident insurance</p>	 <p>Self-development Support</p> <p>Language training</p>

Supporting the Growth of Employees

In 2022, SK bioscience established the SKBS Academy system to offer diverse training programs on values, leadership, and other areas, aiming to facilitate employee growth and enhance their capabilities. Following the implementation of these training programs, we conduct employee satisfaction surveys and manage indicators that measure training achievements based on the survey results. Moving forward, we will collaborate with major associations/schools/institutions to design and implement programs that strengthen job-specific competencies and provide training for skills commonly required in the workplace, such as global language skills, leadership, and digital transformation(DX).

● Currently in force ● Upcoming in 2023 ● Under planning/development



Respecting Diversity for the Happiness of Employees

Enhancement of Female Leadership

SK bioscience strives to create a female-friendly organizational culture where competent female talent can fully demonstrate their abilities to grow into next-generation leaders and become role models. We ensure women's participation in the decision-making process and fair opportunities for leadership. In addition, we foster female leaders by increasing the number of female executives and providing female leadership training and mentoring.



Maternity Protection System

SK bioscience has created a female-friendly workplace. We offer support such as maternity cash grants, fruit baskets, childbirth-related medical expense support, and various institutional support through a contract with childcare centers to protect maternity. In particular, we provide an environment where female employees can flexibly work by promoting work-family balance through Flexitime.



Pangyo Startup Campus Day Care Center

Expansion of Disability Employment

SK bioscience puts forth ceaseless efforts to realize social value through active 'job creation and employment for the disabled'. As of the end of 2022, we recorded 3.3%, surpassing the compulsory employment rate for the disabled. Furthermore, we consistently engage in job development activities in collaboration with the Employment Agency for the Disabled to provide diverse job experiences in various fields for individuals with disabilities.



Establishment of Happy Labor-Management Culture

Shared Growth of Labor-Management

Based on the SK Management System(SKMS), SK bioscience is dedicated to fostering a culture of labor-management shared growth cooperation and maintaining trust between labor and management. We conduct collective bargaining and wage negotiations with the Andong L HOUSE-centered labor union to enhance working conditions and employee productivity. Additionally, we strive to establish a culture of mutual respect and improve the working environment through the Andong/HQ Labor-Management Consultative Body.

The Labor-Management Consultative Body(HQ) - OHB(Our Happy Bioscience)

OHB(Our Happy Bioscience) was established in April 2022 with the aim of promoting employee happiness. It serves as a platform for employees to express their opinions and grievances when there are changes or improvements to key HR systems within the company. In April 2023, it transitioned into the Headquarters Labor-Management Consultative Body, with five employee members elected by the headquarters employees. The body is responsible for facilitating communication between labor and management, participating in management, protecting workers, and improving productivity. Moving forward, SK bioscience will engage in communication by occupation through the Headquarters Labor-Management Consultative Body.

Labor Union and the Labor-Management Consultative Body(Andong)

SK bioscience conducted wage negotiations with labor unions in 2022. After nine rounds of formal negotiations, a wage agreement was signed in October 2022, resulting in an increase in basic salary and a reorganization of the wage system. In addition, the Andong Labor-Management Consultative Body held four regular meetings to discuss various matters such as the operation of night and weekend commuter buses, expansion of rest areas, improvement of the office environment, and the operation of a daycare center through a contract. As of June 2023, we are in the process of collective bargaining to improve working conditions and the work environment.



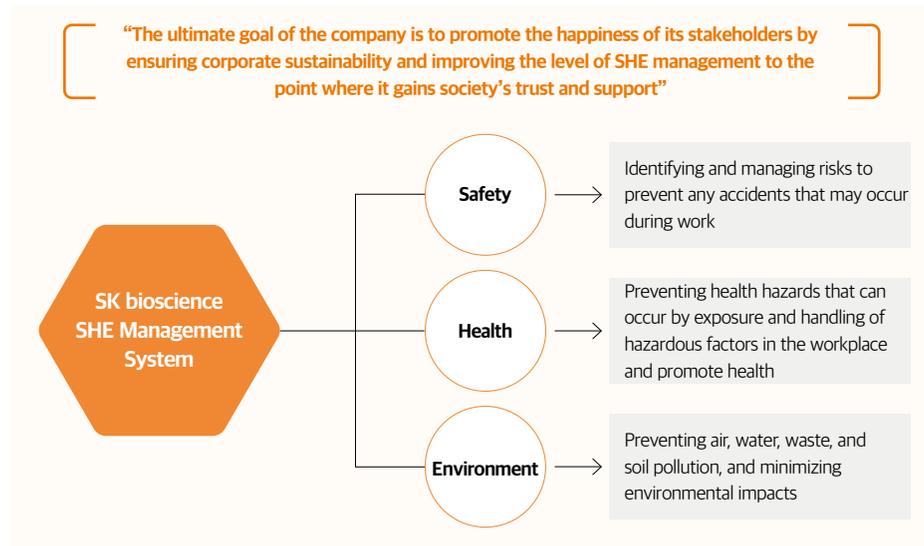
A Signing Ceremony for the Wage Agreement

SHE Management System

SHE Management System

SHE(Safety·Health·Environment) Management System

SK bioscience has established the SHE(Safety·Health·Environment) Management System, recognizing that safety, health, and environment are integral components of our management principles of promoting human health. The SHE management system is applied to workers' duties, scope of activities, and all types of resources, products, and service activities handled by workers. We consider it the cornerstone of our management activities and strive to pursue the happiness of all our stakeholders.



Safety Health International Certification

SK bioscience operates a safety and health management system based on ISO 45001, the international standard for safety and health management systems. Andong L HOUSE acquired the OHSAS 18001 and KOSHA 18001 safety and health management certifications in 2016 and has maintained certification after transitioning to ISO 45001 in 2018. Meanwhile, the headquarters and research center in Pangyo are systematically operated in accordance with our SHE operation policy to prevent industrial accidents.



ISO 45001 Certification

SHE Management Policy

SK bioscience has established the SHE Management Policy, which states that human life must be protected first, the environment must be preserved, and the company's assets and services must be protected. This policy applies equally not only to our employees but also to external workers and the general public. It covers all members of our suppliers, outsourcing partners, domestic and overseas entities for production and sales, subsidiaries, sub-subsidiaries and joint ventures. Based on this SHE Management Policy, we strive to realize an accident-free workplace by complying with relevant laws and standards, improving risk factors, and creating a voluntary safety culture, and to become a company trusted and supported by society.

SK bioscience SHE Management Policy

- **Creating a Safe and Healthy Workplace**
 - Foster a self-regulating safety culture to create a safe working environment.
 - Comply with occupational safety and health laws and work standards and continuously reduce risk factors to create a 'zero-accident' workplace.
 - Implement safe work methods in handling hazardous materials and carry out injuries and illness prevention and health promotion activities.
 - Maintain the business continuity by establishing a routine emergency response system and minimize damages to the employees, stakeholders and the community.

Establishment of SHE management goals

SK bioscience endeavors to minimize the impact of its business activities on employees, stakeholders, local communities, and the environment by establishing SHE management goals. Accordingly, we strive to prevent SHE accidents at our business sites, comply with relevant laws and regulations, and comprehensively manage our safety, health, and environmental impacts. Moreover, in accordance with the operating regulations of the Board, we review the annual Safety and Health plan and report to the Board of Directors on a regular basis at the beginning of each year.

SHE Goals

- 1 Fully equip a global leading SHE system and cultivate a culture
- 2 Practical achievement of zero serious accidents
- 3 Focus on climate change action from the SHE perspective

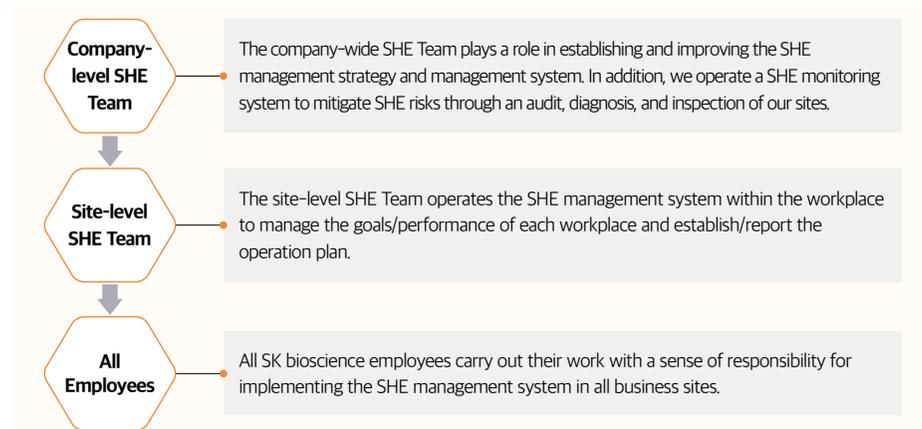
2025 SHE Roadmap

SHE Roadmap



SHE Internal Management System

SK bioscience has established a sustainable SHE management system. Accordingly, it operates a dedicated SHE Team and has established a roadmap for the gradual implementation of measures aimed at building a safe working environment, promoting the health of employees, and protecting the global environment.



1) SME: Subject Matter Expert

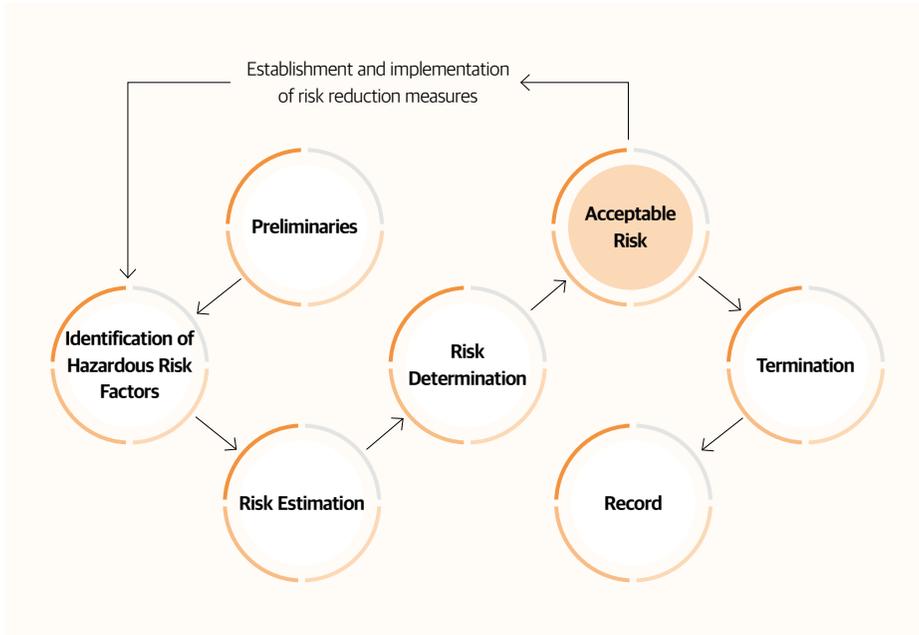
Reinforcement of Workplace Safety and Health Management

Health and Safety Risk Assessment Process

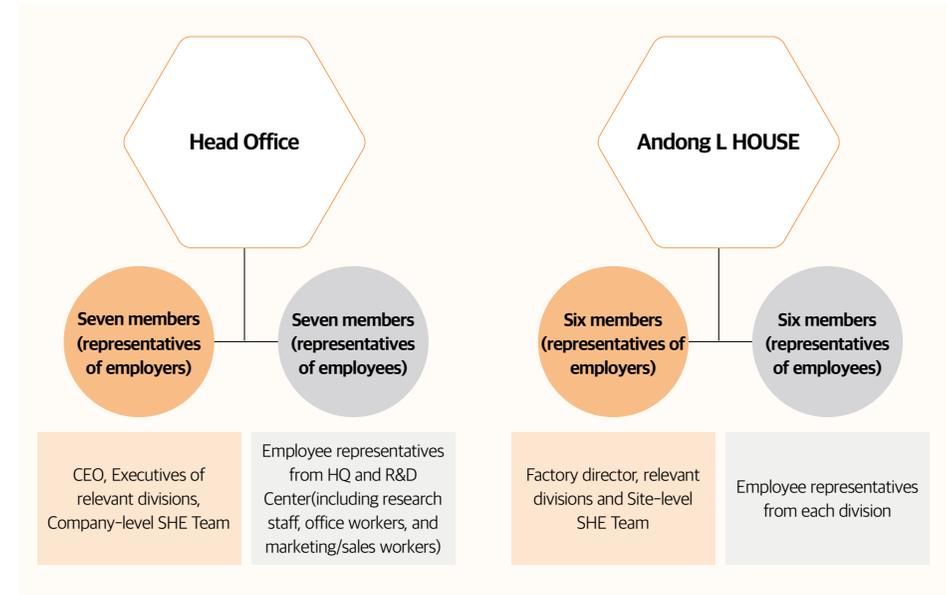
SK bioscience specifies the removal of SHE risk factors in a significant process of implementing the management system and conducts risk assessments for all operations to prevent accidents and improve workers' health. We hereby discover all potential risks that can arise from operations, and secure safety and health measures, so that workers can work in a safe environment.

Risk assessment begins with a comprehensive evaluation of the entire work process, which includes the preliminary preparation step of identifying the subject and scope. Subsequently, potential hazards are identified, and the risk factors associated with each unit task are assessed to appropriately categorize and separate the work. In the risk estimation and determination stage, the probability and severity of injury or disease are estimated for each hazard and risk factor. The significance of the risk is then calculated to determine whether it falls within the acceptable range. When establishing and implementing risk reduction plans, by devising and implementing measures to mitigate unacceptable risks as much as possible, consistent improvement and monitoring are ensured.

In the risk assessment conducted in 2022, we actively reviewed improving work methods and applying additional protective equipment to minimize risks between tasks. Specifically, for processes involving the use of chemicals, we installed additional mobile fume hoods to reduce employee exposure to hazardous substances.



Operational Status of Occupational Safety and Health Committee by business site



Occupational Safety and Health Management

Occupational Safety and Health Committee

SK bioscience has established a joint Occupational Safety and Health Committee between labor and management at the head office and Andong L HOUSE, respectively, for the health of workers and accident prevention in the workplace. The Occupational Safety and Health Committee is held on a quarterly basis. It listens to the opinions of workers on changes to major safety and health regulations, including the basic safety and health management system, and strives to reflect them in practice. In addition, we are seeking improvements and follow-up measures that can effectively protect the safety of workers by ensuring an equal number of representatives from both the employer and employee sides in the committee. The results proposed and progressed in the committee are being shared at the next meeting for further review.

Main Agenda of Occupational Safety and Health Committee	
1	Setting SHE priority projects and goals
2	Safety and health issues raised by SHE officials and workers
3	Developing and revising safety and health management regulations
4	Safety and health issues related to the introduction of hazardous machinery and other facilities
5	Safety and health training for workers
6	Conducting inspections and improving the working environment, including measuring the working conditions
7	Health management of workers, including health check-ups
8	Investigating the causes of serious accidents and establishing measures to prevent recurrence
9	Recording and maintaining statistics on industrial accidents
10	Implementing and promoting the safety and health management system
11	Other important matters related to SHE

Spreading a Safety Culture

Establishment of a Safe Work Environment

SK bioscience conducts monthly joint SHE inspections with the participation of each team leader to enhance management's involvement in SHE activities. Additionally, we closely monitor direct and visible accidents, as well as risk factors including near misses, in the workplace to ensure that no small risk factors go unnoticed. In the event of accidents, we have an accident investigation process in place to ensure immediate reporting of all workplace incidents. Moreover, we actively work towards establishing a safe working environment by forming accident investigation committees that vary in accordance with the severity of the accidents. These committees identify the root causes of the accidents and establish measures to prevent their recurrence.

Safety Culture Training

SK bioscience conducts regular SHE training for all employees. In compliance with the Occupational Safety and Health Act, we provide safety and health-related training to new employees when they first join the company. Additionally, we conduct quarterly safety and health training for all employees. In 2022, we organized external SHE training programs such as regular safety training for managers, risk assessment training, and first aid training to improve the SHE capabilities of employees. Furthermore, we have provided safety and health training content on our learning platform, mySUNI, allowing employees to complete the training at their convenience without any constraints of time and location.

We have developed a separate SHE training video for visitors to ensure that they are familiar with the regulations beforehand. For members of our business partners, we provide preliminary safety training for all personnel upon their initial entry and issue training completion certificates. We are committed to promoting a safety culture by offering various training programs to all employees and suppliers, raising awareness about the significance of occupational safety and health management.

Safety Culture Assessment

SK bioscience improves the SHE system at business sites through objective evaluations by inspecting SHE activities with subsidiaries. Starting from 2022, we have implemented SHE activity evaluation using a checklist. Also, we evaluate the level of our safety culture and address any shortcomings by actively engaging with other business sites of affiliated companies and benchmarking them. We also measure and verify the effectiveness of our business site's safety and health management system through annual assessments of the system and semi-quarterly assessments of legal compliance. In addition, once a year, we verify the effectiveness of the system through ISO 45001 post/renewal audits, an international standard certification.

Employee's Right to Suspend Work

SK bioscience protects the right of workers to suspend work in accordance with the Safety and Health Management Regulation. The regulations state that workers can stop work and evacuate if they identify a potential risk of industrial accidents, and will not face any penalties for doing so.

The Safety and Health Management Regulation

- 1 Where imminent danger of an industrial accident exists, or a serious accident has occurred, a company shall take necessary measures for health and safety, such as the immediate suspension of operations and evacuation of employees from the place of business, after which work may resume.
- 2 Where any employee suspends work and evacuates due to any urgent risk of an industrial accident, he/she shall promptly report it immediately to the superior officer, who shall take appropriate measures to address the situation.
- 3 Where reasonable grounds exist to believe that any imminent danger of an industrial accident exists, a business owner shall not dismiss or give other disadvantages to employees by reason of their suspending work and evacuating pursuant to paragraph (2).

Communication Channels for Safety

SK bioscience is creating a culture of communication for safety by opening channels for employees to freely express their opinions on hazardous factors and environmental risks that may arise in the workplace. In May 2023, we created a communication channel called 'SHE! Say!' that enables all employees to access a QR code and report hazardous situations, problems, and suggestions for improvement that are related to safety, health, and the environment. Furthermore, through Occupational Safety and Health Committee every quarter, we operate a system that encourages employees to make any safety suggestions and reports.



'SHE Say' Report MS Form Screen



Health Management of Employees

Health Check-ups and Health Management of Employees

SK bioscience supports various programs aimed at improving the health of its employees. Its 'Mind-Body Control Training' is a corporate culture program that promotes healthy bodies and ambition, which is one of the core values of the SK Group. It offers employees various health management methods such as Miracle Morning, yoga and meditation. We also provide regular health check-ups for employees. Our health administration office is staffed by in-house nurses who conduct health assessments to identify any abnormalities. We provide separate management for employees with medical conditions. Additionally, we have a health counseling room, a pharmacy room that offers over-the-counter medicines, a treatment room for minor injuries, and a patient room for rest. These facilities not only provide employees with health counseling but also offer medical treatment when needed.

We maintain a list of nearby emergency hospitals for immediate medical treatment in the event of work-related accidents. Additionally, we collaborate with specialized examination center hospitals to conduct general and specialized medical examinations at least once a year. Furthermore, we offer comprehensive health check-up services for employees and their family members(spouses). In addition, programs to support smoking cessation and weight control, aiming to help our employees protect themselves from health hazards are provided. To prevent contagious diseases, we also provide flu and shingles vaccination services once a year for employees and their family members.



Mind-Body Control Training Program Poster and Timetable

생생 Live수업					
	월	화	수	목	금
아침 06:00	미라클모닝 체조와 명상으로 만드는 건강한 하루				
점심 12:00	점심시간 통새운동 오릭스 스트레칭	계정교정 소마운동 교정스트레칭유로퍼	점심시간 통새운동 오릭스 스트레칭	계정교정 소마운동 교정스트레칭유로퍼	점심시간 통새운동 오릭스 스트레칭
점심 12:40	더스트레칭 라이프 점심 스트레칭	Mindfulness 쉬운 마음챙김 명상 점심 스트레칭	더스트레칭 라이프 점심 스트레칭	Mindfulness 쉬운 마음챙김 명상 점심 스트레칭	더스트레칭 라이프 점심 스트레칭
저녁 20:00	행복한 휴가가 유익하십시오 신청서 Fun!이제	행복한 휴가가 유익하십시오 신청서 Fun!이제	행복한 휴가가 유익하십시오 신청서 Fun!이제	행복한 휴가가 유익하십시오 신청서 Fun!이제	행복한 휴가가 유익하십시오 신청서 Fun!이제
저녁 21:00	필라테스 필요해 당태초스누기나	일단견과 유산소운동 모험교정 신재경	필라테스 필요해 당태초스누기나	일단견과 유산소운동 모험교정 신재경	필라테스 필요해 당태초스누기나

mySUN(학습)시간도 인정됩니다. 미라클모닝: 10hr, 더스트레칭 라이프: 5hr, 마인드풀니스: 3hr
※ mySUN(학습)에서 동일 프로그램 재신청

On-site Work Hazard Management

SK bioscience takes proactive measures to identify and manage health hazards for workers. We conduct on-site industrial hygiene management and work risk assessments in the workplace to enhance employee health management. By constantly monitoring health risk factors and conducting risk assessments for hazardous chemicals, we prevent occupational diseases that may arise from handling hazardous substances in the workplace.

We also conduct preventive management for musculoskeletal disorders through risk assessment. Regular medical examinations are conducted to monitor workers for any health abnormalities. Additionally, for employees who handle or are exposed to specific hazardous factors, we conduct specialized medical examinations targeting those specific hazards. Thanks to our meticulous management of on-site work risks, there were no reported cases of serious injuries or diseases in 2022.

On-site Hazardous Chemical Risk Assessment

Categorization of On-site Hazardous Factors	Implementation of Risk Assessment	Major Improvement Activities
Hazardous risk factors causing serious injuries (Injuries resulting from contact with chemicals between tasks, fires caused by the use of hazardous materials, etc.)	<ul style="list-style-type: none"> Conducting risk assessments using the Job Safety Analysis(JSA) technique at least once a year to identify risk factors and develop improvement measures Conducting routine tour inspections to identify workplace risk factors and making efforts to improve unsafe conditions and behavioral factors 	<ul style="list-style-type: none"> Conducted a Chemical Hazard Risk Assessment(CHARM) Introduced remote monitoring gas detectors Introduced Container&Spill Kit for chemical bottles Established a checklist for essential protective equipment for each process
Hazardous risk factors causing serious diseases (Exposure to hazardous chemicals between tasks, musculoskeletal strains caused by handling heavy materials, etc.)	<ul style="list-style-type: none"> Conducting work environment assessment at least semi-annually to evaluate the level of exposure to hazardous factors present in the work environment and develop improvement plans in case legal limits are exceeded Analyzing hazardous factors for tasks that require musculoskeletal strength at least once every three years and establishing improvement plans for tasks that put a strain on muscles and bones Conducting regular medical examinations at least once a year, as well as special medical examinations for employees who handle and are exposed to specific hazardous factors 	<ul style="list-style-type: none"> Added arm hoods to labs Improved office lighting Introduced a pre-work stretching program Established Cerebrovascular Disease Prevention & Management Guidelines Implemented an employee health promotion program Expanded the health administration office Installed additional automated external defibrillators(AEDs) Fostered in-house first responders

Supplier Safety and Health Management

Health and Safety Cooperation Program

SK bioscience expands its safety and health management activities to support the safety and health management of our suppliers. Safety and health training is provided to all workers in the workplace, including employees of resident business suppliers to ensure SHE compliance at work.

Examination of SHE Qualification

When selecting suppliers within our workplace, we examine their SHE qualifications and restrict the involvement of unqualified suppliers, encouraging them to invest in improving their safety and health practices. Starting from 2022, we have emphasized the importance of safety and health even more by implementing mandatory supplier qualification examinations. Additionally, we now consider the quarterly evaluation results of suppliers' safety and health levels when contemplating additional contracts. We conduct a quantitative assessment based on the possession of systems for each of the seven items required by the assessment. In addition, we are establishing a plan to identify and manage risks that may occur during work by requiring suppliers to submit safety management plans in advance, including pre-work risk assessments and safety management plans.

Communication with Suppliers regarding Safety and Health

SK bioscience maintains ongoing communication with stakeholders, including suppliers, regarding all safety and health-related matters that arise in the workplace. The Resident Business Partner Committee listens to the grievances of workers from business suppliers regarding safety and health, and takes measures to resolve them through discussions on emergency response procedures, accident reporting systems, and safety and health practices during work.



Safety and Health Training for Employees of Partners



Activities of the Resident Business Partner Committee

Evaluation Criteria for Supplier SHE Qualification



Human Rights Management

Human Rights Management Declaration

SK biosciences Co., Ltd. (hereinafter referred to as the “Company”) shall conduct business activities based on its management philosophy of Double Bottom Line(DBL), which simultaneously pursues and manages Economic Value(EV) and Social Value(SV). The Company shall respect the human rights of all stakeholders, including members, customers, shareholders, investors, business partners, communities, and the environment. The Company shall also be committed to protecting and promoting their human rights. Furthermore, the Company shall pledge to prevent real and potential human rights risks, respond quickly to human rights violations should they occur, and strive for fundamental solutions.

The Company shall support international human rights principles such as the United Nations’ Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and the ILO(International Labour Organization) Declaration on Fundamental Principles and Rights at Work, and comply with domestic laws and regulations that reflect these principles.

- Declaration of Human Rights Management
- Human Rights Management Practice Guidelines

Human Rights Management Practice Guidelines

<p>Prohibition of child labor and protection measures for minors The Company shall prohibit child labor in principle. In case of minors under the age of 18(including students, interns, practitioners, and apprentices), under no circumstances shall they engage in dangerous or harmful work, including night work and overtime work, and measures shall be taken to ensure education opportunities are not restricted because of labor.</p>	<p>Responsible supply chain management The Company shall not engage in unfair or dishonest transactions by using our superior position and be committed to growing and coexisting through fair and transparent transactions. The Company shall also communicate and support business partners in cooperation and business relationships so that they can introduce and practice human rights and ethical management.</p>
<p>Guarantee of environmental rights The Company shall comply with domestic and foreign environmental laws and regulations, strive to protect the environment and prevent pollution, and encourage the R&D and diffusion of environmentally friendly technologies to continuously improve environmental protection performance.</p>	<p>Prohibition of forced labor The Company shall comply with the working hour standards set by labor-related laws and prevent involuntary work by coercion. The Company shall also improve working conditions so that work-life balance can be maintained and individual abilities can be fully demonstrated.</p>
<p>Humane Treatment The Company shall respect the privacy of all members, strictly protect personal information, and take measures to prevent damage to their dignity as human beings by infringing on their physical and mental health at work.</p>	<p>A safe working environment creation The Company shall continuously strive to prevent safety accidents for its members and provide a safe and clean working environment to protect and maintain the health of its members.</p>
<p>Product/service safety guarantee The Company shall strive to ensure that customers who use its products and services can use them safely and at their own convenience. The Company shall also respond quickly and accurately to customer needs and strive to increase customer satisfaction.</p>	<p>Information protection The Company shall protect the personal information of stakeholders, including customers, in accordance with national and local laws. The Company shall also prepare and continuously improve various technical and physical measures to protect customer information collected in the course of business.</p>
<p>Protection of shareholder rights The Company shall provide necessary information to shareholders and investors in a timely, accurate, and fair manner in accordance with relevant laws. The Company shall also secure management transparency by disclosing accurate accounting data and maintain the trust of shareholders and investors. In addition, the Company shall strive to enhance the value of shareholders and investors through rational decision-making and transparent management activities.</p>	<p>Non-discrimination in employment and work, and compliance with working conditions The Company shall not discriminate in recruitment, hiring, promotion, education, wages, welfare, etc. of any executive officers or employees on the grounds of gender, race, ethnicity, nationality, religion, disability, age, family status, marriage, pregnancy, childbirth, social status, and political affiliation, etc. without any reasonable reason. The Company shall also provide equal opportunities for self-development and education based on abilities and qualifications, as well as make decisions on evaluation and compensation in accordance with fair standards.</p>
<p>Protection of human rights of residents The Company shall be careful not to infringe on the human rights of local community members in the course of business activities and be committed to protecting the rights and freedoms its residents.</p>	<p>Freedom of association and collective bargaining guarantee The Company shall guarantee freedom of association and collective bargaining, as well as provide sufficient communication opportunities for its members.</p>
<p>Right to health The Company shall strive to promote the right to health of all stakeholders, including its members.</p>	<p>Efforts for relief measures The Company shall provide prompt and appropriate relief measures for human rights violations that occur in business activities.</p>

Human Rights Management Policy and Implementation System

Human Rights Management Policy

In 2022, SK bioscience revised its Human Rights Management Declaration to comply with and reflect the principles of human rights protection, labor standards, and international principles set forth by international human rights and labor-related organizations. The revision also included the right to health, which is essential in the bio-industry considering the characteristics of our business. The Declaration applies to various stakeholders, including employees, members of domestic and overseas affiliated companies, customers, shareholders/investors, suppliers, and local communities/environment. In addition, we have established the Human Rights Management Implementation Guidelines to promote the human rights of stakeholders, including employees, and to mitigate human rights violations in the course of our business activities. The guidelines specify the prohibition of discrimination in employment and work. The Human Rights Management Declaration and the Human Rights Management Implementation Guidelines are available on our website.

Human Rights Management System

SK bioscience has declared its commitment to human rights management to ensure the dignity and value of all individuals in all business activities. Our employees also adhere to the Declaration of Human Rights as a standard for their behavior and decision-making. The CEO establishes, manages, and supervises plans to promote human rights management. The CEO also operates the Human Rights Management Committee and a team in charge of human rights management to pursue efficient management system. The Human Rights Management Committee reviews and deliberates on matters related to the protection and promotion of human rights of stakeholders, including our employees.

Training for Raising Awareness of Human Rights

To promote a culture of respect for human rights, SK bioscience conducts regular sexual harassment prevention training and disability awareness training on our learning platform, mySUNI, every year. These training programs, which have been conducted over the past three years, aim to enhance the human rights sensitivity of our employees and raise their awareness of the importance of respecting human rights. In 2022, 100% of our employees completed both the sexual harassment prevention training and disability awareness training.

2022 Human Rights Training Status

Category	Completion Rate
Sexual Harassment Prevention Training	100%(1021 completed out of 1021)
Disability Awareness Training	100%(1021 completed out of 1021)

Reporting and Handling Human Rights Violations

Human Rights Violation Grievance Channels

SK bioscience identifies and resolves human rights violations among stakeholders by operating report channels. In particular, the online report channel classifies abusive language, assault, sexual harassment, workplace ostracism, and forced personal errands as a 'lack of respect for personality among employees'. It also accepts reports of violations such as abuse of power against suppliers, human rights violations, and disregard for socially vulnerable individuals. Moreover, guidelines for addressing workplace bullying and sexual harassment are available on our company website, and we have established a grievance process to protect victims.

The results of the annual investigation into reported cases of violations are reported to the Board of Directors. The implications of these issues are considered and reflected in company norms or guidelines, and shared with employees through the Ethical Management Practice Letter. We diligently track the number and causes of grievance reports and make efforts to resolve them, as well as protect the identity of the informant to ensure they do not face any disadvantages for reporting.

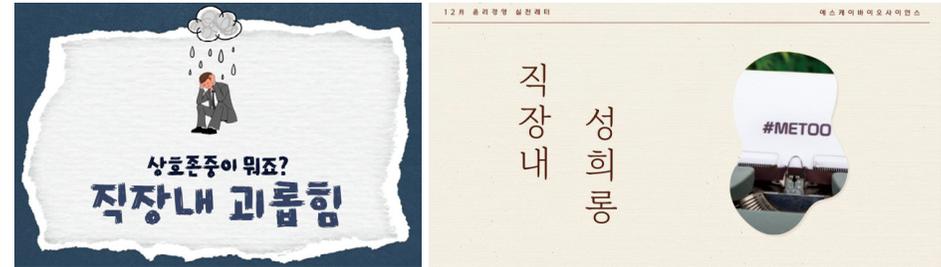
Grievance Handling Process



Human Rights Violation Report Channel

SK bioscience protects the content of the report and the identity of the informant to ensure the informant to report without concerns.

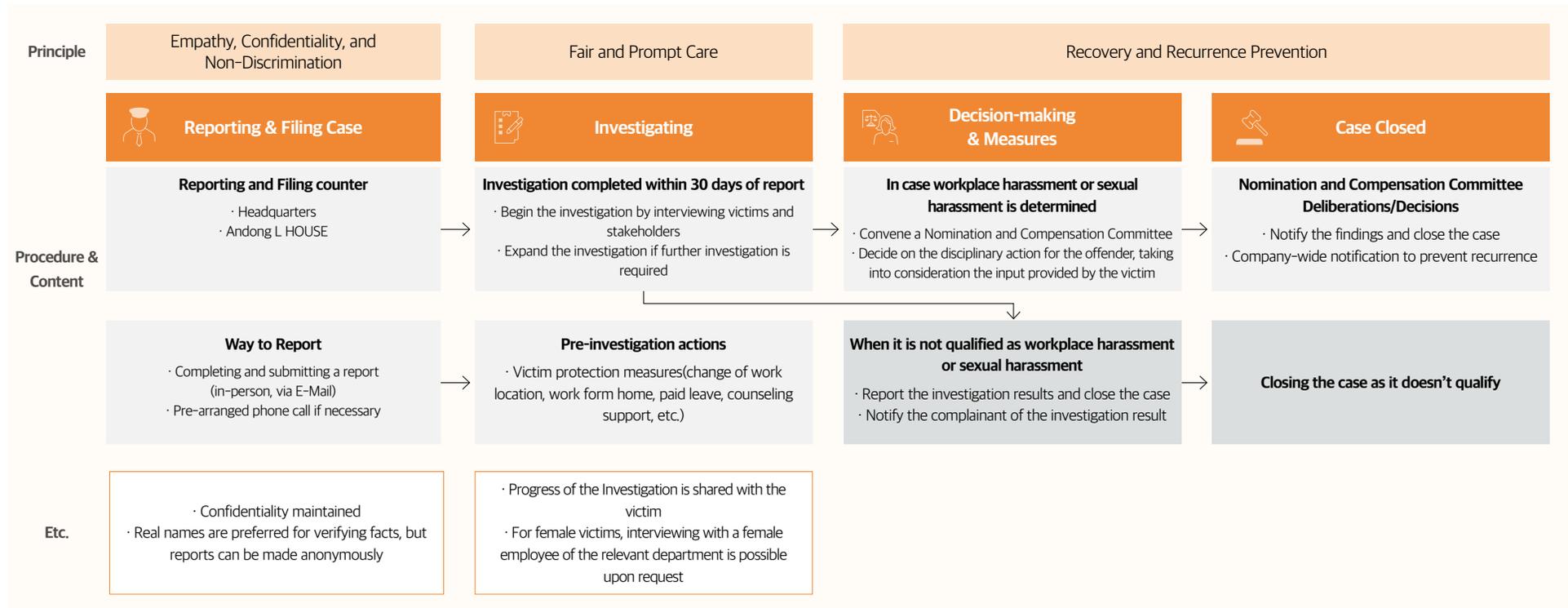
Web site	https://ethics.sk.co.kr
E-mail	skbioscience.ethics@sk.com
Telephone	02-2008-2338



Ethical Management Practice Letter

Report Processing in the Event of Workplace Bullying and Sexual Harassment

SK bioscience has established procedures to deal with workplace bullying in accordance with the Principles of Empathy, Confidentiality, and Non-Discrimination, the Principles of Fair and Prompt Care, and the Principles of Recovery and Prompt Care, and the Principles of Recovery and Recurrence Prevention.



Supply Chain Management

Supply Chain ESG Management

Supply Chain ESG Policy

To support ESG management among our suppliers, SK bioscience provides 'BP Ethical Practice Pledge' to our business suppliers before contracting with them, and we require a signed copy to ensure compliance. In 2022, we have established a Supplier Code of Conduct to guide ESG management practices for our suppliers and promote compliance by obtaining a signed pledge of adherence.

Supply Chain ESG Internalization Policy

Supplier Code of Conduct	· Adoption of supplier code of conduct which is comprised of four sections, Human Rights and Labor, Safety & Health, Eco-friendliness, and Business Ethics
ESG Self-checklist	· Self-inspection of check-list items such as fair trade/anti-corruption, safety issues, and partner transaction status for all purchase contracts
Compliance(CP) Agreement	· Ensuring transparency in transactions and the practice of business ethics concerning business partners through - Inclusion of the 'BP ethical practice pledge' in the initial contract - Business legitimacy and contract status checks before and after the agreement
Code of Ethics for Purchasing	· Basic principles of fair and transparent transactions · Compliance with laws and international conventions(The Universal Declaration of Human Rights, UN Global Compact, etc.) · Reporting of violations and protection of the informant
Bid Evaluation Guide	· Partner selection principles, bidding process, detailed guidelines containing ESG elements
Social-responsibility-based Purchasing Principles	· Fulfillment of corporate social responsibility by pursuing shared growth in selecting trading partners and reviewing and supporting business partners' non-financial status

Supply Chain Management System

To ensure the sustainability of our supply chain, SK bioscience establishes strategic partnerships with our suppliers that share our ESG values and aim to strengthen capabilities together. We operate supply chain ESG assessments in the areas of ethics and anti-corruption, labor and human rights, safety and health, and environment, and have put in place various programs for shared growth. Based on our supply chain ESG policy and management system, we are committed to building a sustainable bio-ecosystem.



Supply Chain Scope and Classification

As a company that researches, develops, and produces biomedicine such as vaccines, SK bioscience has established strict standards to evaluate and register suppliers.



Shared Growth of Supply Chain

Support Shared Growth

SK bioscience conducts business with suppliers based on the principle of fairness and strives for shared growth through coexistence. To this end, we protect the rights of our suppliers from the supplier selection phase to the conclusion of transactions. We strictly adhere to the applicable laws and regulations, such as the Monopoly Regulation and Fair Trade Act, and the Act on the Regulation of Terms and Conditions. Moreover, we operate desirable contract signing guidelines for shared growth.

Support and Training Programs for Suppliers' Capabilities

SK bioscience supports various supplier education and training programs through the SK Shared Growth Academy and offers opportunities for participation in our own training programs. We also identify domestic material, component, and equipment companies and provide them with development cooperation, including access to our facilities for technology development, manufacturing innovation, and support for development testing. In the future, we will operate an Open-Lab at our Songdo Global R&PD Center to strengthen our support system for supplier growth.

Supplier Grievance and Communication Channels

To listen to and actively communicate with suppliers' grievances, SK bioscience operates a grievance channel in the procurement portal, along with various communication channels such as mail, phone, and video conferencing. We also resolve disputes related to the Code of Ethics through the SK Group Ethical Management Reporting Channel and strictly guarantee the confidentiality of the content of the report and the identity of the informant. In addition, we plan to establish fair trade practices and enhance transparency throughout the supply chain by operating the Voice of Suppliers for secondary and tertiary suppliers.

Information Protection and Security

Information Protection System

Information Protection Policy

In preparation for going public in 2021, SK bioscience adopted and revised security-related policies. It also established an information security system with a dedicated division responsible for information protection and designated an individual in charge of information protection. In 2022, alongside obtaining ISO 27001 certification, the international standard for information protection, we adopted and revised six procedures and policies other than the Security Management Regulation. These facts were posted on the internal notice board and company regulation board for all employees to review. In 2023, we appointed individuals in charge of security for each department who are tasked with disseminating security training and checkpoints within their respective departments, to manage information protection issues.



ISO 27001 Certification

Information Protection Goals

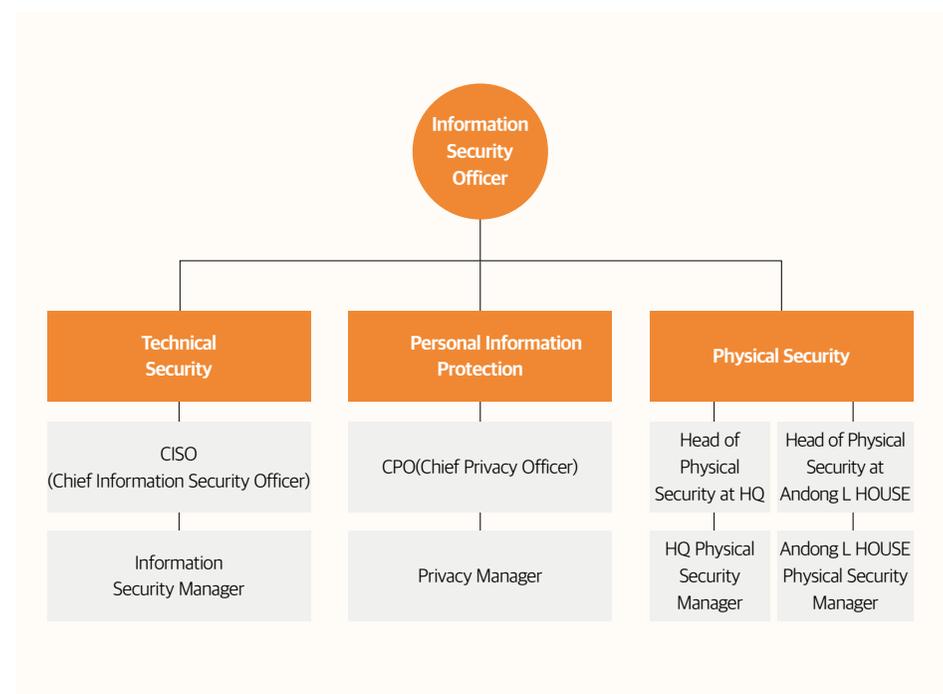
SK bioscience effectively and reliably protects corporate assets by controlling information leakage routes through information protection and specifying procedures and the roles and authorities of personnel in charge to ensure necessary security measures are implemented. We conduct information protection activities that meet the standard requirements of international standards such as GMP, and strengthen our IT security control system and external data security by reflecting ISO 27001 standard which is the information protection and privacy management system. In 2022, we obtained ISO 27001 certification and identified risk factors in the field of information security, leading us to purchase cyber package insurance/reinsurance. Through these efforts, we are committed to enhancing our security capabilities at a global level and earning the trust of our global partners by obtaining international standard certifications.



Information Protection Division

The SK bioscience information protection division's tasks are managed and supervised by C-level executives. The tasks are divided into three detailed areas which are technical security, privacy, and physical security. Each area is led by a manager, and in the case of physical security, we have allocated a manager at the HQ and Andong L HOUSE respectively. Going forward, we plan to hire personnel with expertise in information protection and achieve a level of management that corresponds to international standards.

Organizational Structure of the Information Security Division



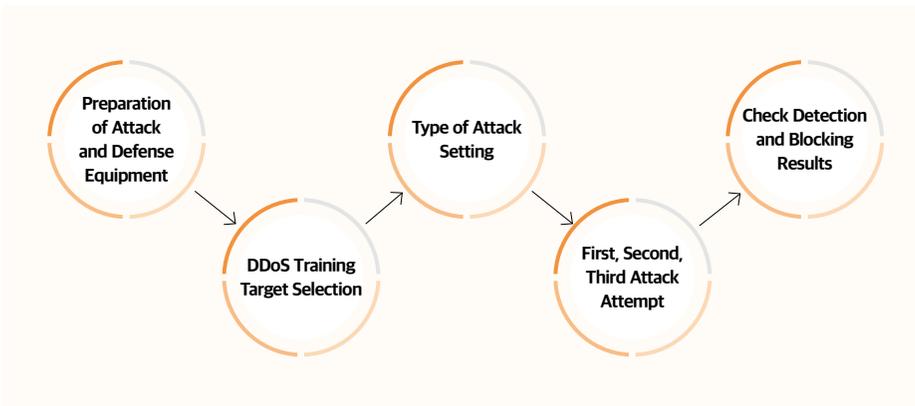
Prevention of and Response to Cybersecurity Incidents

Simulation Training

To prevent and respond to cybersecurity incidents, SK bioscience conducts regular inspections of major systems and strengthens the security review process upon the introduction of new solutions. In addition, we conduct simulated phishing every half year to diagnose vulnerabilities and establish safe business systems through continuous management.

At each simulation training, we send a total of two warning emails to employees who had their computers infected with malware and carry out PC scans and checks. In addition, we conduct DDoS simulation training in the second half of each year to check the detection and blocking abilities of our security systems and the availability of security equipment by conducting three simulated attacks consisting of prevalent and new attack types.

DDoS Simulation Training Procedure



Information Security Culture

Information Security Activities and Training

SK bioscience's company-wide IT system is kept safe from internal and external threats such as information leakage through remote control services provided by a professional security company. We designate 'Company Security Day' to conduct self-inspections on daily life security, document security status, and work equipment at least once a year. We also try to create an information protection culture by sharing monthly malicious/phishing mail trends and new security threat cases via the company notice board.

Furthermore, we conduct regular privacy and security training for our employees, including new hires and employees of our business partners to strengthen security awareness and raise awareness of information leaks. The training program is updated annually to deliver customized privacy and information security training.

Information Security Training



Corporate Philanthropy

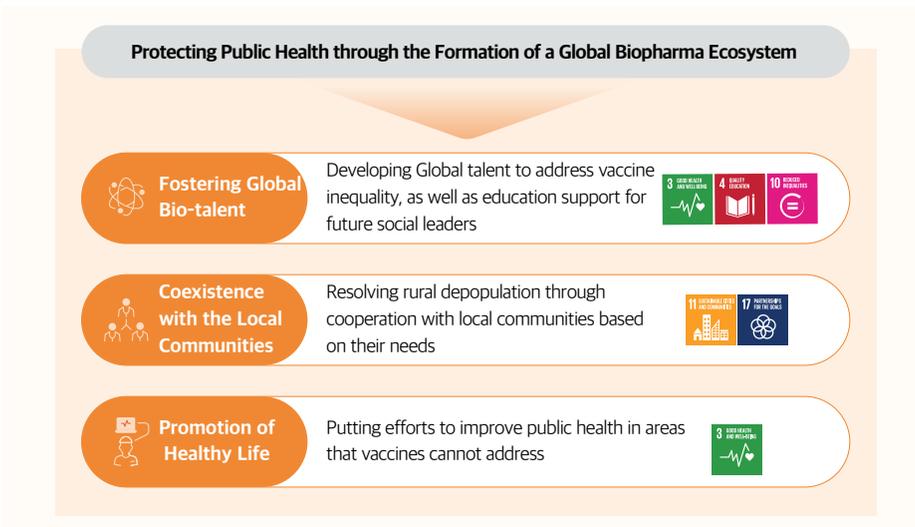
Corporate Philanthropy Strategy

Corporate Philanthropy Strategy and Implementation

SK bioscience is evolving as a sustainable company by contributing to the growth of local communities through ongoing corporate philanthropy activities and enhancing its business environment. In 2022, we reorganized our corporate philanthropy strategy system and carried out philanthropic activities in three areas: 'fostering global bio-talent', 'coexistence with local communities', and 'promotion of healthier life', under the mission of 'protecting public health through the establishment of a Global Biopharma Ecosystem'.

We operate various programs in collaboration with social enterprises, schools, and farms in the local communities and the vulnerable to contribute to the revitalization of a healthy community ecosystem by identifying the needs of the local communities, which are the foundation of our business activities. Additionally, we leverage the unique characteristics of our business to address social issues in the medical and health fields that cannot be solely resolved through vaccines. Furthermore, we aim to fulfill our social responsibility in a broader scope by providing basic medical support to improve the health of children and adolescents not only in Korea but also overseas, and by devising programs to bridge the healthcare access gap for medically vulnerable populations.

Corporate Philanthropy Implementation



Fostering Global Bio-talent

Fostering Talent through Scholarship Support

SK bioscience supports research in the healthcare field through collaborations with various global organizations and sponsorship with the goal of 'promoting public health worldwide'. In addition, we foster global bio-talent by providing scholarships and sponsoring educational programs for exceptional individuals in the field of bio/vaccines.

Park Man-Hoon Scholarship

- Department of Life Sciences at Seoul National University, Boseong High School
 - granting 10 students with KRW 5 million over a five-year period annually
- Andong University
 - eight students will be promised KRW 2 million every year

Other Scholarship

- Supporting the department of bio-vaccine engineering biotechnology of Andong University
- Providing mentoring, education and collaborative projects, field training, curriculum collaboration, and internship experience.



Andong University's Industry-Academia Cooperation Ceremony

Global Training Hub for Biomanufacturing(GTH-B)

The World Health Organization(WHO) has designated Korea as the Global Training Hub for Biomanufacturing(GTH-B) in 2022 to address vaccine inequalities among countries. As a partner organization of the WHO, SK bioscience is dedicated to nurturing the next generation of bio-talent through providing education and on-site visits.



WHO GTH-B 'Vaccine Manufacturing' Training



Shared Growth with the Local Communities

Eco-friendly Volunteer Activities

SK bioscience aims to be at the forefront of global environmental protection through eco-friendly philanthropic activities. In line with this objective, we are making efforts to internalize eco-friendly management by regularly conducting eco-friendly philanthropic activities with our employees. In 2022, we developed eco-friendly kits, organized environmental cleanup activities, and conducted a campaign to certify eco-friendly practices.

Eco-friendly Volunteer Activities

SK bioscience, together with its three affiliated companies, SK chemicals, SK gas, and SK plasma, operated 'Happy Green School' Program in elementary schools located in Seongnam, Ulsan, Andong, and Cheongju. Our employees took on the role of daily teachers, providing eco-friendly education at a child's level, helping students understand the importance of the environment in an easy and fun way. In 2022, the program was conducted in 237 classrooms, and in 2023, we have set a goal to expand the program to 270 classrooms. We plan to support education on topics such as microplastics and eco-friendly technologies.



Bulgwangcheon Urban Ecological Conservation



Beachcombing Volunteer Activities



Making a Milky Pouch Kit

Hope Maker Program

This mentoring/sponsorship program is SK bioscience's representative philanthropic initiative for children and adolescents from low-income families. Since 2012, we have been providing financial support to participants in the Hope Maker program, including regular monthly donations, holiday gifts, cold weather gear kits, and high school graduation gifts. Additionally, we offer emotional support through academic guidance and career counseling provided by college student mentors. Each year, we engage in ongoing discussions with local welfare centers to develop programs that address the specific needs of the students.

Community Sponsorship

SK bioscience has been actively supporting the growth of Andong City, where Andong L HOUSE is located. In an effort to revitalize the community following the declaration of the end of COVID-19, we provided support for the Andong Citizens' Athletic Competition and sponsored forums aimed at promoting Korean spiritual culture and humanistic values.

Promoting Healthier Life

Blood Donation Campaign

SK bioscience conducted a blood donation campaign, known as the Second Life activity, in response to the significant decrease in individual and group blood donations. The decrease was caused by the prolonged COVID-19 pandemic, which resulted in challenges in maintaining an adequate blood supply. In 2023, we will continue organizing blood donation campaigns to contribute towards addressing this social issue.



Blood Donation Campaign

Jigwanseoga

Since 2022, SK bioscience has been actively working towards establishing a small library in the form of a book cafe, providing a space where local citizens can stop by to read, reflect, and relax. We are currently preparing to open the first library at Andong L HOUSE in 2023, with the aim of creating cultural infrastructure in the local community and fostering a humanities ecosystem through community revitalization. Additionally, we hope that this initiative will contribute to improving the mental health of local citizens.



Number of Employees joined Our philanthropic activities

429 persons



Spent hours

1035.5 hours

Fulfilling Social Responsibility by Creating a Global Bio-ecosystem

Supporting Shared Growth of the Global Bio Industry

To contribute to global public health, SK bioscience supports the growth of stakeholders in the bio-industry to promote shared growth in each area. We will continue to strive to become a company that generates social value through investments in bio ventures, collaborative research and development to advance bio technologies, nurturing professionals, and supporting global initiatives and local communities.

Supporting the growth of Bio-ventures

SK bioscience has expanded its investment in vaccine and infectious disease-related bio-tech by establishing an investment fund. By doing so, we are contributing to the revitalization of the bio-venture ecosystem and creating opportunities for new revenue-generating businesses.

Investment Review Process



Hosting Park Man-Hoon Award Ceremony

In honor of our late Vice Chairman Park Man-hoon, who made significant contributions to our research capabilities through his dedication to vaccines and R&D, SK bioscience, together with the International Vaccine Institute, established the Park Man-hoon Award. This prestigious award aims to recognize individuals and organizations for their outstanding contributions to global health. In April 2023, the second Park Man-hoon Awards were presented to Dr. Rino Rappuoli and Dr. Mariagrazia Pizza from Italy, who have developed new scientific approaches in vaccine development. Additionally, Professor Andrew Pollard and Professor Sarah Gilbert from the University of Oxford were jointly recognized for their groundbreaking research on novel vaccines for COVID-19 and other areas of global health.

Basic Research Support

SK bioscience collaborates closely with the International Vaccine Institute(IVI) in pursuit of our shared objective to promote global public health. We have pledged to donate KRW 3 billion to IVI for three years from 2022 to support vaccine R&D equipment and research. In this way, we aim to make further advancements to the vaccine R&D environment by supporting organizations involved in all stages of the value chain, from development to distribution of vaccines. SK bioscience has also established an industry-academia collaboration system for infectious disease response at Korea University Medical Center. As a result, we will jointly establish an infectious disease surveillance system and conduct joint vaccine research for the next three years. Furthermore, we have allocated KRW 5 billion to support research on emerging infectious diseases.

RIGHT Fund sponsorship	International Vaccine Institute(IVI) sponsorship	Research support
<ul style="list-style-type: none"> Joint investment with five domestic life science companies and the Bill & Melinda Gates Foundation(BMGF) Pledged to invest approximately KRW 100 billion in R&D projects over the next five years since 2018 	<ul style="list-style-type: none"> Empowerment through the IVI network and expertise Sponsorship of International Vaccine Advanced Course Park Man-Hoon Award 	<ul style="list-style-type: none"> Support for advances in basic research Established an industry-academia collaboration system for infectious disease response at Korea University Medical Center

Quality Management

Quality Control

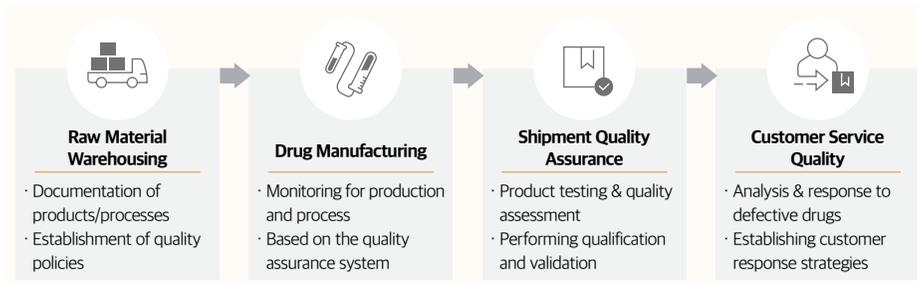
Best Quality Control



Enhancing Quality Control

Based on our quality-first management policy, SK bioscience is committed to strengthening the quality of our products throughout the entire value chain, from R&D and clinical trials to production, with a sense of responsibility that our products directly affect the lives of our customers. To this end, we operate a quality control process that controls and guarantees the entire pharmaceutical manufacturing process from raw material warehousing to final product shipment. In addition, we provide products that customers can trust by establishing and operating a quality management system. Moreover, we have secured excellent quality levels that are recognized at home and abroad by acquiring a certification from the United Kingdom of Great Britain's Medicines and Healthcare products Regulatory Agency(MHRA), the European Medicines Agency(EMA)'s EU-GMP, as well as the Korean Good Manufacturing Practice(K-GMP).

Quality Control Process



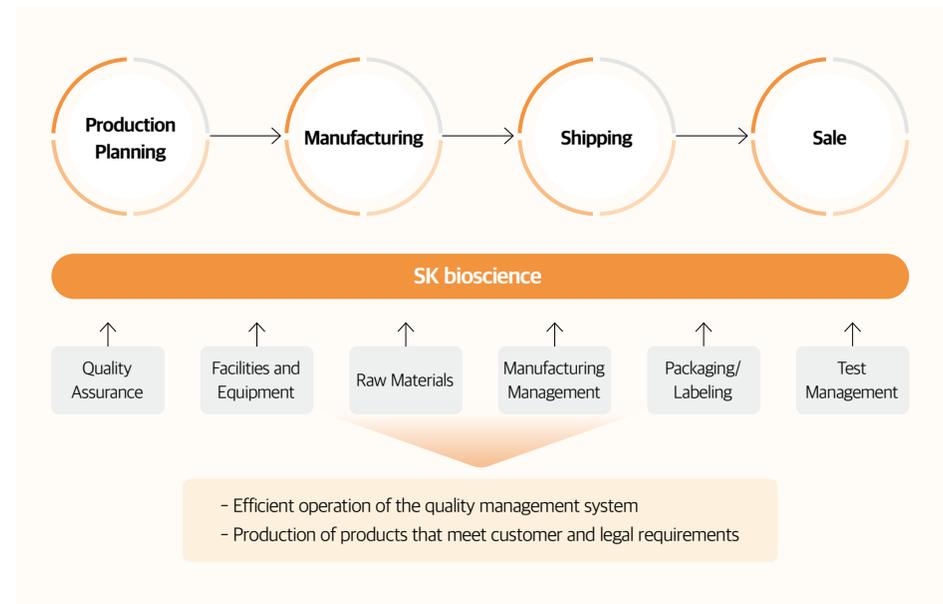
Quality Management System

Quality Assurance System Operation

Providing customers with reliable products and services of the highest quality is an essential requirement for the sustainable growth of a company. SK bioscience operates a strict quality management system that covers all stages of the product life cycle, from product development to consumer use. Our quality assurance system is optimized to continuously produce, manage, and sell pharmaceutical products in a Good Manufacturing Practice(GMP) environment. In addition, we manage issues such as deviations and complaints with a system to produce high-quality pharmaceuticals.

We also perform qualification and validation of all facilities and equipment to ensure their performance and functionality. As such, we have established a quality policy to comply with all customer and legal requirements, as well as standards for quality assurance, facilities/equipment, raw materials, manufacturing control, packaging/labeling, and test management. Moreover, we raise the awareness of quality personnel by specifying essential compliance requirements in documents.

Quality System



Quality Management Promotion System

SK bioscience has a system in place to ensure the smooth operation of the quality assurance system and GMP. Based on its annual and factory quality training systems, the Quality Assurance(QA) division supports risk analysis for quality management, performs deviation handling procedures, and operates a preventive action system. It also conducts evaluation and monitoring for installation, calibration, and maintenance of GMP-compliant facilities and equipment. Moreover, it oversees general quality management tasks such as product recall notification/investigation/record storage, supplier audit, and purchase change approval.

The Quality Control(QC) division examines raw materials, intermediate process samples, and final drug substances used in pharmaceutical manufacturing to check whether the specifications have been met. In this process, physics and chemistry, microbiology, animal testing, and device analysis tests are conducted according to Standard Operating Procedure(SOPs). To this end, it carries out test method validation and management activities to maintain the functions of the QC laboratory, such as device qualification and Computer System Validation(CSV). We are committed to continuous improvement of our quality system by monitoring our drug safety evaluation programs and manufacturing support facilities, regularly reporting the results to top management, and receiving feedback from management.

SK bioscience Quality Policy

- 1 The quality organization must operate independently of the production organization.
- 2 All employees who perform GMP must have appropriate qualifications and improve and maintain GMP level through training.
- 3 All important manufacturing processes must be validated, and the quality standards established through validation must be reviewed regularly and kept up to date.
- 4 All the facilities and systems required for GMP must be equipped.
- 5 All work during the manufacturing process must be performed according to the approved method. All progress must be recorded and preserved in the manufacturing instructions and records.
- 6 A recall system must be established and maintained.
- 7 A complaint handling system must be kept in place, the cause of complaints that arise should be investigated. Appropriate measures to prevent the recurrence of the same complaints must be taken.

Enhancing Quality Assurance

Quality Assurance Activities

SK bioscience pays special attention to diagnosing and managing product quality risks as we produce vaccine raw materials and finished drugs that are sensitive to temperature and environment. Products are stored and monitored at specified temperatures and environments. Commercialized products undergo annual safety tests to check their quality. Raw materials are also managed under proper storage conditions. In addition, for GMP compliance and process control, critical processes are managed and supervised on-site based on product standards, manufacturing records, and a guidebook. Moreover, QA on the shop floor policy* is implemented to ensure data integrity, and process deviations are handled on-site in real-time.

We continuously manage whether quality issues are improved and whether operations are in line with global GMP standards by conducting a quality impact assessment of products in the first half of each year. A validated eQMS is applied to the quality assurance system, allowing for comprehensive management of changes, deviations, corrections, and prevention, as well as deviations from standards, to be tracked in real time.

*The QA on the Shop Floor Policy: A system that enables quality assurance personnel to participate directly in key processes to solve or respond promptly to problems when they occur. It is operated to prevent unnecessary process deviations.

Enhancing Quality Assurance Capabilities

We conduct quality assurance capacity-building training for product quality managers. We conduct regular training to strengthen GMP competencies. And new employees receive basic training and on-the-job training to ensure they have the necessary skills for their respective jobs.

Jobs that require special capabilities, such as quality testing and aseptic work, are strictly managed to ensure that only authorized employees perform such tasks through verification and qualification procedures. Therefore, our training programs provide not only training on common competencies such as quality system operation, production procedures, hygiene, and dress code but also detailed training for each specific job, as well as training to enhance the capabilities of each employee.



GMP Training Poster



Training for Strengthening Quality Assurance Capabilities

Product Safety Management

Safe Clinical Research

Complying with International Code of Ethics

SK bioscience conducts safe clinical research in accordance with international ethical regulations. We follow the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) guidelines and domestic guidelines for conducting clinical trials. Other clinical trials are conducted after obtaining approvals from drug regulatory authorities in accordance with the regulations of the country in which they are conducted. We also comply with the principles contained in the Declaration of Helsinki, which are ethical principles for medical research involving human subjects.

Securing Clinical Trial Safety and Transparency

SK bioscience ensures the safety of clinical trials by strictly complying with the regulations and guidelines of Korea's Ministry of Food and Drug Safety and the respective countries where the trials are conducted. In the preclinical stage, toxicity is tested in advance through animal testing, and the safety of subjects and the efficacy of the vaccine are evaluated at each stage of the clinical trials.

We ensure the transparency of our clinical trials by collecting and submitting all data on clinical trial approvals to the relevant regulatory authorities. Specifically, we prepare reports on serious adverse events that occur during the clinical process and report them to each regulatory authority. In addition, information on all interventional studies conducted by SK bioscience is registered and disclosed on the clinical trial information site operated by the U.S. National Library of Medicine, in accordance with the progress of the clinical trial.

Pursuing Diversity in Clinical Trials

The diversity of participants in clinical trials is an important factor not only for product development and success but also for equity. Recognizing this, SK bioscience conducts global clinical trials in various countries, including Korea, to collect data from participants of various races/ethnicities, ages, genders, and backgrounds. In the case of SKYCovione, one of the vaccine pipelines developed by SK bioscience, we have received approval based on data from Southeast Asia, Oceania, and Europe, in addition to Korea. Based on the safety data of SKYCovione, our aim is to secure diversity in terms of countries and ages in clinical trials for the next vaccines.

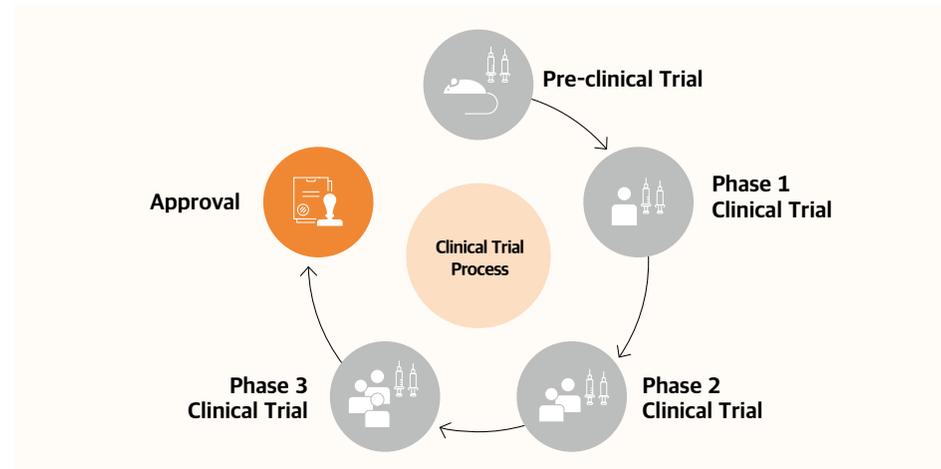
Clinical Trial Participant Safety and Practices

SK bioscience is committed to protecting the safety and rights of all clinical trial participants. Participants are asked to participate through a voluntary consent process after fully understanding the risks and benefits of clinical trials. Moreover, blood sample collection is conducted with additional consent after providing sufficient information to subjects through a separate human-derived material informed consent form.

We have also established standards and procedures to compensate for damages that may occur during the clinical trial phase and have implemented safeguards for participants through the operation of the Data Safety Monitoring Board (DSMB). The DSMB consists of external, independent experts responsible for advising on whether to continue, modify, or terminate the clinical trial. They conduct periodic reviews and evaluations of the trial process, safety data, and, if necessary, critical efficacy endpoints. The board plays a crucial role in protecting the safety and rights of participants, including the decision to terminate a trial early after assessing the risks and benefits for participants.

In the process of conducting clinical trials, we have taken measures to ensure that participants can progress to the next stage only after completing safety reviews at each trial stage. We also adhere to standards that are stricter than international standards, such as setting the follow-up monitoring period to one year.

Clinical Trial Process



Enhancing the Quality of Clinical Trials

Clinical Audits

SK bioscience conducts clinical audits as a procedure to ensure that clinical trials are conducted in accordance with ethical principles and standards. We conduct clinical audits in accordance with internal regulations such as protocols and SOPs, as well as domestic and international guidelines such as Good Clinical Practice(GCP) and International Council for Harmonisation(ICH) guidelines, regulations of the Institutional Review Board(IRB), and the Helsinki Declaration.

Clinical audits are conducted by the Clinical QM team, an independent division separate from the team responsible for running clinical research, to ensure independence and credibility. The Clinical QM team develops a Quality Management Plan(QMP) and, based on this plan, establishes a detailed approach for each clinical audit to assess the appropriateness of the study's operations. Furthermore, the team conducts in-house audits of materials and related documents to review the clinical trial process, safety and validity of data, appropriateness of documentation, and compliance with regulations. They also conduct on-site audits of clinical trial sites, analyze and review the gathered information, and report the results after the audit. By doing so, we aim to ensure that the principles of protecting the rights and welfare of clinical trial subjects, beneficence, and justice are upheld. Moreover, we hope to improve systems and procedures in the new drug development process, and ultimately improve data quality.

Strengthening Clinical Audits Capabilities

SK bioscience's clinical audit division is composed of internationally certified auditors and specialized personnel dedicated to the clinical trial quality of Global Clinical Trial. We are strengthening our clinical audit capabilities and the quality of clinical audits by providing key personnel with opportunities to participate in various seminars, conferences, and external trainings both domestically and internationally. Furthermore, recognizing that clinical audit capabilities are crucial for new drug approval and the consumption of our new drugs by the general public, we plan to continuously recruit specialized personnel with sufficient knowledge and experience.

Improvement of the Clinical Trial Quality Management System

Recently, a risk-based approach has become prevalent in the pharmaceutical and bio-industries. Clinical trial regulations have been strengthened as the risks must be identified, evaluated, and reported during the clinical trial process. As the number of our research projects conducted abroad and business partners at home and abroad grows, so does the importance of clinical trial quality assurance and management.

Accordingly, SK bioscience operates a quality management system(QMS) to improve the efficiency and accuracy of clinical trial quality management. In early 2023, we enacted a QMS policy and included quality control and quality assurance activities for clinical trial data, training to strengthen employee competencies, and SOP management in the policy. We plan to introduce an electronic quality assurance system(eQMS) in 2023. Through this system, we aim to proactively address environmental changes including domestic and international regulations, by improving clinical trial quality and promptly responding to related issues.

Pharmacovigilance(PV)

Pharmacovigilance System

SK bioscience has established a pharmacovigilance(PV) process that spans the entire life cycle of a drug. Accordingly, we analyze adverse events collected from nonclinical and clinical trials in the development stage of a drug to identify potential risks of the drug and collect and evaluate expected adverse events based on these data.

In addition, during the post-marketing phase, we consistently gather adverse event data from pharmaceutical experts working with biopharmaceutical products, including vaccines, as well as from drug recipients. The purpose is to identify variables that were not anticipated during the development phase. The collected information is then stored in our database and utilized to conduct drug risk-benefit assessments. Based on these assessments, we carry out proactive safety management, such as minimizing the expected risk of adverse events by preparing various measures(providing precautions for use in the attached medication guides and manuals for pharmaceutical experts/consumers) to mitigate the risk.



Pharmacovigilance Training

All employees of SK bioscience receive regular pharmacovigilance training at least once a year to ensure that they understand the importance of pharmacovigilance and learn the necessary actions to take when they become aware of adverse event information. This ensures thorough management of the quality and safety of our products. New hires are required to complete basic pharmacovigilance training within one month of joining the company. Additionally, the marketing division, responsible for product sales and frequently interacting with pharmaceutical experts, receives additional training beyond the regular one they receive once a year.

Pharmacovigilance System Improvement

SK bioscience has upgraded its Pharmacovigilance System Master File(PSMF) to the level of the European Medicines Agency(EMA) in 2022. In addition, we have established procedures for detecting safety signals of drugs and provide safety information on drugs through our website to ensure that users can easily access the information they need.

Pharmacovigilance Activities

SK bioscience has advanced its pharmacovigilance system to meet the pharmacovigilance requirements of global regulatory authorities. We have established a new Safety Internal Reporting System(SIRS) and upgraded the Safety DB to a higher level.

In addition, we restructured the pharmacovigilance division to strengthen the expertise of our PV activities. We have divided the responsibilities of the existing pharmacovigilance division into two main areas: planning drug risk management and establishing risk mitigation measures, and conducting risk-benefit assessments based on collected safety information. This restructuring enables us to not only monitor the safety of drugs but also efficiently manage the information gathered during clinical trials and post-marketing activities, using it for effective product safety management.

Based on the Safety Internal Reporting System, employees can conveniently report adverse events to our products through the internal network. Meanwhile, we have signed a Safety Data Exchange Agreement with client companies and stakeholders who handle our products to exchange product safety information and take risk mitigation measures when necessary.

Pharmacovigilance System

1
Establishment of European Medicines Agency(EMA)-level Pharmacovigilance and Monitoring System 

We have established and implemented the Pharmacovigilance System Master File(PSMF) in accordance with the guidelines published by the European Medicines Agency(EMA), and we regularly update it twice a year. Although the PSMF has not yet been legislated in Korea, we are taking our efforts to establish the PSMF to the next level by striving to put in place an EMA-level pharmacovigilance and monitoring system. Additionally, we have revised our standard operating procedures(SOPs) to align with the pharmacovigilance practices of both the EMA and the UK's Medicines and Healthcare products Regulatory Agency(MHRA) to improve our work system.

2
Establishment of Safety Signal Detection Procedures 

In May 2023, we established a process to periodically review the collected data to detect Safety Signals for drugs. Subsequently, we will conduct periodic reviews of safety information gathered from various channels, as well as information on our products provided by regulatory authorities to detect unexpected risks and irregularities.

3
Efforts to Increase User Accessibility to Drug Safety Information 

We provide product manuals, patient manuals, and explanatory materials for experts on our website to make it easier for users to understand how to mitigate the risks of our products. In addition, we are dedicated to consistently ensuring that product safety information remains easily accessible to users while complying with future domestic regulations.

Responsible R&D

Compliance to Research Ethics

Compliance Activities for Research Ethics

SK bioscience recognizes the need for ethical compliance in the process of research and development of products. To ensure research integrity that follows the core values of science* throughout the entire research process, we document the planning, conduct, reporting, and evaluation of research, and substantiate research results based on accurate data. When handling biological materials, we strive to maintain a safe environment by establishing a biosafety committee within our R&D Center to protect the public's health from potential risk factors.

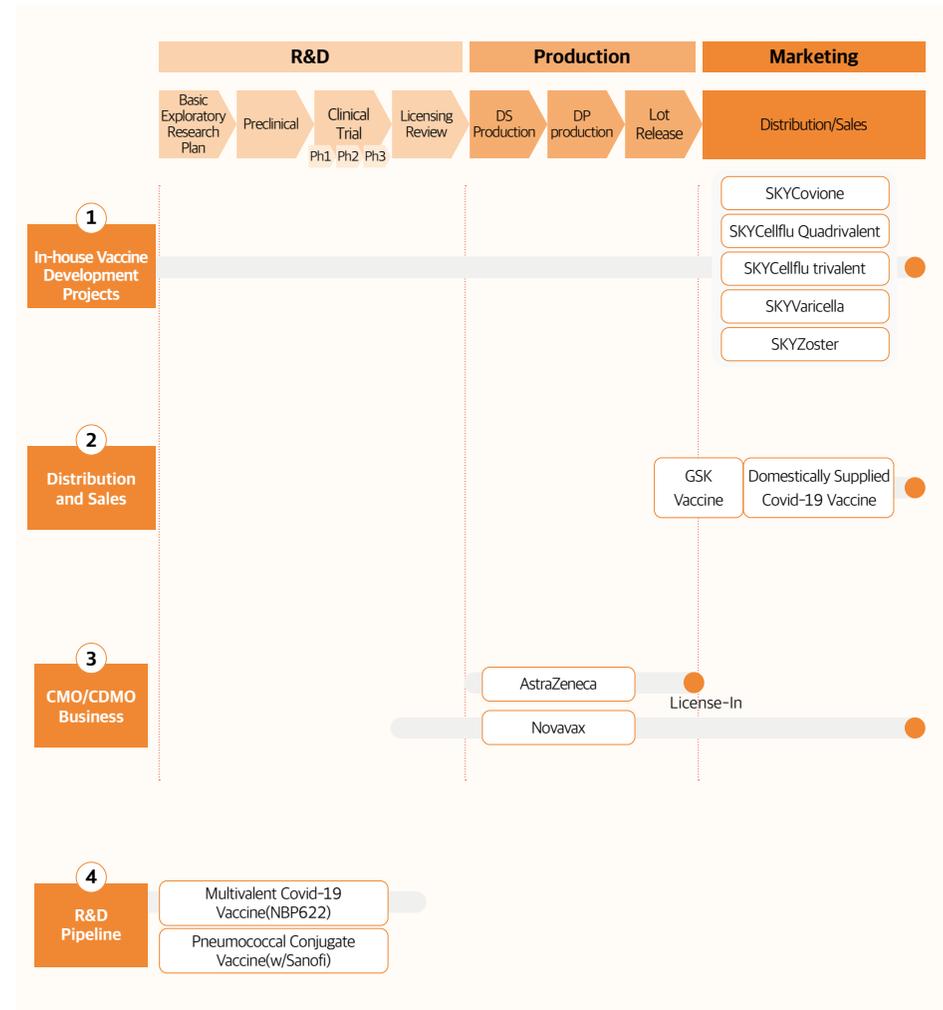
*objectivity, integrity, openness, responsibility and fairness

Meanwhile, SK bioscience has been designated as a Good Clinical Laboratory Practice(GCLP) facility by the Ministry of Food and Drug Safety pursuant to Article 34-2, Paragraph1, Item 2 of the Pharmaceutical Affairs Act and Article 35 of the Rules on the Safety of Drugs. As a result, all our research activities are conducted in strict compliance with Good Laboratory Practice(GLP), Good Clinical Laboratory Practice(GCLP), and domestic and international regulations. Furthermore, to maintain our GCLP status, we undergo regular examinations by the Ministry of Food and Drug Safety to assess overall performance, including the management of human-derived materials(samples).

In addition, to enhance the ethics and reliability of animal testing, we define and adhere to relevant guidelines in our research. Even when experiments are conducted through external Contract Research Organizations(CRO), we have established a management system that monitors and supervises them, ensuring they operate under the same procedures and standards.

Likewise, SK bioscience is constantly striving to comply with research ethics, and we continuously provide training on how to manage research output and Computer System Validation(CSV) to raise awareness among our researchers about the importance of complying with research ethics.

SK bioscience Value Chain



Research Ethics System

Strengthening Research Integrity System

By strengthening research data management, SK bioscience aims to secure the core values of objectivity, integrity, openness, and fairness that are required throughout the entire process of research and development. This means that all research results, regardless of their success or failure, must be managed to consider the positive and negative factors that the research may have on society at large.

Research integrity is a critical factor in providing reliable data not only for our own products and projects but also for the C(D)MO business. While we strive to secure research integrity, we also recognize the need for digital innovation through DT/IT technology and adopt it in practice to efficiently manage research output.

We also plan to introduce an Electronic Document Management System(eDMS) and a Laboratory Information Management System(LIMS) to strengthen research data management and ensure quality and data integrity.

We plan to introduce systems such as the Scientific Data Management System(SDMS) and Electronic Lab Notebooks(ELN) at the Songdo Global R&PD Center in 2025. Recognizing the significance of research data management, we will update and operate research data management policies and procedures in the future.



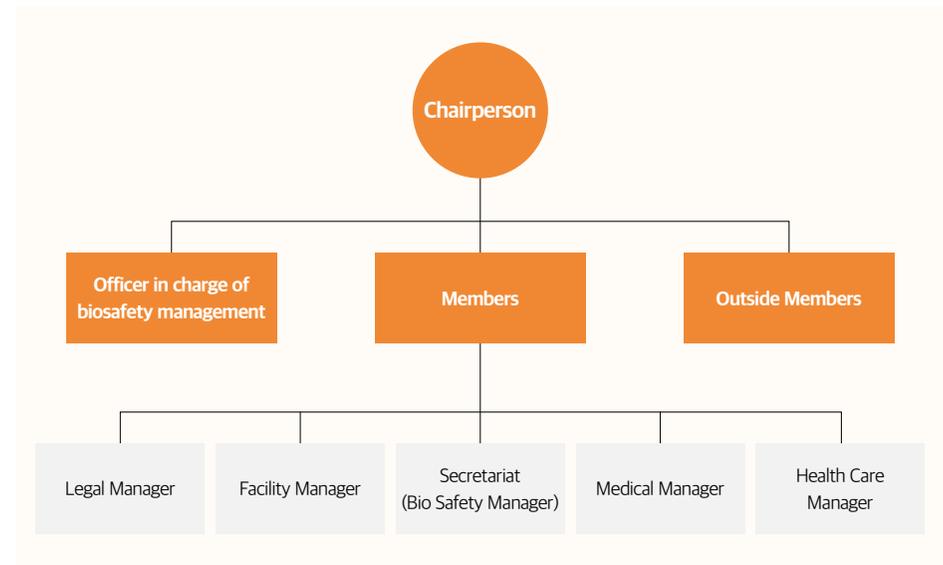
Strengthening Research Ethics

Biosafety

SK bioscience has established the Institutional Biosafety Committee(IBC) at the R&D Center to prevent accidents that may occur while handling pathogenic organisms and to promptly take appropriate measures or provide medical treatment in the event of a biosafety incident. The committee is composed of external members who have no conflict of interest with the company, ensuring objectivity. It discusses biosafety comprehensively, considering various aspects such as science, law, safety, and corporate strategy.

The IBC is responsible for reviewing and approving risk assessments for experiments that require biosafety management, such as genetic recombination experiments, and monitoring the safety management status of Living Modified Organisms(LMOs). The committee approves matters related to biosafety education, training and health management, as well as the establishment and revision of biosafety management regulations. Through these responsibilities, the committee thoroughly reviews all aspects of research ethics and makes rational decisions. Additionally, it has established an operating manual for biosafety and management procedures, designated personnel in charge of biosafety management and a manager to provide training to relevant employees.

Institutional Biosafety Committee(IBC)



Control of Clinical Sample under GCLP

SK bioscience manages clinical trial samples collected from clinical trial subjects upon the client’s request. We also ensure that human-derived materials such as blood, body fluids, and tissues are not used for any other unintended purposes. We record and manage all processes from receipt, storage, transportation, and disposal of samples collected in clinical trials in accordance with internal procedures. In addition, qualified personnel with specialized education and training manage human-derived samples, and in case of adverse events, we promptly report on the safety and rights of subjects following response procedures.

Animal Testing Ethics Management

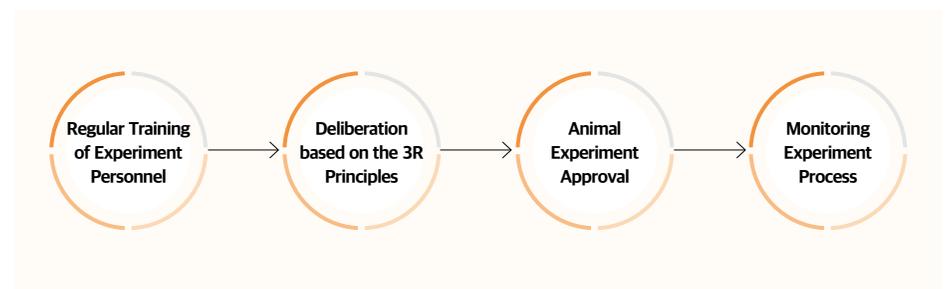
SK bioscience conducts animal tests from the preclinical stage to clinical trials, including tests for our COVID-19 vaccine. Additionally, commercially produced products are tested on animals to confirm their safety and effectiveness. We have established a management system to ensure ethical practices in animal testing and provide relevant training to raise the ethical awareness of those responsible for conducting the tests.

Following the MFDS guidelines for the standard operation of Institutional Animal Care and Use Committee(IACUC), we founded the Animal Testing Ethics Committee for lab animal protection and ethical compliance, and have secured ethicality and reliability by adhering to laws related to animal testing. The committee deliberates on the ethical and scientific validity of animal experiments through on-site visits and guides and supervises related education and training. Furthermore, during regular bi-annual IACUC meetings, we assess the processes of using and managing laboratory animals, offer necessary advice, review the implementation of SOPs and related laws, and address any shortcomings identified by the IACUC to enhance the management system.

Animal Testing Process

SK bioscience raises ethical awareness of animal testing by requiring those in charge of animal testing to complete statutory training on lab animal handling and ethics, while also encouraging their participation in periodic training sessions. In addition, we respect the dignity of animal life by conducting deliberations based on the 3R(Replacement, Reduction, Refinement) principle when reviewing animal test plans and prioritizing alternative methods to animal testing. Moreover, through Post-Approval Monitoring(PAM), the IACUC monitors the animal testing process with the researcher to promote animal welfare and ensure the reliability and transparency of experimental results.

Detailed Implementation process



Customer Engagement

Domestic Customer Communication

SK bioscience actively communicates with domestic customers through various channels. Our customers include major client companies and general consumers, foreign pharmaceutical companies that import our products, and partners who are authorized to jointly market our products. We have offices in the Seoul Metropolitan area and provinces to facilitate active interactions with customers and regulatory authorities, which are critical when expanding the vaccine business and promoting new businesses.

Over the past three years, we have built infrastructure that facilitates online communication during the COVID-19 pandemic, allowing us to effectively engage with customers and regulators both domestically and internationally. In 2022, as part of our digital marketing efforts, we enabled customers to apply for in-person consultations through external online channels. Furthermore, we increased customer satisfaction by collectively delivering an official notice about the SKYZoster modification order following reexamination.

To actively communicate with key stakeholders, SK bioscience conducts online and offline meetings led by the Steering Committee and relevant working-level employees. Executives and working-level employees from each company meet periodically to discuss major marketing plans for each product, as well as quarterly, monthly, and annual plans, as outlined in their respective contracts.

C(D)MO Customer Communication

SK bioscience aims to accept feedback and identify areas for improvement through transparent communication with customers, actively recognizing their needs. Accordingly, we engage in regular communication with customers who have signed C(D)MO contracts through various meetings(Core team meeting, Quality meeting, Supply planning meeting, etc.) as well as ad-hoc meetings for prompt discussions when issues arise.

The regular meeting channel is primarily conducted on a weekly basis and involves various relevant divisions within the company. We utilize these regular meetings and communication channels to facilitate swift and continuous sharing of information on production schedules, raw material supply plans, batch shipment schedules, and supply plans—core concerns of our C(D)MO customers. Additionally, we provide our customers with up-to-date information on the responsibilities, roles, and contact details of relevant divisions and personnel, enabling prompt discussions in case of changes to the overall schedule or urgent issues.

Satisfaction Survey for Domestic Customers

At the end of each year, SK bioscience establishes an annual conference promotion plan for customer support and communication for the following year, and conducts support activities to maximize customer satisfaction. We engage in various promotional activities at both domestic and international conferences to contribute to improving public health and the medical environment for healthcare professionals through our self-developed vaccines. In 2022, we participated in the Asian Conference on Pediatric Infectious Diseases(ACPID) as the main sponsor and introduced our vaccine development technology and capabilities to medical professionals from across the world. In addition, we conducted a total of 37 booth/abstract support and advertising activities in Korea.



2022 ACPID participation

Satisfaction Survey for Domestic Customers

SK bioscience establishes the scope of regular customer satisfaction surveys, and the results are reflected in the Customer Satisfaction strategy using a qualitative method. We hold regular meetings with licensees and partners, and depending on the nature of the meeting, each session is classified as a Joint Steering Committee meeting or a working-level KPI meeting. Through these meetings, we listen to customer feedback and develop or supplement annual marketing plans once a month or quarterly.

In addition, partners handling our products operate their counseling channels via online malls. They have a system to listen to customers' opinions and inquiries and deliver feedback. Personnel in charge at each partner company delivers feedback received from customers and gets back to the customers with our replies.

SK bioscience values the opinions of our customers and will continue to actively engage in regular meetings and partner communication. We will strive to provide better services and products to our customers based on the feedback we receive.

Responsible Marketing

Responsible Marketing Policy

Marketing Compliance

SK bioscience conducts responsible marketing in compliance with relevant laws and regulations, including the Pharmaceutical Affairs Act, the Medical Service Act, the Fair Trade Act, and the Code of fair competition. To this end, we have established compliance regulations and put in place detailed guidelines for providing economic benefits to healthcare professionals.

We also contribute to protecting consumers and creating a fair competition environment in the industry by complying with laws and regulations related to fair trade and strictly regulating activities related to promotion and advertising. In particular, to prevent false and exaggerated advertisements, we specify the basic principles and scope of advertising for pharmaceuticals and established detailed compliance guidelines for quasi-drug advertising to minimize the possibility of product misuse.

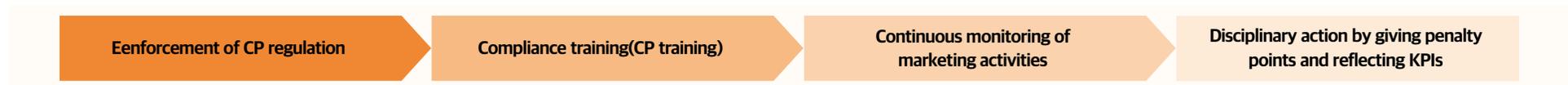
When producing promotional materials used by our marketing division, we use an internal review process called the RED system. It allows us to cross-check whether there are any violations from the medical, licensing, and legal perspectives. We do not conduct any marketing or promotion that may induce prescription of off-label products.

Monitoring Process for Responsible Marketing

SK bioscience ensures that its sales partners participate in fair trade by conducting regular monitoring of marketing and promotional activities and obtaining fair trade agreements from them. To ensure compliance with marketing activities in advance, any expense discussions must be agreed upon by the Compliance Division.

In addition, after expenses have been incurred, an expense report is prepared, and compliance with the fair competition code is checked through monitoring. If any violations are detected as a result of monitoring, penalty points are assigned, and disciplinary procedures are initiated in accordance with Article 14(Sanctions against Employees) of the Compliance Regulations. These results are then reflected in both organizational and individual KPIs and disclosed to all members.

Regular monitoring process for marketing and promotion activities



CP(Compliance Program) Check of Marketing Activities



Marketing Compliance Training

SK bioscience conducts regular training sessions for relevant divisions on compliance with various marketing activities. We strive to establish a fair drug distribution order by providing detailed training on compliance regulations to be observed in marketing/digital marketing activities. The training covers the Pharmaceutical Affairs Act, the Fair Trade Act, and the Code of Fair Competition as well as how to write an expense report.

Training Contents	Date
· Marketing CP training in the first quarter of the year(CP regulations, CP KPI standards, CP violations, etc.)	January 18~19, 2022
· Marketing CP training in the third quarter of the year(CP regulations, the Pharmaceutical Affairs Act, the Code of fair competition, CP violations, etc.) · Training of the Fair Trade Act - Legal Affairs Team(centered on collusion regulation)	July 21~22, 2022



OVERVIEW

SUSTAINABLE BUSINESS

OUR ESG, OUR PEOPLE

FOCUS ISSUES

GOVERNANCE
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HARMONY



GOVERNANCE

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Board of Directors

Composition and Principle of the Board

SK bioscience has declared the 'SK bioscience Corporate Governance Charter' to establish a governance structure to realize its management philosophy. We appoint directors based on the principles of independence, expertise, and diversity. Accordingly, the Board of Directors of SK bioscience appoints outside directors with expertise in various fields, avoiding bias towards any particular area, to ensure that not only career, gender, race, and nationality but also a wide range of perspectives and values coexist.

As of April 30, 2022, the Board of SK bioscience is composed of a total of seven directors (two executive directors, four outside directors, and one other non-executive director), with the outside directors accounting for 57%, which is more than a majority. We ensure the independence of the Board so that it can fulfill its unique role of checks and balances based on its independent decision-making authority and continue efficient management activities centered on the Board. Accordingly, in March 2022, we elected Outside Director Ik-Hwan Kwon as Chairman of the Board to strengthen oversight and checks on management by separating the roles of CEO and Chairman of the Board.

Board Composition

(As of April 30, 2023)

Category	Name	Appointment date	Term of office	Gender	Major History	Specialized Field	Position and Committee	2022 Board Attendance Rate
Executive Director	Jae Yong Ahn	2021.3 (reappointment)	2024.3	Male	(Current) President and CEO of SK bioscience (Former) Managing Director of VAX Division, SK chemicals (Former) Head of LS Strategic Planning, SK chemicals and Head of Business Management, SK Gas	Corporate Management	· CEO · Member of the ESG Committee	100%
	Hun Kim	2021.3 (reappointment)	2024.3	Male	(Current) Global R&BD President (Former) CTO of SK bioscience (Former) CTO of VAX Division and Head of VAX Division, SK chemicals (Former) Researcher at Vaccine Research Group, GC Pharma	Bio-industry	· CTO	100%
Outside Director	Ik-Hwan Kwon	2021.3	2024.3	Male	(Current) Attorney at KIM & CHANG Law Firm (Former) Attorney at Kwon Ik-Hwan Law Firm (Former) Prosecutor at Seoul Southern District Prosecutors' Office (Former) Chief of Public Security Division, Supreme Prosecutors' Office	Law	· Chairperson of the Board · Chairperson of the Outside Director Candidate Recommendation Committee · Chairperson of the Internal Transactions Committee · Member of the Nomination and Compensation Committee · Member of the Audit Committee	100%
	Chang-Jin Moon	2023.3 (reappointment)	2026.3	Male	(Former) Vice President of CHA University (Former) Chairperson of the Board, Korea Health Promotion Institute (Former) Vice Minister of Health and Welfare of Korea	Health · Administration	· Chairperson of the ESG Committee · Member of the Audit Committee · Member of the Outside Director Candidate Recommendation Committee	100%
	Mi-Jin Jo	2023.3 (reappointment)	2026.3	Female	(Current) Future Captiva Leadership Group President and CEO (Former) Vice President of Human Resources Development Center, Hyundai Motor Group (Former) Head of Human Resources Development Center, LG Display (CHRO)	HR	· Chairperson of the Nomination and Compensation Committee · Member of the Outside Director Candidate Recommendation Committee · Member of the Internal Transactions Committee	93%
Other Non-executive Director	Jeong-Wook Choi	2023.3 (reappointment)	2026.3	Male	(Former) Head of Tax and Accounting, Jipyong Law Firm (Former) Leader of Tax Division, Samjong KPMG (Former) Manager in Tax Division, Kim & Chang Law Firm	Finance · Accounting	· Chairperson of the Audit Committee · Member of the ESG Committee · Member of the Internal Transactions Committee	100%
	Jae-hyun Ahn*	2023.3	2026.3	Male	(Current) President and CEO of SK Chemical (Current) President of SK Plasma (Former) CEO of SK Discovery (Former) President and CEO of SK ecoplant	Corporate Management	· Member of Nomination and Compensation Committee	-

* Other non-executive director Jae-Hyun Ahn was newly appointed as of March 27, 2023, and thus, excluded from attendance rate calculation

Operation of the Board

Status of the Board

In principle, the Board of SK bioscience holds regular board meetings at least once every quarter. If necessary, temporary board meetings are held from time to time to make decisions on significant agenda items. To ensure that Board members are well-prepared and able to conduct thorough reviews, we provide seven days' notice before the meeting along with comprehensive report materials. These materials also include the contact information of the person in charge of the relevant division, enabling questions and answers regarding the agenda in advance.

In 2022, a total of 15 Board meetings were held, with an average attendance rate of 96% for all Board meetings. Although the attendance rate declined slightly from the previous year due to unavoidable reasons, Board members still actively expressed their opinions on the company's major resolutions. Major resolutions and reports include the ESG Management Promotion Direction Report, revisions to the ESG Committee Regulations and Corporate Governance Charter, and progress on climate change response and information security diagnosis. In 2023, we introduced the Board Skills Matrix(BSM) to further enhance 'board-centered management' and plan to hold meetings attended only by outside directors without the participation of company employees.

Board Attendance Rate

Category	2020	2021	2022
All	100%	100%	96%
Outside Director(non-standing)	100%	100%	98%

Status of the Board Meeting in 2022



Enhancing Expertise of Outside Directors

Since 2021, SK bioscience has been continuously conducting external training for outside directors to strengthen their expertise and improve their overall understanding of the company. In 2022, we focused on training in ESG management, which has become an essential measure of value for companies, to share our ESG management philosophy of promoting sustainability. We also support outside directors to attend regular forums, conferences, and seminars to improve their understanding of overall management including the bio-industry, ESG management, HR, and audit.

Training Received by Outside Directors in 2022

Date	Facilitator	Attendance Rate	Content
2022.6.10	Korea Listed Companies Association	100%	Key Roles and Legal Responsibilities for Outside Directors of Listed Companies, Explanation of Issues Related to Listed Companies
2022.9.23	The Korean Institute of Certified Public Accountants	100%	Guidelines for Applying Certification Standards to Sustainability Reports,
2022.11.15	The Korean Institute of Certified Public Accountants	100%	Key Points for Preparing for Future ESG Corporate Disclosure Obligations

Responsibility of the Board

SK bioscience has purchased Directors and Officers(D&O) liability insurance at the company's expense to protect its directors in the event of legal liability or damages related to corporate activities or economic, environmental, and social events. This is stipulated in the Corporate Governance Charter to enable Outside Directors to perform their duties more actively.

Directors' Liability Insurance Coverage Status

Insured corporation	Insurance Premium	Total Coverage Limit	Etc.
SK bioscience	KRW 53 million/Year	KRW 30 billion	Insurance Period 2022.08.01~2023.07.31

Introduction of BSM(Board Skills Matrix)

SK bioscience introduced the Board Skills Matrix(BSM) in 2023 to provide shareholders and investors with comprehensive information about the Board. The BSM is a way of disclosing information on the board that visualizes data on the skills, qualities, and diversity of board members or director candidates, allowing shareholders and investors to evaluate the appropriateness and effectiveness of the board structure. In this way, we strive to enhance shareholders' and investors' understanding of the Board and strengthen communication to improve corporate governance and enhance corporate value.

Board Competency Evaluation Indicators and Results

(As of 2023)

Capacity Category	Jae Yong Ahn	Hun Kim	Jae-Hyun Ahn	Ik-Hwan Kwon	Chang-Jin Moon	Mi-Jin Jo	Jeong-Wook Choi
Leadership	●	●	●	●	●	●	●
Business Development and Strategy	●	●	●				
Finance/Accounting and Risk	●		●				●
Laws/Regulation				●	●		●
ESG	●		●	●	●	●	●
Key Industry(Bio)	●	●	●		●		
Global	●	●	●		●	●	●
M&A/Capital Market	●	●	●	●			
HR/ Remuneration	●		●			●	

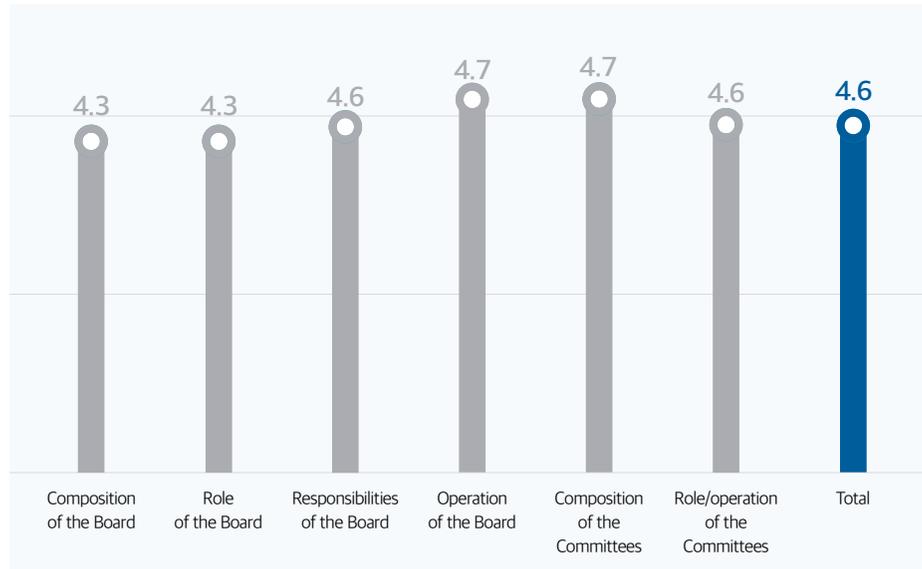
Evaluation and Remuneration of the Board of Directors

Evaluation of the Board

SK bioscience conducts regular evaluations of the Board and its members' activities once a year to enhance the credibility of governance and improve the efficiency of Board operations. We set out the evaluation criteria in the 'Guidelines for Independence of Outside Directors and Diversity of the Board of Directors', which we have established in accordance with the ESG standards of the Korea Corporate Governance Service. Moreover, we transparently disclose the evaluation results so that stakeholders can obtain sufficient information on the activities of the Board. In 2022, we carried out a self-evaluation survey and received an overall rating of 4.6 out of 5. In addition, we conduct individual evaluations of outside directors once a year to advance our governance. To ensure the objectivity of the evaluation, we use evaluation indicators that reflect the opinions of ESG rating agencies, specialized organizations, and investors.

Board Evaluation Results

(Unit: point, Out of 5 points)



Evaluation Indicators of Outside Directors

(Out of 5 points)

Evaluation Method	Domain	Weight	Average Score
Qualitative Assessment	Independence	10%	0.5
	Fidelity	25%	1.19
	Understanding	25%	1.06
	Contribution	40%	1.86
Total		100%	4.61

Remuneration System for the Board

The remuneration payment limit for directors of SK bioscience is determined through the approval at the annual general meeting of shareholders to strengthen management transparency and secure compensation justification. We pay salaries and bonuses within the limits approved at the annual general meeting, after careful deliberation on the appropriateness of the remuneration for directors. For Executive Directors, the Nomination and Compensation Committee under the Board of Directors reviews the appropriateness of the remuneration and pays it within the approved limits, comprehensively considering factors such as position, leadership, expertise, and contribution to the company. As for outside directors, fixed remuneration is provided to ensure management independence and transparency.

Remuneration of the CEO

The remuneration of the CEO of SK bioscience is also paid within the limits of remuneration for directors set at the general shareholders' meeting after reporting to the Nomination and Compensation Committee and the Board. We set the salary by comprehensively considering the financial performance of the year, performance in securing future growth engines, and ESG performance, and then get approval from the Board. Bonuses are divided into profit-based Profit Sharing(PS) and Target Incentive(TI). In addition, we operate a Long-Term Incentive Plan that compensates the CEO for their contribution to the company's medium- to long-term growth.

In 2022, we set the CEO's remuneration by comprehensively evaluating measurable indicators(achieving record sales of KRW 929 billion in 2021 with C(D)MO contracts) and non-measurable indicators(laying the foundation for new growth of the company through promoting the development of the COVID-19 vaccine SKYCovione and pursuing an early IPO).

Committees under the Board of Directors

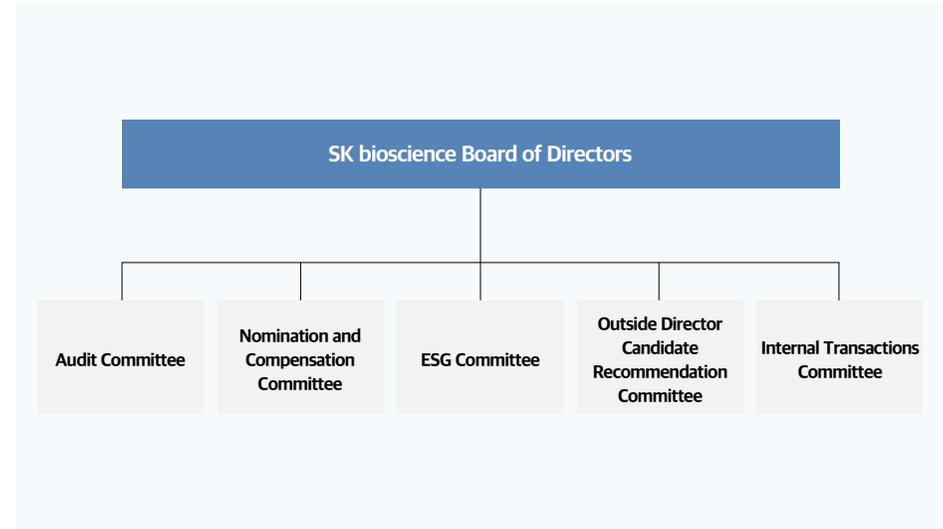
Composition of the Committees under the Board

The Board of SK bioscience has established five committees under its umbrella to efficiently fulfill the responsibilities and roles of the Board. Among these Board committees, the Audit Committee, the Internal Transactions Committee, and the Outside Director Candidate Recommendation Committee are composed entirely of outside directors to ensure independence and transparency.

The Board of Directors, which is the highest decision-making body, and the ESG Committee address issues related to initiatives to strengthen ESG management and the management strategy and direction for the company's growth.

Board Committee Information

The committees under the Board of Directors keep minutes in accordance with regulations and disclose their activities on the website. Each committee discusses and resolves issues that align with the purpose and authority of its establishment, and the member attendance rate for all committees is 100%.



Board Committee Information

(As of December 31, 2022)

Category	Purpose and authority	Person	Meetings	Major Agenda
Audit Committee	Strengthens the audit function, Improves transparent decision-making of the Board.	Jeong-Wook Choi	10	<ul style="list-style-type: none"> · (Agenda) Accounting and operational audit of the company · (Reporting) External auditor's compliance status · (Reporting) Operation of Internal Accounting Control System(IACS)
Nomination and Compensation Committee	Reviews major personnel matters related to key executives	Mi-Jin Jo	6	<ul style="list-style-type: none"> · (Agenda) Review Corporate KPI · (Agenda) Review Retention of the CEO · (Reporting) Remuneration for Key Executives and Executive Directors
ESG Committee	Strengthens the Board function and ESG management in the company's major decision-making process	Chang-Jin Moon	6	<ul style="list-style-type: none"> · (Agenda) ESG Management Implementation Plan · (Agenda) Progress of ESG Report · (Reporting) Establishment of ESG Management Strategy · (Reporting) Progress of Climate Change Response · (Reporting) Revised Human Rights Management Declaration
Outside Director Candidate Recommendation Committee	Installed for independence and transparent operation of the Board	Ik-Hwan Kwon	0*	-
Internal Transactions Committee	Monitors whether fairness and appropriateness are secured in the course of internal transactions, promotes balanced decision-making	Ik-Hwan Kwon	3	<ul style="list-style-type: none"> · Large-scale internal trading according to Article 11-2 of the Monopoly Regulation and Fair Trade Act · Review and approval of all matters necessary for the operation of the committee

* The Outside Director Candidate Recommendation Committee is not held as there are no outside directors whose term of office ends

Business Ethics and Compliance

Business Ethics

Code of Ethics

SK bioscience has established the principles of business ethics under the belief that ‘transparency is the key prerequisite for sustainable management’ based on the Code of Ethics. The code reflects the fundamental philosophy of the SK Management System(SKMS)—SK’s management philosophy and principles of behavior. The Code of Ethics, which was established in consideration of various stakeholders, serves as the standard for employees’ decision-making and behavior in all management activities.

Code of Ethics by Stakeholders

 Customers	The company shall continue to satisfy and gain the trust of customers and ultimately grow with them.	 Business Partners	The company shall grow together with its business partners and compete with its competitors in a fair and equitable manner.
 Employees	The company shall create an environment in which employees can work willingly and enthusiastically. Employees shall contribute to the growth of the company and the creation of value for stakeholders.	 Society	The company shall contribute to the development of society through social and cultural activities, as well as economic development, and comply with social norms and ethical standards.
 Shareholders	The company shall increase its own value so as to create shareholder value and to this end, it shall enhance transparency and conduct efficient management.		

Practice Guidelines for the Code of Ethics

SK bioscience’s Code of Ethics Practice Guidelines outline the ethical behavior and compliance obligations of our employees. All of our employees adhere to these guidelines, and we actively encourage our stakeholders to do the same. Recognizing the need to supplement and revise the guidelines in recent years, we made efforts to refine them in 2022. The revised guidelines have become more specific and clear, and they now include case-based FAQs to assist employees in better understanding and utilizing them.

SK bioscience’s Practice Guidelines for the Code of Ethics

Code of Conduct	Attitude toward Customers	Our Responsibility toward Employees	
Diligent performance of tasks/Prohibition of conflicts of interest/ Protection of the company’s assets and information /Anti-bribery and corruption /Respect for other employees	Customer-centered management/Protection of customer information	Human-centered management/Safety and happiness of employees	
Relationship with Business Partners	Role in Society	Compliance	Our Responsibility toward shareholders
Win-win management/ Fair competition with competitors	Eco-Friendly management/ Corporate Philanthropy	Compliance with fair trade laws and regulations/Fair trade practices under the principle of free competition	Enhancement of corporate value/Protection of shareholder rights

Strengthening Capabilities of Business Ethics/Compliance

SK bioscience regularly conducts various forms of ethics training to ensure that all employees understand and practice the purpose of the Code of Ethics effectively. The SK Group Online training program provides sessions to enhance employees’ ethical decision-making abilities by raising awareness of issues like the misuse of corporate credit cards, abuse of power, and hospitality/entertainment. Additionally, regular compliance training is conducted for the sales and marketing divisions.

New hires are required to complete compliance training, and we strive to establish an internal compliance culture by conducting other training programs as needed. In 2022, we held company-wide business ethics training, discussion workshops, and compliance training for the sales and marketing divisions.

Ethics Training

 Group Online Training(once/1yr)	 Regular/Occasional CP Training	 Business Ethics Practice Survey	 Business Ethics Practice Workshop
· Prohibition of the misuse of corporate credit cards, abuse of power, and hospitality/entertainment	· Employees(twice/1yr), new/experienced hires(occasional training)	· 23 questions regarding compliance with the Code of Ethics and Business Ethics Practice System	· 58 divisions participated · Enhancing employees’ ethical decision-making skills

Business Ethics Reporting System

All stakeholders of SK bioscience can report unfair behavior and matters that undermine business ethics through various channels. The content of the report and the identity of the informant are strictly protected, and any disadvantages to the informant are strictly prohibited. Once a report is received, we conduct a thorough and clear investigation to establish the facts. Subsequently, we take follow-up measures such as disciplinary action, and conduct systemic improvements in accordance with our regulations and procedures.

How to Report(Channel)

Violations of the Code of Ethics and the Practice Guidelines for the Code of Ethics can be reported through the counseling & reporting link on the SK Business Ethics website and SK bioscience website, via email, mail, telephone, or in person.

What to Report

<p>Corruption and abuse of power in business relationships Giving or receiving money/hospitality, personal requests, equity investment, unfair instructions, verbal abuse/assault, etc.</p>	<p>Conflicts of interest Negligence of work such as having sideline jobs or conducting excessive personal business during work hours, loans for employees, investment using internal information, transactions with the persons in special relationships, etc.</p>
<p>Lack of respect among Employees Verbal abuse, assault, sexual harassment, bullying, exclusion from work, personal errands, etc.</p>	<p>Damage to social values Non-compliance with environmental/safety/health/quality regulations, disrespect to the socially disadvantaged, leakage of customer information, provision of false information to customers, etc.</p>
<p>Inappropriate business practices False report, performance manipulation, unethical sales practices, embezzlement, improper use of expenses and assets, information leakage, etc.</p>	<p>Violation of the law Violation of the Fair Trade Act and other laws, etc.</p>

Ethics Reporting Channels

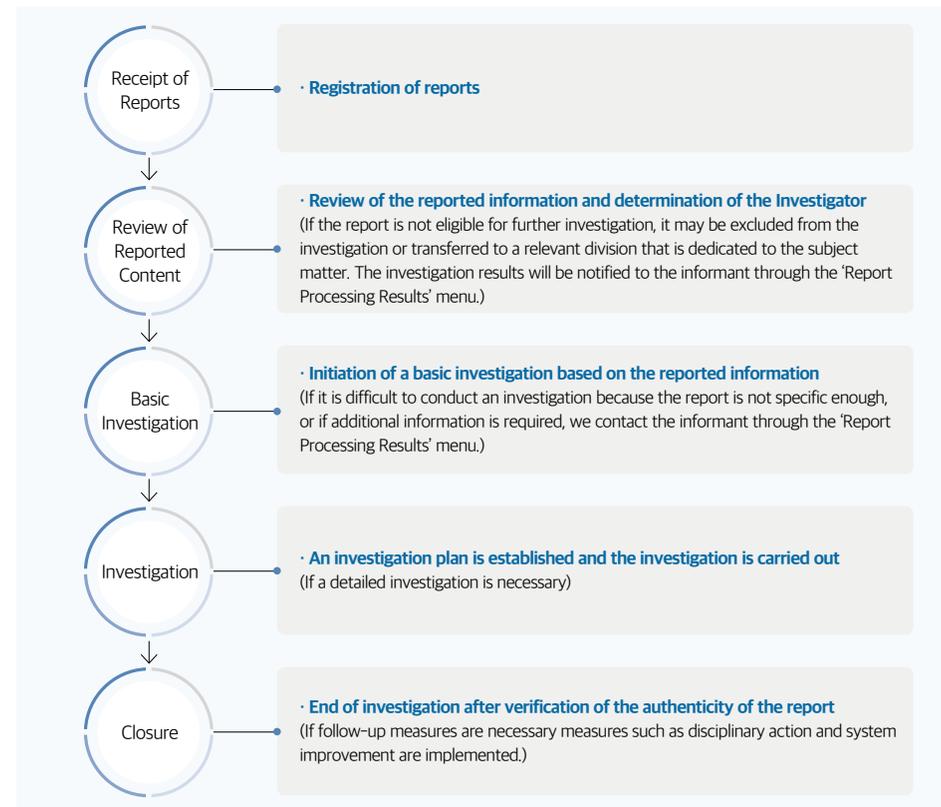
Division in charge	Ethics Management Team
Website	SK Ethical Management
E-mail	Skbioscience.ethics@sk.com
Phone	02)2008-2338
Address	SK bioscience Co., Ltd. Ethics Management Team, 310 Pangyo-ro (Sampyeong-dong), Bundang-gu, Seongnam-si, Gyeonggi-do

Reporting Status and Actions Taken

SK bioscience monitors ethics-related issues by thoroughly investigating and taking appropriate disciplinary measures when employees violate the Code of Ethics and the Practice Guidelines for the Code of Ethics. In 2022, the total number of reports received through the reporting channel was 19, and the cases included negligence of duty, abuse of authority, and unethical sales practices. Each case was investigated following the report handling process, and appropriate measures were taken, including suspension, reduction in pay, and written recommendations.

For online reports received, we provide appropriate responses and guidance, and informants can check the results of the process on the SK Business Ethics website. In addition, we send out the Business Ethics Practice Letter to all employees every other month which provides detailed information on the informant protection system.

Report Processing



Compliance Division and Structure

Audit Committee

SK bioscience operates the Audit Committee under the Board to strengthen the audit function and enhance management transparency. The Audit Committee audits SK bioscience’s accounting and finance, as well as its overall business, in accordance with laws and regulations. It not only oversees that the directors and management are performing their duties legally, but also provides assistance in responding to commercial law requirements and regulations related to listed companies. It also receives reports on the operation status of the company’s compliance program and internal accounting management system from the Compliance Team and reviews their appropriateness. Our Audit Committee is fulfilling its responsibilities and duties to establish more professional and transparent governance.

Compliance Team

SK bioscience has established a company-wide compliance management system and operates related programs. The head of the company’s Office of Legal Affairs is appointed as the Chief Compliance Officer of the Compliance Team, responsible for planning, implementation, evaluation, and supervision of the entire process of the voluntary compliance program. In addition, the Chief Compliance Officer oversees business-related activities such as pharmaceutical compliance activities and programs to raise the level of awareness of voluntary fair trade compliance among all employees.

We operate a dedicated compliance division(Ethics Management Team) to establish a compliance system, monitor and investigate reports. The team also makes efforts to prevent compliance violations in advance by providing compliance-related training and imposing penalties for violations. Recently, due to changes in the company’s business environment, we have recognized the need for an internal audit function to check the internal business system, and thus, expanded the roles of the Ethics Management Team to include this function. In addition, we are doing our best to practice business ethics throughout the company by preparing governing audit regulations and securing personnel capable of conducting internal audits to conduct independent audits.

CP Organizational Chart



Compliance Program

SK bioscience operates a Compliance Officer System in conjunction with the Fair Trade Voluntary Compliance Program and encourages employees to voluntarily comply with laws and regulations by training them through programs and conducting follow-up inspections. In addition, SK bioscience has established and implemented compliance guidelines, the highest regulation for compliance activities, through a resolution of the Board of Directors. It monitors compliance training and adherence to the compliance guidelines and reports to the Board once a year on a regular basis.

We encourage our employees to practice business ethics by creating and distributing compliance-related company rules/manuals. We update detailed guidelines from time to time and provide relevant training. In case of any violation of compliance regulations by employees, sanctions are taken following the internal disciplinary procedure. In addition, we operate a counseling/reporting channel and an informant protection system which are constantly informed to employees.

Internal Accounting Control System(IACS)

SK bioscience operates an Internal Accounting Control System(IACS) in accordance with the External Audit Act. As our IACS auditor certification level was raised from review to audit following the IPO in 2021, so we upgraded our IACS to reinforce transparency in corporate accounting and management.

SK bioscience operates the IACS to prepare and disclose reliable accounting information, not to merely maintain a system to comply with legal requirements. To operate the IACS, we have established relevant regulations and guidelines and assigned our IACS Part to conduct design evaluation and operation evaluation to check all aspects of internal control. Through these procedures, we examine the approval process of major sales, production, financing, and accounting that affect corporate financial statements. Additionally, we effectively respond to external factors that may affect the business, such as changes in accounting standards.

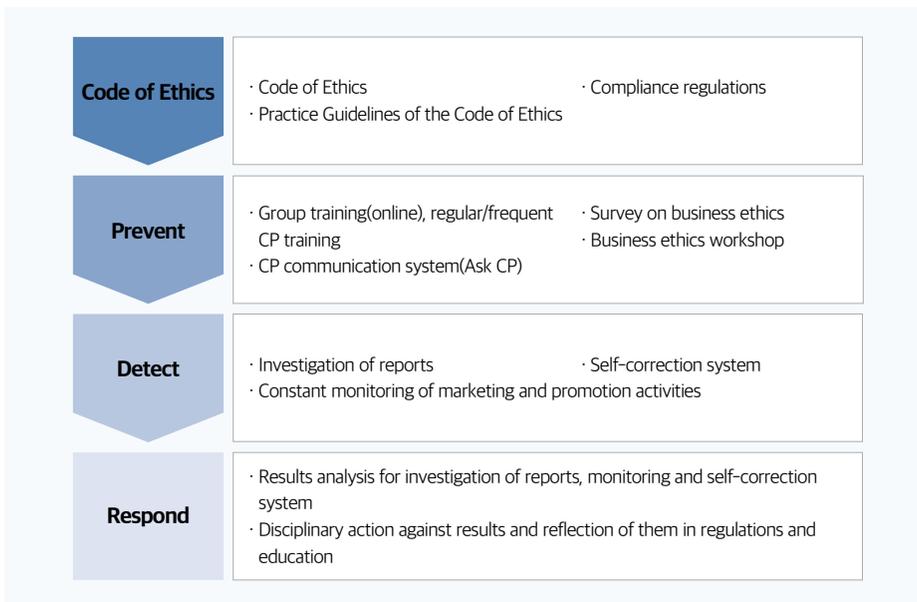
SK bioscience’s activities related to the IACS are verified annually by a third-party external auditor(accounting firm), and the CEO reports relevant matters to the general meeting of shareholders, the board of directors, and the audit committee for each business year. We also provide IACS training to employees and the audit committee to strengthen internal control and improve awareness at the company level.

Compliance Risk Management System

SK bioscience operates a compliance risk management system based on the belief that a company's competitiveness can only be proven when it secures a competitive advantage in the market while adhering to laws and regulations. In addition, we practice business ethics and compliance management by implementing our Prevent-Detect-Respond framework. This approach helps us avoid profits from unethical business practices and lays the foundation for a fairer and more transparent company.

We established compliance regulations and regularly conduct annual business ethics and compliance training, as well as business ethics practice surveys and business ethics pledges, to prevent risks and internalize ethical practices in our employees. Additionally, we operate a monitoring system that continuously checks reporting channels and marketing cost execution. We conduct business ethics practice surveys to evaluate the level of ethical practices, and the results are reflected to improve the compliance management system. If violations are identified during investigations and monitoring, we follow disciplinary procedures, notify all employees, and incorporate these findings into our regulations and training programs.

Compliance Risk Management Framework



Compliance Officer

SK bioscience appoints the head of the Office of Legal Affairs as the Compliance Officer to carry out compliance activities. The Compliance Officer is appointed for a term of three years and plays a key role in overseeing the company's compliance work to strengthen the governance system, proactively preventing and managing legal risks.

Responsibilities of the Compliance Officer

SK bioscience has strengthened its compliance system by specifying the activities, rights, and duties of a compliance officer in the compliance guidelines. The Compliance Officer is responsible for operating compliance education/training programs and checking whether compliance guidelines are being followed. When necessary, the Compliance Officer may request employees to submit materials and seek advice from external experts, as well as make a statement to the Board in relation to compliance control. Beyond general compliance activities, the Compliance Officer actively works to enhance the company-wide compliance system through risk prevention activities, thereby contributing to the Office of Legal Affairs' 2030 long-term vision of becoming a 'Proactive & Business-oriented Legal Solution Provider'.

Responsibilities of the Compliance Officer



Risk Management

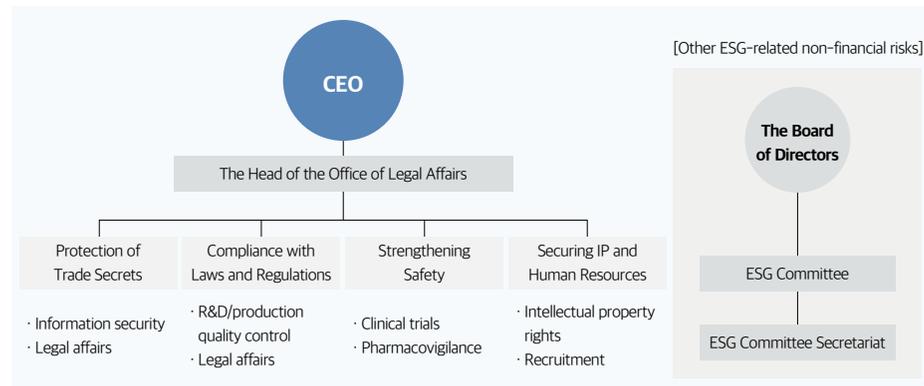
Risk Management Strategy

Risk Management Division

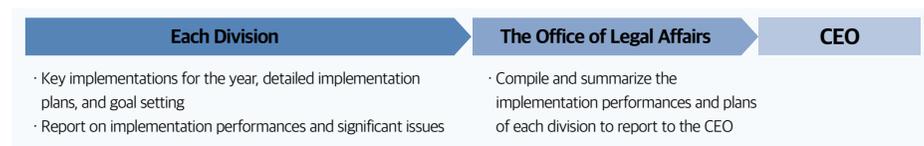
SK bioscience operates the Enterprise Risk Management(ERM) system to manage financial and non-financial risks that may arise from business activities in an integrated manner. The primary goal of the ERM is to minimize the likelihood of risks materializing and negatively impacting the business. To achieve this, risk factors related to our business are selected as priority management tasks and managed intensively. The general manager of the ERM is the Head of the Office of Legal Affairs, and the divisions in charge of each priority management task lead risk mitigation activities

As the control tower of the ERM, the Office of Legal Affairs identifies the status of risk management, supports management activities, and regularly reports operational results to the top management. In addition, non-financial risks related to ESG are reported to the Board through the ESG Committee. Moreover, we prioritize a long-term perspective in ERM operations to effectively respond to risks that dynamically change based on the internal and external business environment

Risk Management Organizational Chart



Risk Report Process



ERM Operation and Monitoring System

SK bioscience operates the ERM system so that divisions in charge of each risk can take preventive measures if they identify risks inherent in their work. Risks that require company-wide management are incorporated into ERM priority management tasks, thereby enhancing the overall level of risk management.

The Office of Legal Affairs monitors the management status of priority management tasks and conducts support activities as needed. By observing the possible occurrence of social issues that may negatively affect the company in the future, it warns of risks and takes proactive measures. Simultaneously, the division executes some of the ERM priority management tasks and performs risk management for the assigned tasks.

In 2022, we strengthened our ERM operations by identifying and incorporating risks arising from changes in the business environment, various social events, and the enactment and revision of business-related regulations as new management tasks. Going forward, we intend to assign dedicated personnel to handle compliance-related risks in areas such as fair trade, trade secret protection, personal information protection, occupational safety, and R&D management. This approach will enable us to carry out ERM tasks more professionally and ensure comprehensive company-wide risk management.

Reform Plan of the ERM System

Centralization	Specialization
<p>Among the 11 priority management tasks of our ERM, five tasks that the division in charge can manage in daily operations are transferred to each division.</p> <p>Six tasks that require company-wide management are reorganized to enable organic collaboration between divisions in charge and consolidated based on similarities.</p> <p>In the case of social events that may have an impact on the company, we focus our capabilities on providing timely risk warnings and identifying new management tasks.</p>	<p>In the case of the tasks that require company-wide response, each division designates managing personnel to enhance expertise and responsibility in ERM operation.</p> <p>By holding regular meetings between the managers of each task to share the overall progress, we employ a company-wide response in a timely manner when needed.</p>

Risk Management Activities

SK bioscience has established a risk management framework based on the Risk Framework of ISO 31000 and the COSO framework, which are international standard certifications. We take an integrated approach to risk management by encompassing identification, measurement, and assessment of the risks for existing priority management tasks and new tasks that may be identified in the future. Additionally, we conduct systematic risk management activities by continuously monitoring potential emerging risks stemming from changes in the internal and external business environment and establishing proactive response measures to them.

01 Risk Identification

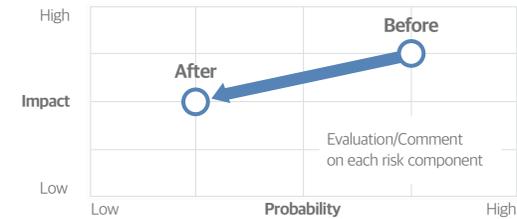
- Definition of Risk** · The probability of an event having an impact on the achievement of an organizational objective
- Distinguishing Risks from Events that have already Occurred** · Since the event has already occurred, it is no longer considered a risk. An appropriate follow-up response is the best management
- Identification, Measurability** · Identification and measurement are the essential steps of risk management

Systematic Risk Management Basis through Identification & Measurement of Each Risk



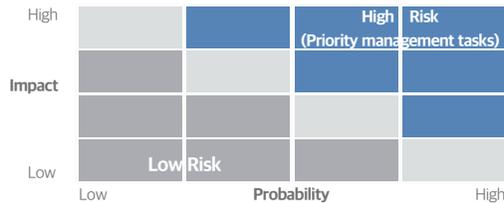
03 Risk Management Activities and Assessment of Risk Management Effectiveness

- Assessment of the Current Risk Level** · Evaluate the current risk level based on risk management activities performed for each task



02 Risk Measurement

- Risk Measurement** · Based on the probability of occurrence and the degree of impact, we
 - △ measure the risk-level (high/medium/ low)
 - △ manage the high risk first and then move onto priority management tasks



04 Establishment of Future Plans

- Determination of the Management Entity** · In consideration of the risk impact, likelihood, and current risk level, we decide whether
 - △ to continue management at the companywide level or
 - △ to manage by the business units



- Establishment of Future Plans** · Division assigned to each task proactively establishes and implements a new plan after identifying shortcomings of the existing plan

Process of Risk Identification - Measurement - Management - Assessment

Operation of Business Continuity Planning

Emergency Response Plan

SK bioscience has established an emergency response plan to minimize human, material, and environmental losses in the event of an unavoidable accident such as a natural disaster or catastrophe. In case of an accident, we implement a staged systematic response plan consisting of a series of actions that enable us to respond to crises quickly and systematically. These actions include reporting, organizing and convening an emergency response team, and disseminating information about the situation. In accordance with the internal emergency response management regulations, responsibilities, authorities, and response plans for each division are established. The decision to activate the emergency response committee is made based on the severity of the situation.

We have also designed a Business Continuity Plan(BCP) to respond to emergencies and increase our business recovery capacity. We operate situation-specific response scenarios for a possible emergency situation and respond according to unified instructions and reports to minimize the damage caused by disruption of business activities. Additionally, we maintain continuous communication with our stakeholders through both internal and external channels, ensuring that the impact on them is minimized. In fiscal year 2022, we conducted a total of two emergency response drills on a semi-annual basis. As part of our efforts to improve our response capabilities during emergencies, we plan to increase the frequency to once a quarter in fiscal year 2023.

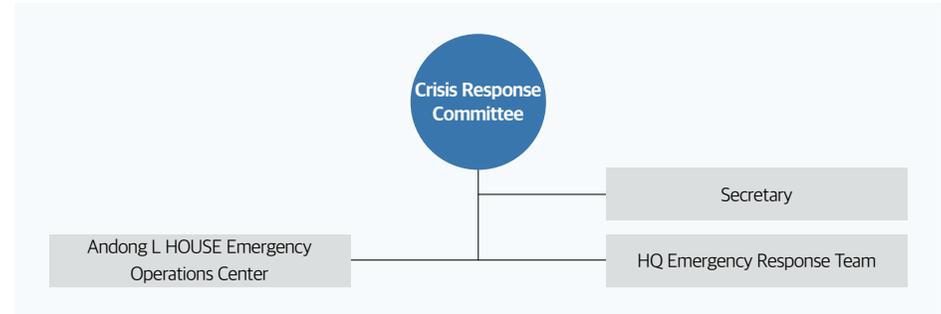
Establishment of Emergency Response System

SK bioscience strives to minimize damages by proactively managing all risk factors that arise in the business sites. Accordingly, we have established an emergency response system and emergency response procedures to promptly respond to emergencies in the workplace.

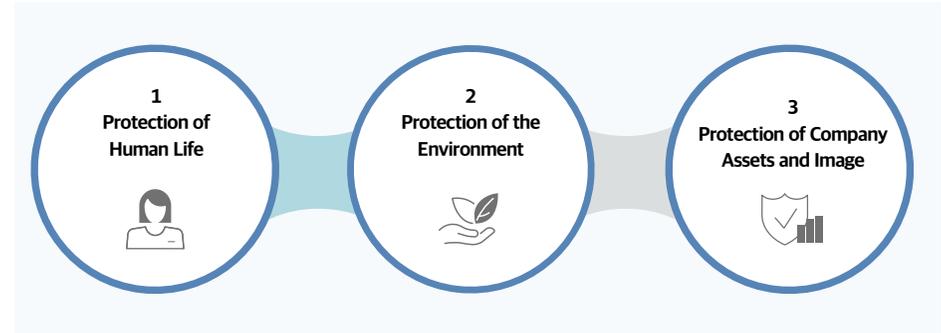
We set up a disaster prevention system to monitor on-site emergencies 24 hours and prepared response scenarios by predicting emergencies in the SHE aspect. The emergencies and response levels are categorized based on the severity of damage and the possibility of further escalation. We have also defined the roles and responsibilities of divisions in charge of on-site response, support, and emergency contacts.

Meanwhile, under the leadership of the SHE Team, we conduct joint drills at least once every quarter to enhance our crisis response capabilities, and we also establish improvement plans for problems identified through the drills.

Organizational Chart for Crisis/Emergency Response Committee



Emergency Response Policy: Operational Principles



Types of Emergency

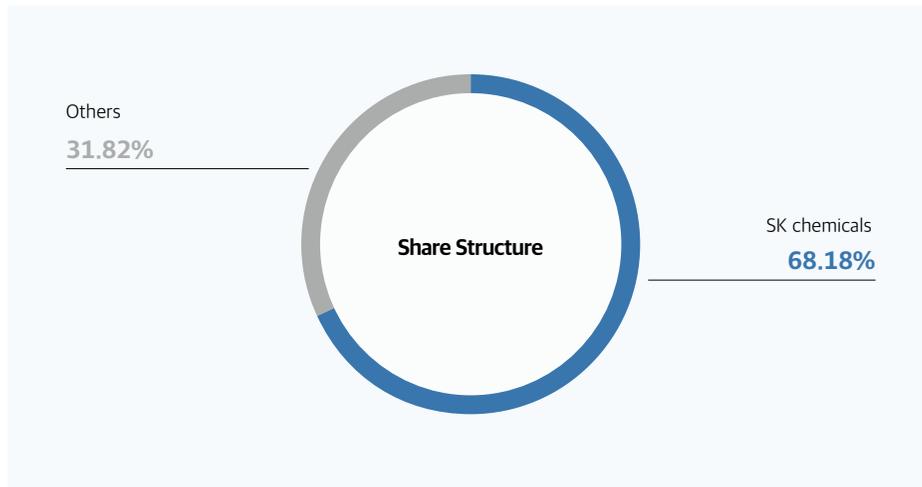
Emergency	Quasi-emergency
Personal injury accident	Natural disasters such as typhoons, heavy rains, earthquakes, and tsunamis
Fire and explosion accident	Risk of an accident occurring in a nearby area that may spread to the business site
Oil leakage accident: land/sea	Blackout
Leakage accident: toxic/flammable gas	

Shareholders' Rights

Status of Major Shareholders

All stocks of SK bioscience are common stock, and our largest shareholder is SK chemicals, which owns 68.18% of the shares as of December 31, 2022.

SK bioscience Major Shareholders and Related Parties Share Structure



Major Shareholders and Related Parties Share Structure

Category	Shareholder Name	Number of Shares Owned	Share Ratio
5% or more Shareholders	SK chemicals	52,353,000	68.18%
Others		24,434,046	31.82%
Total		76,784,046	100%

Protection of Shareholders' Rights

Introduction of Electronic Voting System

SK bioscience operates several shareholder rights protection systems to safeguard shareholders' rights and interests in corporate management while strengthening investors' awareness of their rights. In 2021, we resolved to introduce an electronic voting system to maximize the exercise of shareholders' voting rights and adopted it at the General Meetings of Shareholders in 2022 and 2023. Additionally, we provide transparent disclosure of our share status through various channels, including SK bioscience's website and electronic disclosure system. [Shareholder Equity Status](#)

Annual General Meetings

SK bioscience holds an annual general meeting of shareholders to share the company's direction and management status with shareholders and stakeholders and to collect their feedback. In accordance with Article 542-4 of the Commercial Act, we notify and disclose matters concerning the venue and agenda of the annual general meeting two weeks in advance. In 2023, a convening notice was issued 24 days prior to the meeting. Resolutions passed at the meeting or major agenda items that are closely related to investors' interests are disclosed on the Data Analysis, Retrieval, and Transfer System(DART). Furthermore, the status of the exercise of voting rights at the General Meeting of Shareholders held on March 27, 2023(including the number of voting rights in attendance) is also available on SK bioscience's website. [Disclosure Status](#)

Efforts to Communicate with Shareholders

The most important aspect of corporate governance is communication between the company and its shareholders. We transparently disclose our management status and performance to our shareholders not only through the general meeting of shareholders, but also through performance presentations, regular IR meetings, and domestic & global Non-Deal Roadshows(NDRs). Information necessary for shareholders, such as shareholder status, stock issuance history, performance announcements, Analyst Reports, etc. are disclosed on SK bioscience's website.

Through active IR activities and continuous communication with analysts, SK bioscience will strive to provide useful investment-related information to shareholders and actively utilize it in management's decision-making.

Tax Strategy

Tax Risks

Tax Risk Management Activities

SK bioscience complies with domestic and international tax policies and regulations and faithfully fulfills its obligations to file tax returns and pay taxes. We do not transfer income to other countries to exploit differences in tax laws or loopholes in the international tax system. Moreover, we ensure that taxable income is allocated consistently with the value created in each country where we conduct business activities. To proactively manage tax risks, we seek advice on taxes from external tax experts. For major tax issues, we consult tax authorities in advance and carry out tax-related activities based on authoritative interpretations obtained during these consultations.

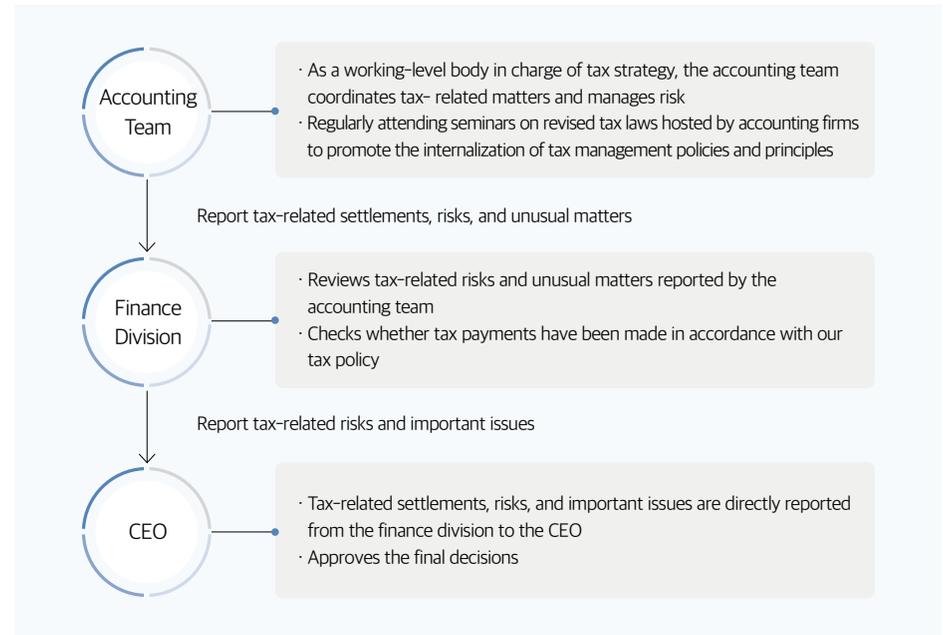
Tax Risk Assessment

We evaluate and manage tax risks that may arise due to ongoing changes in tax policies, as well as those associated with our business activities, including new growth investments. Recognizing the complexity of tax laws and differences in interpretation, we understand that it is impossible to eliminate all tax risks entirely. Therefore, our focus lies in preemptive identification and management of uncertain tax issues. To proactively prevent such risks, we continuously monitor domestic and international tax laws, as well as tax trends in each country, and cooperate and communicate with tax experts.

Related Party Transactions

When it comes to transactions between related parties, SK bioscience observes the arm's length principle aligned with the OECD Transfer Pricing Guidelines and the laws of each country. For transfer pricing transactions with related parties abroad, we will prepare a Base Erosion and Profit Shifting (BEPS) report and a transfer pricing report with an external tax expert if necessary. We will also oversee the implementation of transparent tax strategies such as the prevention of tax evasion and income transfer.

Tax-related Decision-making System



Contribution to National Finance and Community Development

SK bioscience's tax employees fulfill their obligations to report and pay taxes in accordance with relevant laws and regulations, adhering to the principle of maintaining a transparent relationship with tax authorities. In 2022, we paid KRW 192.8 billion in corporation taxes, demonstrating our commitment to contributing to national finances and the development of local communities through the faithful fulfillment of our tax obligations. As our business size will continue to expand, we anticipate that our contribution to national finances will also grow accordingly.



APPENDIX

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Stakeholder Engagement

SK bioscience identifies the key concerns of each stakeholder and communicates with them through relevant communication channels. Through the operation of these stakeholder communication channels, SK bioscience promotes sustainable growth.

Stakeholder	Communication Channel	Material Issue
 Customers	Sales/marketing channels, online reports, etc.	Product safety and customer satisfaction activities
 Shareholders/Investment institutions	IR meetings, investment briefings, general meetings of stockholders, electronic disclosures, etc.	Business performance, shareholder profit, investment plan
 Business partners	Partner meetings, communication channels within the procurement portal, the Voice of Suppliers, etc.	Fair trade, shared growth program
 Press/Public	On/offline press conferences, website, press releases, phone calls, etc.	Response to media regarding inquiries, company events, and industry trends
 Governments and associations	Meetings, public hearings, seminars, dialog organizations(consultative bodies, etc.), written inquiries, etc.	Establishment of a global bio-ecosystem, shared growth, etc.
 Employees	Internal bulletin board, Happy Man Talk, HR briefing sessions, surveys, collective bargaining and labor-management council	HR system, organizational culture, wages and benefits, work conditions, work-life balance
 Communities/NGOs	Corporate philanthropy activities, meetings with local governments and experts	Nurturing local talent, creating jobs, and contributing to society

ESG Data

Economic Performance

Statement of Financial Position

(Unit: KRW 1 million)

	2020	2021	2022
Assets			
I. Current assets	333,902	1,837,804	1,783,694
1. Cash and cash equivalents	24,972	98,028	225,287
2. Short-term financial instruments	190,926	1,547,635	1,255,518
3. Trade receivables and other receivables	45,838	48,135	89,661
4. Financial derivatives assets	128	451	9,638
5. Inventories	70,275	135,046	187,406
6. Contract assets	980		
7. Other current assets	782	8,509	16,184
II. Non-current assets	228,330	272,318	358,237
1. Long-term financial instruments		21,610	1,500
2. Deposits	455	691	3,645
3. Tangible assets	180,992	210,265	264,158
4. Right-of-use assets	8,487	10,718	28,899
5. Intangible assets	17,858	17,061	18,181
6. Financial derivatives assets		1,640	
7. Other non-current assets	95	92	6,529
8. Net defined benefit assets			13,956
9. Deferred tax assets	20,443	10,242	21,370
Total	562,232	2,110,123	2,141,931

(Unit: KRW 1 million)

	2020	2021	2022
Liabilities			
I. Current liabilities	180,639	459,952	380,037
1. Trade and other current payables	39,153	102,185	55,705
2. Derivatives financial liabilities	75	895	67
3. Short-term borrowings		11,671	45,550
4. Current portion of bonds	10,994	47,978	38,008
5. Current portion of lease obligations	1,614	2,309	12,235
6. Current provision			2,811
7. Other current liabilities	28,640	94,639	49,769
8. Contract liabilities	94,899	98,789	155,676
9. Current income tax liabilities	5,264	101,486	20,216
II. Non-current liabilities	117,802	48,859	20,192
1. Bonds	80,473	35,503	
2. Long-term borrowings	21,760		
3. Lease obligations	7,126	8,775	17,543
4. Defined benefit liabilities	4,358	4,246	
5. Provision			2,278
6. Other non-current liabilities	468	335	370
7. Derivatives financial liabilities	3,617		
Total	298,442	508,811	400,229
Equity			
I. Owners of parent equity	263,790	1,601,312	1,741,702
1. Capital stock	30,600	38,250	38,392
2. Capital surplus	180,518	1,157,064	1,160,008
3. Other capital	901	901	9,848
4. Accumulated other comprehensive income	-1,465	-208	77
5. Retained earnings	53,236	405,305	533,378
II. Non-controlling entity			
Stockholders' equity	263,790	1,601,312	1,741,702
Total equity and liabilities	562,232	2,110,123	2,141,931

Economic Performance

Comprehensive Income Statement

(Unit: KRW 1 million)

	2020	2021	2022
Sales	225,611	929,001	456,726
Cost of sales	130,269	358,718	217,115
Gross profit	95,342	570,283	239,611
Distribution costs and administrative expenses	57,632	96,063	124,597
Operating profit	37,710	474,220	115,014
Other income	3,742	5,159	1,702
Other expenses	1,909	2,849	6,148
Financial income	7,903	26,241	116,609
Financial costs	10,154	31,643	85,443
Net income before income tax expense	37,293	471,128	141,733
Corporate tax expenses	4,404	115,989	19,281
Net income	32,890	355,139	122,452
Other comprehensive income	-2,108	-1,813	5,905
Items subsequently reclassified as profit or loss			
Derivatives valuation gain	-146	1,257	473
Gain(loss) on foreign currency translation of foreign operations			-189
Items not subsequently reclassified as profit or loss			
Remeasurement of the net defined benefit liability	-1,962	-3,070	5,620
Total comprehensive income	30,782	353,326	128,357
Net income attributable to			
Net income(loss) attributable to owners	32,890	355,139	122,452
Net loss attributable to non-controlling interests			
Total comprehensive net income attributable to			
Comprehensive income(loss) attributable to owners	30,782	353,326	128,357
Comprehensive loss attributable to non-controlling interests			
Net income per share			
Basic EPS(unit: KRW)	537	4,844	1,596
Diluted EPS(unit: KRW)	533	4,810	1,590

Statement of Changes in Equity

(Unit: KRW 1 million)

	Equity					Total equity
	Share capital	Capital surplus	Other capital	Other accumulated comprehensive income	Retained earnings	
2020.01.01(basic capital)	10,200	201,219	325	-1,319	22,308	232,734
Net income					32,890	32,890
Remeasurements of the net defined benefit liability					-1,962	-1,962
Valuation loss of derivatives				-146		-146
Stock options			575			575
Free capital increase	20,400	-20,701				-301
Capital increase						
Gain(loss) on foreign currency translation of foreign operations						
Gains on valuations of derivatives						
Exercise of stock options						
2020.12.31(end-of-year capital)	30,600	180,518	901	-1,465	53,236	263,790
2021.01.01(basic capital)	30,600	180,518	901	-1,465	53,236	263,790
Net income					355,139	355,139
Remeasurements of the net defined benefit liability					-3,070	-3,070
Valuation loss of derivatives						
Stock options						
Free capital increase						
Capital increase	7,650	976,546				984,196
Gain(loss) on foreign currency translation of foreign operations						
Gains on valuations of derivatives				1,257		1,257
Exercise of stock options						
2021.12.31(end-of-year capital)	38,250	1,157,064	901	-208	405,305	1,601,312
2022.01.01(basic capital)	38,250	1,157,064	901	-208	405,305	1,601,312
Net income					122,452	122,452
Remeasurements of the net defined benefit liability					5,620	5,620
Valuation loss of derivatives						
Stock options						
Free capital increase						
Capital increase						
Gain(loss) on foreign currency translation of foreign operations				-189		-189
Gains on valuations of derivatives				473		473
Exercise of stock options	142	2,944	8,947			12,033
2022.12.31(end-of-year capital)	38,392	1,160,008	9,848	77	533,378	1,741,702

Economic Performance

Statement of Cash Flow

(Unit: KRW 1 million)

	2020	2021	2022
Operating cash flow	120,224	536,594	-124,958
Net income	32,890	355,139	122,452
Adjustment	25,139	149,394	63,457
Changes in assets and liabilities due to business activities	66,408	44,001	-208,379
Receipt of interest	91	453	4,402
Payment of interest	-4,055	-3,407	-2,681
Payment of corporate tax	-249	-8,987	-104,210
Investment activity cash flow	-108,093	-1,421,940	272,647
Collection of guarantee	176	149	44
Net decrease in short-term financial instruments			337,242
Decrease in long-term financial instruments		990	15,810
Decrease in short-term loans	3,262	7,335	
Disposal of tangible assets	0	47	35
Disposal of intangible assets	469		
Receipt of government subsidies	877		3
Increase in long-term financial instruments		-22,600	-1,000
Increase in deposit	-283	-385	-2,998
Acquisition of tangible assets	-9,735	-42,763	-72,236
Net increase in short-term financial instruments	-102,397	-1,363,007	
Acquisition of tangible assets due to capitalization of borrowing costs	-191	-144	-757
Acquisition of intangible assets	-271	-1,562	-3,497
Financial activity cash flow	-1,539	958,380	-19,867
Exercise of stock purchase option			2,618
Issuance of common stock		983,256	
Increase in short-term borrowings		11,324	48,742
Repayment of short-term borrowings		-50	-16,196
Redemption of bond		-11,000	-48,000
Redemption of lease liabilities	-1,237	-1,837	-7,031
Repayment of long-term borrowings		-22,684	
Settlement of transactions of derivatives Stock issuance cost		-628	
Stock issuance cost	301		
Net increase or decrease in cash and cash equivalents	10,592	73,034	127,821
Cash and cash equivalents at the beginning of the year	14,380	24,972	98,028
Effect of exchange rate fluctuation of foreign currency denominated cash, etc.		22	-562
Cash and cash equivalents at the end of the year	24,972	98,028	225,287

Corporate Tax

Category	Unit	2020	2021	2022
Pre-tax profit	KRW 1 million	37,293	471,128	142,098
Nominal tax amount	KRW 1 million	8,563	119,198	33,926
Nominal tax rate	%	23.0	25.3	23.9
Real tax amount	KRW 1 million	4,404	115,989	19,281
Real tax rate	%	11.8	24.6	13.6
Difference between nominal tax and real tax	KRW 1 million	4,159	3,209	14,644
Effect due to difference in attribution period	KRW 1 million	870	5,094	-3,803
Effect of permanent difference	KRW 1 million	132	187	164
Effect of the difference between tax credits and reductions	KRW 1 million	-5,054	-8,614	-11,865
Other differences	KRW 1 million	-108	124	860

Creation and Distribution of Economic Value

Category	Unit	2020	2021	2022
Sales	KRW 1 million	225,611	929,001	456,726
Operating expenses	KRW 1 million	187,900	454,781	341,712
Salary and benefits(employees)	KRW 1 million	47,287	83,852	104,061
Shareholder and investor payments (total dividend)	KRW 1 million	0	0	0
Shareholder and investor payments (interest expense) ¹⁾	KRW 1 million	3,871	3,080	1,431
Corporate tax(government)	KRW 1 million	4,404	115,989	19,281
Raw material cost(suppliers)	KRW 1 million	37,695	85,836	68,615
Donations(local communities)	KRW 1 million	1,248	2,507	5,162
Total	KRW 1 million	508,016	1,675,046	996,988
Government R&D subsidies	KRW 1 million	1,034	477	627

1.) The prior year's report included vehicle lease liability interest expense, but it was excluded this year for the recalculation of the three-year data.

Economic Performance

R&D Investments

Category		Unit	2020	2021	2022
R&D investment	Investment cost	KRW 1 million	25,987	47,250	57,960
	R&D intensity ¹⁾	%	14.4	10.7	24.7
R&D achievements	Portfolio	No.	11	11	21
	Products under clinical trials	No.	7	7	4

1) R&D expenses(before grants)/sales

Intellectual Property Rights

Category		Unit	2020	2021	2022	
Domestic	Patent	Application ²⁾	No.	17	37	17
		Registration ³⁾	No.	0	3	7
	Brand	Application	No.	1	12	5
		Registration	No.	0	1	0
Overseas	Patent	Application	No.	72	34	47
		Registration	No.	8	29	21
	Brand	Application	No.	36	90	68
		Registration	No.	17	31	24
Total⁴⁾	Patent	Application	No.	89	71	64
		Registration	No.	8	32	28
	Brand	Application	No.	37	102	73
		Registration	No.	17	32	24

2) The number of applications available in the system differs from the actual application date, but it is consistent with the annual report disclosure standard.

3) The number of registrations available in the system differs from the actual registration date, but it is consistent with the annual report disclosure standard.

4) Domestic+Overseas

Participation in Associations and Contributions

Category	Unit	2020	2021	2022
Major contributions ⁵⁾	KRW 1 million	224	323	415
Other contributions ⁶⁾	KRW 1 million	2	5	5
Total annual contributions⁷⁾	KRW 1 million	226	328	420

5) Based on 2020-2022 disclosures, where each membership fee or contribution is significant

6) Based on 2020-2022 disclosures, where the membership fee is relatively small or of low significance

7) Major contributions+Other contributions

Environmental Performance

Environmental Investment and Management

Category		Unit	2020	2021	2022
Environmental investment	Plan	KRW 100 million	2.5	3.2	2.5
	Execution	KRW 100 million	2.5	3.2	2.5
	Investment execution rate	%	100	100	100

Violation of Environmental Laws

Category		Unit	2020	2021	2022
Violation of environmental laws	Number of violations of legal obligations/regulations	No.	0	0	0
	Fine amount related to the above	KRW	0	0	0
	Number of lawsuits filed	No.	0	0	0
	Number of non-monetary sanctions	No.	0	0	0

Greenhouse Gas Emissions

Category		Unit	2020	2021	2022
HQ	Scope1	tCO ₂ eq	-	29	77
	Scope2	tCO ₂ eq	-	326	650
R&D Center	Scope1	tCO ₂ eq	-	107	64
	Scope2	tCO ₂ eq	-	191	804
Andong L HOUSE	Scope1	tCO ₂ eq	4,013	4,734	5,032
	Scope2	tCO ₂ eq	9,402	11,542	11,866
Total scope 1&2 emissions		tCO₂eq	13,415	16,927	18,491
Scope 1&2 intensity¹⁾		tCO₂eq/ KRW 1 million	0.059	0.018	0.040
Scope3²⁾		tCO₂eq	-	153,405	112,381

1) Total GHG emissions/sales of the reporting year

2) Scope 3(other indirect sources): GHG emissions from upstream and downstream sources emitted outside the organization and not included in indirect emission sources(Scope 2)

Energy Consumption

Category		Unit	2020	2021	2022	
HQ ³⁾	Direct	LNG	TJ	0.4	0.4	0.5
		Gasoline	TJ	-	-	0.6
		Diesel	TJ	-	-	0.0
	Indirect	LPG	TJ	-	0.1	0.1
		Electricity	TJ	10.4	5.6	11.1
		Steam	TJ	2.3	1.5	3.2
R&D Center	Direct	LNG	TJ	0.3	0.1	0.4
		Gasoline	TJ	-	1.3	0.6
		Diesel	TJ	-	0.2	2.9
	Indirect	LPG	TJ	-	-	0.0
		Electricity	TJ	4.3	3.4	14.1
		Steam	TJ	1.2	0.7	3.4
Andong L HOUSE	Direct	LNG	TJ	85	92.5	97.6
		Gasoline	TJ	-	0.4	0.9
		Diesel	TJ	-	-	0.0
	Indirect	LPG	TJ	-	0.3	0.1
		Electricity	TJ	208	241	248
		Total energy consumption⁴⁾		TJ	311.9⁶⁾	347.5
Energy intensity⁵⁾		TJ/KRW 1 million	0.00138⁶⁾	0.00037	0.00084	

3) Headquarters energy consumption in 2020 is self-calculated data, and mobile combustion(gasoline, diesel, LPG) in that year cannot be calculated as it was before data management(data for 2021 and 2022 are externally verified by a third party).

4) Non-renewable energy consumption+renewable energy consumption+total energy purchased for electricity, heating, cooling, and steam+self-production of unused electricity, heating, cooling, and steam energy - sales of electricity/heating/cooling/steam

5) Total energy consumption/sales of the reporting year

6) Data changes due to errors

Concentration of Water Pollutants

Category		Unit	2020	2021	2022
Andong L HOUSE	BOD concentration	mg/L(ppm)	223.6	317.9	201.4
	BOD emissions	g	19,375,164	32,081,514	20,129,124
		t	19	32	20
	COD concentration	mg/L(ppm)	110.5	173	104.1
		g	9,574,936	17,458,641	10,404,379
	COD emissions	t	10	17	10
		mg/L(ppm)	46.4	74.0	59.8
	SS concentration	g	4,020,606	7,467,858	5,976,771
		t	4	7	6
	T-N concentration	mg/L(ppm)	18.7	24.7	20.7
		g	1,620,374	2,492,650	2,068,882
	T-N emissions	t	2	2	2
mg/L(ppm)		5.2	5.6	4.3	
T-P concentration	g	450,585	565,135	429,768	
	t	0	1	0	

Environmental Performance

Water Intake and Consumption

Category		Unit	2020	2021	2022	
Andong L HOUSE	Surface water intake	Industrial water	t	45,828	46,135	51,383
		Domestic water	t	72,876	92,585	93,099
	Groundwater intake	t	-	-	-	
	Total	t	118,704	138,720	144,482	
	Water consumption	t	32,053	37,803	44,536	
	Wastewater discharge	t	86,651	100,917	99,946	
	Data coverage	%	100	100	100	
HQ and R&D Center ¹⁾	Surface water intake	Industrial water	t	-	-	-
		Domestic water	t	18,419	21,555	21,779
	Groundwater intake	t	340	499	599	
	Total	t	18,759	22,054	22,378	
	Water consumption	t	18,759	16,308	14,389	
	Wastewater discharge ²⁾	t	-	5,746	7,989	
	Data coverage	%	100	100	100	

1) Water withdrawals for 2020 and 2021 for Headquarters and R&D Center have changed due to the recalculation of water sources.

2) Headquarters wastewater discharge in 2020 could not be collected as it was before data management.

Water Reuse

Category		Unit	2020	2021	2022
Andong L HOUSE	Wastewater	t	30,766	32,731	34,912
	Sewage water	t	-	-	-
	Total	t	30,766	32,731	34,912
	Percentage of water reused ³⁾	%	21	19	20

3) Reused water usage rate = (wastewater reused+sewage water)/(industrial water + domestic water + groundwater + sewage water) × 100
Calculated from the flowmeter indicator value, on the assumption of 24 hour operation per day, 365 days per year

Waste Disposal and Recycling Rate⁴⁾

Category		Unit	2020 ⁵⁾	2021 ⁵⁾	2022	
Andong L HOUSE	Hazardous waste	Processing	t	35.0	36.4	44.7
		Incineration (consignment)	t	157.0	208.3	183.0
	General waste	Landfill	t	-	-	-
		Recycling	t	50.6	52.3	168.2
	Total	t	242.7	297.0	395.9	
	Intensity⁶⁾	t/KRW 1 million	0.00108	0.00032	0.00087	
	Recycling rate	%	24.4	20.1	47.9	
HQ and R&D Center	Hazardous waste	Processing	t	15.5	23.2	31.1
		Incineration (consignment)	t	-	-	-
	General waste	Landfill	t	-	-	-
		Recycling	t	4.8	10.8	14.4
	Total	t	20.3	34.0	45.5	
	Intensity⁶⁾	t/KRW 1 million	0.00009	0.00004	0.0001	
	Recycling rate	%	100	100	100	

4) Entirely consigned

5) Figures differ from the previous year's report due to the recalculation based on the 'Allbaro' Waste Manifest System starting from 2022.

6) Total waste discharge/reporting year sales

Concentration and Emissions of Air Pollutants

Category		Unit	2020 ⁷⁾	2021	2022
Andong L HOUSE	NOx	ppm	-	38	38
		t/year	7.20	7.92	8.34
Andong L HOUSE	SOx	ppm	-	11	1.7
		t/year	0.00	0.00	0.00
Andong L HOUSE	Dust	ppm	-	3	4
		t/year	0.06	0.06	0.06

7) In 2020, there was no measurement obligation for equipment exempted from prevention facilities by law. Measurement was conducted after the enactment of the relevant law in 2021.

Environmental Performance

Emission of Hazardous Chemicals

Category	Unit	2020	2021	2022
Andong L HOUSE Total emissions	t	0.4	0.5	4.3 ¹⁾

1) Emissions increase as research projects progress and commercial/clinical production increases

Zero-emission Vehicle Status

Category	Unit	2020	2021	2022
Number of zero-emission vehicle	No.	0	1	1

Social Performance

Employees

Category	Unit	2020	2021	2022	
Total number of employees	Persons	832	1,007	1,079²⁾	
By age	Under 30	401	546	464	
	30s and 40s	397	422	565	
	50 and above	34	39	50	
By site	Andong L HOUSE	474	563	509	
	HQ	358	444	570	
Manager	Interim management positions	51	63	86	
	Executives	21	31	38	
	Total number of managers	Persons	72	94	124
By employment	Regular worker(male)	391	415	541	
	Regular worker(female)	184	260	359	
	Regular worker(sub-total)	Persons	575	675	900
	Contract worker(male)	165	221	119	
	Contract worker(female)	92	111	60	
	Contract worker(sub-total)	Persons	257	332	179
By gender	Male	556	636	660	
	Female	276	371	419	
By occupation ³⁾	Technical/production/maintenance	457	525	483	
	Office job	90	166	192	
	Research	146	208	280	
	Sales	101	40	39	
	Other jobs	17	37	46	

2) All directly hired employees except for short-term part-time jobs(interns). The difference from the 1,072 employees in the annual report is due to the inclusion of seven standing executives.

3) Calculated excluding executives

R&D Personnel⁴⁾

Category	Unit	2020	2021	2022
PhD	Persons	16	17	38
Master	Persons	89	143	180
Other	Persons	49	51	71
Total	Persons	154	211	289

4) The data for the past three years is consistent with the disclosure standard.

Social Performance

Employee Diversity

	Category	Unit	2020	2021	2022
Female employees	Female employees	Persons	272	365	411
	Female executives	Persons	4	6	8
	Ratio of female employees	%	33	37	39
Female managers	Working-level(G2-G3)	Persons	8	14	19
	Female executives	Persons	4	6	8
	Total number of female managers	Persons	12	20	27
Female managers by division	STEM position(female)	Persons	5	9	12
	STEM position(total)	Persons	19	29	38
	Revenue-generating division/position (female)	Persons	3	3	27
	Revenue-generating division/position (total)	Persons	16	6	70
Disabled	Personnel	Persons	21	43	36
	Ratio	%	2.5	4.3 ¹⁾	3.3
Veterans	Personnel	Persons	0	1	1
	Ratio	%	0	0.1 ¹⁾	0.1

1) Data changes due to errors

Expenses for Fringe Benefits

	Category	Unit	2020	2021	2022
	Expenses for fringe benefits per capita	KRW 1 million	3.4	3.7	2.5
	Total expenses for fringe benefits	KRW 1 million	2,805	3,745	2,699

Childcare Leave

	Category	Unit	2020	2021	2022
Users of childcare leave ²⁾	Male	Persons	0	5	7
	Female	Persons	9	4	5
	Sub-total	Persons	9	9	12
Employees who have returned after childcare leave	Male	Persons	0	2	7
	Female	Persons	4	6	4
	Sub-total	Persons	4	8	11
Employees who have served more than one year after reinstatement ³⁾	Male	Persons	1	0	2
	Female	Persons	4	4	10
	Sub-total	Persons	5	4	12
Average days of use	Day	359	202	238	

2) In the previous year's report, the data was calculated based on the end period of parental leave. However, for this year's report, the data was recalculated based on the start period of parental leave, resulting in data differences for 2020 and 2021.

3) Includes the number of returnees from the previous year.

New Hires

	Category	Unit	2020	2021	2022
By age	Under 30	Persons	55	272	80
	30s and 40s	Persons	91	310	158
	50 and above	Persons	11	21	11
By gender	Male	Persons	90	363	130
	Female	Persons	67	240	119
By site	Andong L HOUSE	Persons	66	283	62
	HQ	Persons	91	320	187
Total	Persons	157	603	249	

Social Performance

Labor Practices

	Category	Unit	2020	2021	2022
Labor practices	Strikes/closures perceived by the company	No.	0	0	1 ¹⁾
	Number of registered employees	Persons	112	67	141
	Number of employees entitled to collective bargaining	Persons	112	67	141
	Group membership rate	%	100	100	100

1) Industrial actions(strikes) in 4-hour intervals

Compensation System

	Category	Unit	2020	2021	2022
Pay ratio by gender ²⁾	Executives	%	91	92	110
	Managers	%	98	98	99
	Non-managerial staff	%	92	100	100
	Total ³⁾	%	86	90	90
Employee Stock Ownership Plan(ESOP) status	Depository		Korea Securities Finance Corporation	Korea Securities Finance Corporation	Korea Securities Finance Corporation
	Number of shares owned	Share	811,990	2,288,008	623,603
	Share ratio	%	1.3	3	0.8
Number of people enrolled in pension support	Defined benefit(DB)	Persons	406	301	713
	Defined contribution(DC)	Persons	2	-	2

2) The ratio of average basic salary for women compared to men(target: employees as of the end of the current year, including registered executives)

3) The overall average male salary is higher than the average female salary due to the larger total salary amount resulting from the higher number of male employees.

Employee Training

	Category	Unit	2020	2021	2022
Total training cost	Average cost of training per employee	KRW 1 million	0.8	1.1	0.7
	Total training cost	KRW 1 million	654.8	982.9	688
Total training hours ⁴⁾	Average training hours per employee	Hour	10	6	43
	Total training hours	Hour	8,498	5,537	44,283
Pharmacovigilance training ⁵⁾	Regular training ⁶⁾	Persons ⁷⁾	375/378	587/618	312/312
	Training for new hires	Persons ⁷⁾	177/180	284/287	769/769
	Number of employees participating in training	Persons ⁷⁾	552/558	871/905	1,081/1,081
Human rights training	Average training hours per employee	Hour	2	2	2 ⁸⁾
	Number of employees participating in training	Persons	471	795	1,021
Training relating to responsible marketing	Target employees	Persons	112	113	49
	Number of participants	Persons	112	113	48

4) The total training hours have increased due to expanding the calculation scope of training and changing the training hour management standards.

5) In the case of pharmacovigilance training, all employees are eligible and are encouraged to complete the training, with the goal of achieving 100% completion every year.

6) Contract workers with contracts less than 6 months, outside directors, and advisors who face difficulty in completing training due to the nature of their work, as well as employees on maternity/parental leave, are excluded from regular training.

7) Number of participants/target

8) In the previous year's report, the total training hours for all employees were stated, but from the current year, the average training hours are reflected.

Employee Performance Evaluation⁹⁾

	Category	Unit	2020	2021	2022
By gender	Percentage of employees receiving regular performance reviews(male)	%	87.6	74.3	93.6
	Percentage of employees receiving regular performance reviews(female)	%	78.8	75.2	95.6
By position	Percentage of employees receiving regular performance reviews(G1)	%	80.7	76.9	92.9
	Percentage of employees receiving regular performance reviews(G2/G3)	%	86.2	78.2	93.5
	Percentage of employees who received regular performance evaluations (G/employee/full-time non-regular staff)	%	89.3	67.1	98.0

9) Performance evaluations are conducted for all employees except those hired on or after July 1 of the evaluation year or those who have been on a leave of absence for more than six months.

Social Performance

Safety Training

Category		Unit	2020	2021	2022
Training hours	Training hours per person (HQ: Non-office Job)	Hour	24	24	24
	Training hours per person (HQ: Office Job)	Hour	12	12	12
	Training hours per person(Andong)	Hour	16	16	24
	Total training hours	Hour	11,488	16,872	12,888
Employees who received training		Persons	617	939	537

Industrial Accident

Category		Unit	2020	2021	2022
Occupational accident	Number of accident ¹⁾	Case	0	1	0
	Accident rate	%	0	0.10	0
	Lost-Time Injuries Rate LTIR (employees) ²⁾	Case/million working hours	0	0.10	0
	Total Recordable Injury Rate TRIR (employees) ²⁾	Case/million working hours	0	0.49	0
	Total working hours ³⁾	Hour	1,677,312	2,030,112	2,140,736
Loss	Lost workday	Day	0	29	0
	Rate	%	0	0.014	0
Number of work-related deaths	Employees	Case	0	0	0
	Business partners	Case	0	0	0
	Ratio	%	0	0	0

1) Based on KOSHA

2) Figures differ from the previous year's report due to recalculation based on OSHA(200,000 hours).

3) Figures differ from the previous year's report due to the recalculation of working period based on the number of workers.

Employee Satisfaction(Degree of Immersion)

Category		Unit	2020	2021	2022
Participation rate		%	59.1	61.3	83.7
Number of participants		Persons	204	328	582
Total score		Score(0-100)	66.8	65.3	67.7

Corporate Philanthropy

Category		Unit	2020	2021	2022
Corporate philanthropic activities	Annual participation	Persons	83	79	429
	Total participation time	Hour	318	221	1,035.5
	Participation time per person	Hour	3.8	2.8	2.4
Contribution amount per sales		%	0.3	0.3	1.1
Resources for corporate philanthropy ⁴⁾	Volunteering hours	Hour	318	221	1,035.5
	Total expense	KRW 1 million	1,248	2,507	5,162

4) Calculated as the total of corporate philanthropy expenses including donations, funds, and in-kind donations

Business Partners

Category		Unit	2020	2021	2022
Number of business partners	Major partners ⁵⁾	No.	22	32	16 ⁷⁾
	Other partners ⁶⁾	No.	234	334	513
	Total	No.	256	366	529

5) Suppliers with an annual transaction volume of KRW 1 billion or more

6) Suppliers with less than an annual transaction volume of KRW 1 billion or more

7) Changes in the number of main suppliers due to a decrease in annual order value compared to the previous year

Drug Safety

Category		Unit	2020	2021	2022
Drug safety	Number of recalls	No.	0	0	0
	Total number of units of recalled products	EA	0	0	0
	Total amount of products approved for recovery, reuse, or disposal	No.	0	0	4

Social Performance

Product and Service Labeling Procedures

Category	Unit	2020	2021	2022
Number of warnings received for violating marketing regulations	No.	0	0	0
Fines or penalties for violating marketing regulations	No.	0	0	0
Number of incidents that violated voluntary self-regulation in marketing	No.	0	0	0

Quality Inspection

Category	Unit	2020	2021	2022	
Client company	Due diligence	No.	2	2	4
Health authorities	Quality inspection	No.	1	5	7
Business partners	Due diligence	No.	43	103	53
Total	No.	46	110	64	

Information Security/Cybersecurity

Category	Unit	2020	2021	2022	
Information security training implementation	Web/API development security guideline training	Persons	-	-	82
	Privacy training	Persons	-	58	74
	Security training for employees	Persons	235	543	895
	Security training for employees of suppliers	Persons	1	15	66
Information security investment ¹⁾	Information security training hours	Hour	1	2	2
	The ratio of investment in information security to the total IT budget	%	-	11.1	17.9
	- Total IT budget	KRW	-	5,905,862,727	15,720,780,872
	- Information security-related investments	KRW	-	657,577,442	2,806,935,526
Information security violation status	Information security violations and accidents related to customers' personal information	No.	0	0	0
	Number of complaints received by external parties/informants	No.	0	0	0
	Number of complaints by regulatory authorities related to information breaches	No.	0	0	0
	Total amount of information security-related fines or administrative fines paid	KRW	0	0	0
	Customers affected by data breach	Persons	0	0	0

1) Data was not calculated for 2020 as it was not legally required to be disclosed regarding information protection.

Governance Performance

Composition of the Board of Directors

Category	Unit	2020	2021	2022	
Composition of the Board	Executive director(standing)	Persons	2	2	2
	Outside director	Persons	3	4	4
Diversity	Number of executives aged 30-50	Persons	0	0	0
	Number of executives over 50	Persons	5	6	6
	Male	Persons	4	5	5
	Female	Persons	1	1	1
The Board's expertise	Number of members with accounting/financial expertise within the Audit Committee ²⁾	Persons	1 ³⁾	1	1
	Number of outside directors/ other non-executive directors with industry experience	Persons	1 ³⁾	1 ³⁾	1
Efficiency of the Board ⁴⁾	Average attendance rate of outside directors	%	100	100	98
	Minimum attendance	%	100	100	80
	Average attendance	%	100	100	96
Total	Persons	5	6	6	

2) Number of directors with CFA, CPA, or accounting and finance backgrounds

3) Data changes due to errors

4) Reflects the attendance of Kwang-Hyun Jun, Other non-executive director(March 24, 2022 - March 27, 2023) at the 2022 Board meetings.

Activities of the Board of Directors

Category	Unit	2020	2021	2022	
Board meetings held	No.	8	17	15	
Activities of outside directors	Agenda items in which outside directors objected or presented revision opinions	No.	0	1	1
	ESG-related issues reviewed	No.	-	7	7
Number of subcommittee meetings held ⁵⁾	ESG Committee	No.	-	4	6
	Audit Committee	No.	3	7	10
	Internal Transactions Committee	No.	2	2	3
	Outside Director Candidate Recommendation Committee	No.	2	2	0
	Nomination and Compensation Committee	No.	-	5	6

5) Missing data among Board activities(marked in-): Not applicable due to the absence of the sub-committees then, etc.

Governance Performance

Audit Committee

Category	Unit	2020	2021	2022
Number of meetings held	No.	3	7	10
Number of outside directors	Persons	3	3	3
Attendance rate of outside directors	%	100	100	100
Total number of the committee members	Persons	3	3	3

Nomination and Compensation Committee

Category	Unit	2020	2021	2022
Number of outside directors	Persons	-	2	2
Attendance rate of outside directors	%	-	100	100
Total number of the committee members	Persons	-	3	3

Outside Director Candidate Recommendation Committee

Category	Unit	2020	2021	2022
Number of outside directors	Persons	-	3	3
Attendance rate of outside directors	%	-	100	0
Total number of the committee members	Persons	-	3	3

Remuneration

Category	Unit	2020	2021	2022	
CEO's remuneration	Total annual compensation	KRW 1 million	668	1,000	7,244
	Year-on-year change	%	23	50	624
	Total annual compensation	%	1.8	1.4	8.5
	Total annual compensation rate of change	%	1	-21	607
Employee remuneration	All employees' remuneration excluding the CEO(or equivalent position)	KRW 1 million	44	51	81
	CEO's remuneration ratio to the average salary of all employees excluding the CEO(or equivalent position)	%	-33	18	24

Remuneration for Directors and Auditors of the Board

Category	Unit	2020	2021	2022	
Average pay	Average pay per person (Other non-executive director)	KRW 1 million	-	-	3,143
	Average pay per person (executive director)	KRW 1 million	603	1,015	5,878
	Average pay per person (outside director)	KRW 1 million	13	74	89
	Average pay per person	KRW 1 million	249	387	2,570
Other non-executive director pay	Number of non-executive directors	Persons	-	-	1
	Total amount of remuneration paid to non-executive directors	KRW 1 million	-	-	3,143
Total amount paid	Total amount of remuneration paid to executive directors	KRW 1 million	1,205	2,029	17,633
	Total amount of remuneration paid to outside directors	KRW 1 million	38	294	355
	Total amount of remuneration paid to board members(total)	KRW 1 million	1,243	2,324	17,987

Shareholders Rights

Category	Unit	2020	2021	2022	
Issued stocks	Number of shares with One Share, One Vote rights	Share	61,200,000	76,500,000	76,784,046
	Voting Power ¹⁾		61,200,000	76,500,000	76,784,046
	Number of other issued stocks	Share	0	0	0
	Number of non-voting stocks	Share	0	0	0
	Total number of issued stocks ²⁾	Share	61,200,000	76,500,000	76,784,046
General meeting	Date of advance notice of regular general meeting location and agenda	Days (before)		17	24

1) Voting rights per share x number of shares

2) Number of non-voting stocks+number of shares with One Share, One Vote rights+number of other issued stocks

Governance Performance

Business Ethics/Compliance Training

Category		Unit	2020	2021	2022
Percentage participants that completed training		%	100	100	99
Training hours per employee	Business ethics workshop	Hour	1	1	1
	Online training on business ethics	Hour	1	1	1
Number of participants	Business ethics workshop	Persons	465	719	861
	Online training on business ethics	Persons	417	821 ¹⁾	918

1) The data for 2020 and 2021 in the previous year's report was calculated collectively with subsidiaries(SK chemicals and SK plasma). However, the 2023 report, the data was recalculated based on SK bioscience employees.

Ethics Report/Consultation/Violation/Discipline²⁾

Category		Unit	2020	2021	2022
Ethics report status	Number of violations filed in the reporting channel	No.	9	7	19
	Number of handled cases among violations filed in the reporting channel	No.	9	7	19
	Number of handled cases among reports filed in the reporting channel	%	100	100	100
Ethics report type	Unfair practices & abuse of power against business partners	No.	0	0	0
	Lack of respect for personality among employees ³⁾	No.	4	2	6
	Improper handling of work	No.	5	3	10
	Conflict of interest	No.	0	1	2
	Undermining social value	No.	0	0	1
	Compliance violations	No.	0	1	0
Status of treatment and disciplinary actions taken in response to ethics reports	Dismissal	No.	0	0	0
	Suspension	No.	0	0	6
	Reduction in pay	No.	12	1	11
	Reprimand	No.	8	0	9
	Warning(verbal/written)	No.	0	0	14
Others(unconfirmed, rejected)	No.	0	0	0	

2) Recalculated by applying different criteria than the previous year's report in order to better categorize the types of reports and the status of handling.

3) Including the number of report cases of sexual harassment and harassment in the workplace

Violation of Laws/Regulations

Category		Unit	2020	2021	2022
Violation of regulations relating to clinical trials in developing countries	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Unfair business practices prohibited by competition and antitrust laws	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Violation of customer information protection	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Violation of domestic marketing activities	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Violation of regulations regarding counterfeit products	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Violation of provision of product information	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Number of incidents received warnings ⁴⁾	No.	0	0	0	
Number of incidents received fines or penalties ⁵⁾	No.	0	0	0	
Number of incidents that violated voluntary regulation ⁶⁾	No.	0	0	0	

4) Number of incidents received warnings for violating laws, regulations, and voluntary regulations regarding the safety and health impacts of products and services

5) Number of incidents received fines or penalties for violating laws, regulations, and voluntary regulations regarding the safety and health impacts of products and services

6) Number of incidents that violated laws, regulations, and voluntary regulations regarding the safety and health impacts of products and services

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UN SDGs (UN Sustainable Development Goals)

As a global corporate citizen, SK bioscience is participating in the 2030 UN SDGs(United Nations Sustainable Development Goals) plan.

In addition to Goal 3(Good Health and Well-being), which is directly aligned with our business, we are fulfilling our social and environmental responsibilities throughout our business activities.

UN SDGs		Direction and key activities	Reference Page
	Goal 1 End poverty in all its forms everywhere	Supporting the marginalized and vulnerable in local communities through corporate philanthropic activities	71~73
	Goal 3 Ensure healthy lives and promote well-being for all ages	Research and development of biopharmaceuticals such as vaccines that contribute to human health	9~13, 25~29, 65
	Goal 4 Ensure inclusive and equitable quality education for all and promote lifelong learning opportunities	Growth of employees through training support for each production job and implementation of corporate philanthropy activities relating to talent cultivation	30~32, 56~57, 71
	Goal 5 Achieve gender equality and empower all women and girls	Increase in the proportion of female executives and support the growth of female talent	30~32, 58
	Goal 6 Ensure availability and sustainable management of water and sanitation for all	Management of water resources and water pollutants	49
	Goal 7 Ensure access to affordable, reliable, sustainable, and modern energy for all	Energy consumption management and reduction activities	35~37, 47
	Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	- Expansion of employment, reinforcement of workplace safety and health management, work-life balance - Improvement of employee happiness	30~32, 55~58, 59~64
	Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	- Expansion of R&D investment - Establishment of global production base, ESG management	18~20, 25~29
	Goal 10 Reduce inequality within and among countries	Contribution to resolving imbalances in global vaccine supply and expand employment of the socially disadvantaged, such as the disabled	11, 27, 58
	Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable	Providing active sponsorship for the development of Andong City	72
	Goal 12 Ensure sustainable consumption and production patterns	Minimization of environmental impact in the entire business operation process(minimize the emissions of hazardous chemicals and pollutants)	47~48
	Goal 13 Take urgent action combat climate change and its impacts	- Establishment of response strategies for climate change - Management and reduction of greenhouse gas emissions	35~37, 50~53
	Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Activities for biodiversity conservation, campaigns and education to spread eco-friendly culture	46, 49, 72
	Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels	Human rights management, principles on business ethics/compliance, compliance systems and programs	38~40, 65~66, 91~94
	Goal 17 Strengthen the means of implementation and revitalize the global partnerships for sustainable development	- Expansion of vaccine supply through R&D and production based on global partnerships - Establishment of a global bio-ecosystem	27~29, 73

SASB (Sustainability Accounting Standards Board)

Topic	Code	Accounting Metric	Disclosure	Reference Page
Safety of clinical trial participants	HC-BP-210a.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	We have a system in place to protect the safety and rights of clinical trial participants. We also have procedures in place to compensate for damages that may occur during the clinical trials, and operate DSMBs(Data Safety Monitoring Boards) to determine the continuation and discontinuation of clinical trials.	76~78
	HC-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	No regulatory violations and no fines for clinical trials in developing countries.	114
Access to medicines	HC-BP-240a.2	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme(PQP)	We obtained WHO PQ Certification for SKY Cellflu Trivalent and Quadrivalent Prefilled Syringe and Sky Varicella in 2019 Drug safety.	12~13
Drug safety	HC-BP-250a.3	Number of recalls issued, total units recalled	The number of recalls and total number of units recalled is 0.	111
	HC-BP-250a.4	Total amount of product accepted for take-back, reuse, or disposal	The total number of products accepted for take-back, reuse, or disposal is 4.	111
Ethical marketing	HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	No violations and no fines related to domestic marketing activities	112, 114
	HC-BP-270a.2	Description of code of ethics governing promotion of off-label use of products	We do not conduct any kind of marketing or promotion that may induce off-label prescriptions.	84
Employee recruitment, development & retention	HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	<ul style="list-style-type: none"> - We recruit and retain professional research staff under our talent development strategy of securing global talent, building HR systems for employee growth, and pursuing employee happiness for a high-performing organization, as well as conducting targeted recruitment for future key talent. - The number of our researchers continues to grow from 146 in 2020, 208 in 2021, and 280 in 2022. 	30~32, 108
Business ethics	HC-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	Fines related to unfair business practices resulting from violations of competition and antitrust laws(including corruption and bribery) are nonexistent.	114
	HC-BP-510a.2	Description of code of ethics governing interactions with health care professionals	<ul style="list-style-type: none"> - We have established regulations related to responsible marketing, compliance regulations, and guidelines for providing benefits to healthcare professionals. - We have separate procedures for pre-inspection and post-evaluation of compliance regulations during marketing activities. 	84, 91~94

Global Initiatives and Memberships

Global Initiatives and Memberships	
 KPBMA 한국제약바이오협회 <small>Korea Pharmaceutical and Bio-Pharma Manufacturers Association</small>	Korea Pharmaceutical and Bio-Pharma Manufacturers Association
 koreaBio 한국바이오협회	Korea Biotechnology Industry Organization
 KoBIA Korea Biomedicine Industry Association 한국바이오휴약품협회	Korea Biomedicine Industry Organization
 DCVMN <small>Developing Countries Vaccine Manufacturers Network</small>	Developing Countries Vaccine Manufacturers Network(DCVMN)
 TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	Task Force on Climate-Related Financial Disclosures(TCFD)

Global Partnerships

Country	Global Partnership
Norway	
Switzerland	 국제백신연구소 <small>International Vaccine Institute</small>
United Kingdom	 AstraZeneca 
India	 Hilleman Laboratories <small>MSD · Wellcome Trust Joint Venture</small>
France	
Australia	
United States	 INSTITUTE FOR Protein Design  BILL & MELINDA GATES foundation 
	 iavi Translating science into global health impact  PATH  novavax

Awards and Certifications

2022 Award Status

Category	Title	Organization	Date
Korea Health & Medical Award 2022	Minister of Food and Drug Safety Award	MFDS	Sep. 30th
Medal of Merit for Contributions to 2023 Gyeongbuk Bio Industry Expo	Citation of the Governor of North Gyeongsang Province	North Gyeongsang Province	Oct. 16th
Korea Pharmaceutical and Bio/Pharma award	Minister of Food and Drug Safety Award	MFDS	Oct. 20th
Medal of Merit for Contributions to Balanced Regional Industrial Development	Prime Minister's Citation	MOTIE	Nov. 11st
Medal of Merit for Contributions to Drug Safety and Advancement of the Pharmaceutical Industry	Order of Industrial Service (Bronze Tower) Merit	MFDS	Nov. 18th
Medal of Merit for Contributions to the Promotion of Healthcare	Order of Civil Merit (Mongnyeon Medal) Minister's Citation	MOHW	Nov. 30th
Medal of Merit for Contributions to Biosecurity Management	Korea Biotechnology Industry Organization Chairman's award	MOTIE	Dec. 07th
Medal of Merit for Contributions to New Growth Management	Presidential Citation	MOTIE	Dec. 15th

Certification Status

Category	Title	Detail
Quality	 EU-GMP	(In 2021-2022) Obtained Good Manufacturing Practices Certification from the European Medicines Agency
Environment	 ISO 14001	(In 2022) Obtained ISO 14001, the global international standard for environmental management systems
Safety & Health	 Gold Rating Certified by LEED in the U.S.	(In 2013) Received the world's first gold grade given to a pharmaceutical factory from LEED (Leadership in Energy and Environmental Design), an eco-friendly building certification system in the United States
Information Security	 ISO 45001	(In 2018) Acquired ISO 45001, the international standard for safety and health management system certification
Information Security	 ISO/IEC 27001	(In 2022) Obtained ISO 27001 certification, the international standard for information protection, by introducing a global-level information protection management system

Independent Assurance Statement

To: The Stakeholders of SK bioscience Co., Ltd.

Introduction and Objectives of Work

BSI Group Korea (hereinafter “the Assurer”) was requested to verify SK bioscience 2023 ESG Report (hereinafter “the Report”). This assurance statement applies only to the relevant information included in the scope of the assurance. SK bioscience is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide SK bioscience Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of SK bioscience.

Standards and Levels

This assurance was based on the AA1000AS(Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018 and Type 2 was limitedly verified against the GRI topic standards below, based on the data and information provided by the reporting organization.

- **GRI Topic Standards:**
- Economy : 201-2, 205-2~3, 206-1
 - Environment : 305-1~4, 305-7, 306-3~5
 - People : 404-1~3

Scope

The scope of assurance applied to the Report is as follows;

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assesstion included in the report, such as sustainability management policies and strategies, goals, projects, key performance indicators and performance, and the report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

- Financial information in Appendix
- Index items related to other international standards and initiatives other than the GRI and SASB
- Other related additional information such as the website, business annual report.

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

Limitation

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report is prepared in accordance with the GRI Standards.(Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP(2018) are as follows.

AA1000 AP (2018)

- **Inclusivity: Stakeholder Engagement and Opinion**

SK bioscience defined customers, shareholder/investment institutions, business partners, press/public, government/associations, employees and communities/NGOs as key stakeholders groups, and operated communication channels for each stakeholder group for engagement. SK bioscience reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.

- Materiality: Identification and reporting of material sustainability topics**
 SK bioscience established the strategy related to sustainability management and established the process to derive reporting issues. SK bioscience identified financial and social/environmental impacts and derived 11 material issues based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.
- Responsiveness: Responding to material sustainability topics and related impacts**
 SK bioscience established the management process for material issues determined by the materiality assessment, implemented a response plan for each issue to appropriately respond to the derived material issues that reflects the expectations of stakeholders. SK bioscience disclosed the process including policy, indicator, activity and response performance on material issues in the Report.
- Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders**
 SK bioscience established the process to identify and evaluate the impact on organizations and stakeholders related to material issues. SK bioscience used impacts, risk and opportunity factor analysis results for material issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.

Key areas for ongoing development

- It may be helpful to advance the sustainability management system by including sustainability-related risks within the enterprise risk management process and specifying the reporting organization's criteria for risks, integrating and managing sustainability and financial risks.
- It may be helpful to advance the sustainability management system by specifying the definition, scope, and key sustainability issues of the value chain, taking into account the key business areas and global markets of reporting organization, and specifying sustainability strategies and plans about supply chain due-diligence and Scope 3 emissions.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with SK bioscience. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by SK bioscience, the sector standard was not applied.

Universal Standards

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

Topic Standards

201-2, 201-1, 201-3~4, 203-2, 205-2~3, 206-1, 207-1~3, 302-1, 302-3~4, 303-2, 303-3, 303-5, 305-1~4, 305-7, 306-3~5, 401-2~3, 403-1~7, 403-9, 404-1~3, 405-1~2, 416-2, 418-1

19 June 2023

BSI Group Korea, Managing Director

S. H. Lim



Greenhouse Gas Verification Statement



Verification Statement on 2022 Greenhouse Gas Emission Report

Verification Target

Korean Foundation for Quality (hereinafter "KFQ") has conducted the verification of "2022 Report on Quantity of emitted Greenhouse gas Consumption (hereinafter 'Inventory Report') for SK Bioscience Co., Ltd. (hereinafter "Company")

Verification Scope

KFQ's verification was focused on all the facilities which emitted the greenhouse gas during the year of 2022 under Company's operational control and organizational boundary. GHG emissions from direct and indirect emission sources (Scope 1 and 2) were calculated for all GHG emission facilities under the operational control of each company.

Verification Criteria

The verification process was based on 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme (Notification No. 2021-112 of Ministry of Environment)', 'Rules for verification of operating the greenhouse gas emission trading scheme (Notification No. 2022-279 of Ministry of Environment)'.

Level of Assurance

The Verification has been planned and conducted as the 'Rules for verification of operating the greenhouse gas emission trading scheme', and the level of assurance for verification shall be satisfied as reasonable level of assurance. And it confirmed through the internal review whether the process before the verification conducted effectively.

Verification Limitation

The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

Verification Opinions

Regarding to the data of the Greenhouse Gas Emission Consumption from the report through the verification, KFQ provides our verification opinions as below;

- 1) The Inventory Report has been stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'
- 2) The result of Material discrepancy satisfied the criteria for an organization that emits more than 500,000 tCO₂-eq shall not exceed 5% from total emission as per "Greenhouse Gas and Energy Target Management Scheme"
- 3) Thus, KFQ conclude that the Greenhouse Gas Emissions of Each Company in 2022 is correctly calculated and stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'.

April 20th, 2023

CEO Ji-Young Song



Appendix A. Summary of GHG Emission Results

Organization

SK Bioscience Co., Ltd.

Emission calculation period

The emission calculation period is from January 1 to December 31, 2022.

Emission calculation results

Business site	tCO ₂ eq		
	Scope 1	Scope 2	Total
Andong L House	5,032	11,866	16,898
Eco Hub	64	804	867
Eco Lab	77	650	726
Sum	5,173	13,320	18,491

※ There is a difference between the total emissions and the sum of emissions by business site (truncated emissions by business site are added together by company).

Policies & Guidelines

Guidelines on the Board of Directors Diversity

Guidelines on the Board of Directors Diversity

SK bioscience shall strive to secure the expertise to make rational decisions and diversity in the composition of the Board of Directors(BOD) so that the BOD may consider the interests of stakeholders from a broad perspective, while not being biased toward a specific area.

- SK bioscience shall elect an outside director candidate who satisfies the requirement for professionalism as a director:**
 - A person who has experience and knowledge in a range of areas necessary for the performance of duties as a director; and
 - A person who has specialized knowledge in a range of areas such as finance, economy, management, law, accounting, etc.
- SK bioscience shall elect an outside director candidate who may ensure diversity so that diverse viewpoints and values may coexist:**
 - To reflect the principle of gender equality in order to operate the BOD based on a range of viewpoints;
 - To consider the characteristics of Korean society, but avoid being biased towards specific backgrounds while appraising various experiences and profiles; and
 - To consider other diversity factors such as nationality, race, religion, ethnicity, etc.

April 27, 2022 **SK bioscience**

Guidelines on Outside Directors Independence

Guidelines on Outside Directors Independence

SK bioscience(hereinafter referred to as the "Company") shall secure directors and outside directors with appropriate ethical awareness and sufficient qualifications, thereby the Board of Directors may fulfill its unique role of checks and balances based on independent decision-making authority and continue to conduct efficient management activities centered on the Board. To this end, the Company shall prepare guidelines that apply mutatis mutandis to global standards and relevant laws such as the Commercial Act to secure practical independence and qualifications necessary for the performance of directors.

Outside director candidates shall be judged to have qualifications and independence as a director if they satisfy the following requirements. In addition, the outside director's significant relationship with the Company shall be comprehensively considered:

- A person who has no grounds for disqualification as a director under the law;**
- A person who has no history of damage to corporate value or infringement of shareholder rights and interests;**
- A person who has attended at least seventy-five percent(75%) of the Board meetings within the past three (3) years;**
- A person who was not an officer or employee of the Company or its affiliates(including non-profit organizations) within the past five(5) years;**
- A person for whom five(5) years have not elapsed since performing audit or related work as an employee and related person of external audit agency of the Company(current and past), or its affiliated corporations;**
- A person who was not a full-time employee within the past five(5) years of an individual or corporation (including a law firm) that was an interested party with an important business relationship or cooperative relationship with the Company(including the largest shareholder and affiliates); and**
- A person whose independence was not compromised as an outside director due to interests with the Company within the past three(3) years, such as under an advisory contract on legal and management issues, etc.**

April 27, 2022 **SK bioscience**



In 2022, SK bioscience amended its Corporate Governance Charter to improve corporate governance and promote the Board-centered management.

ESG > Governance > Corporate Governance Charter

Safety, Health, and Environment(SHE) Policy

Purpose and Principles

SK bioscience recognizes Safety, Health and Environment(SHE) policy as the most fundamental element of its human-centered management principle. The company is committed to providing a healthy and safe working environment and fulfilling responsibilities to minimize the environmental impacts arising from its business operations and products.

Scope

This SHE policy applies to all employees of SK bioscience(including, contract based and temporary employees), as well as those of business and outsourcing partners, domestic and overseas entities for production and sales, subsidiaries, sub-subsidiaries and joint ventures.

Commitments

1. Ensure Safe and Healthy Workplaces

- Foster a self-regulating safety culture to create a safe working environment.
- Comply with occupational safety and health laws and work standards and continuously reduce risk factors to create a 'zero-accident' workplace.
- Implement safe work methods in handling hazardous materials and carry out injuries and illness prevention and health promotion activities.
- Maintain the business continuity by establishing a routine emergency response system and minimize damages to the employees, stakeholders and the community.

2. Minimize the Environmental Impacts Arising from Business Operations and Products

- Strive to promote the sustainable use of energy and resources, reduce the emission of environmental contaminants and chemical substances, and recycle waste water and materials throughout the entire course of business operations, including R&D, production, distribution and disposal, as well as through the design and creation of business sites.
- Operate the environmental management system and continuously measure the performance improvements through regular monitoring of all business sites and partners.
- Comply with environmental laws and regulations and invest in the global action on climate change and the preservation of the local community's ecosystem and environment

Implementation

(Board of Directors/ESG Committee)

Manage the mid-to-long-term SHE management goals, performance and risks.

(Management) Establish SHE management strategy and measure the performance.

(Divisions in charge) Plan and deliver goals to improve SHE management.

(Team Leads) Set SHE goals for each team.

(Employees) Comply with SHE management policy through application and practice on the job.

(Training) Provide the employees and stakeholders with necessary awareness

programs for SHE management practice.

(Communication) Publicly announce the SHE management performance through annual ESG report, etc.

Tax Strategy

Tax Strategy

1.

SK bioscience does not enter into transactions or contracts to transfer income between countries to take advantage of differences in tax laws between countries or loopholes in the international tax system, and ensures that taxable income is distributed consistently with the value generated in each country where it conducts business. The company does not use tax havens that unfairly reduce its tax liabilities and faithfully fulfills tax obligations in international transactions through an appropriate tax structure.

2.

SK bioscience conducts arm's length transactions in dealings with affiliated parties by principle, as well as in accordance with the OECD Transfer Pricing Guideline and the laws of each country. For transfer pricing transactions with affiliated overseas parties, SK bioscience will prepare BEPS reports and transfer pricing reports as needed with external tax experts to manage the implementation status.

3.

SK bioscience complies with domestic and international laws by assessing and managing tax risks that may arise during business activities such as strengthening the competitiveness of existing businesses and investing in new growth. However, the company is aware that tax risk cannot be ruled out completely due to the complexity and different interpretations of tax laws. As such, it prioritizes the identification and assessment of ambiguous tax issues early on, as well as communicating with tax authorities in collaboration with relevant experts.

4.

Executives and employees at SK bioscience in charge of the company's tax affairs faithfully fulfill their tax reporting and payment obligations in accordance with relevant laws and regulations. They perform their duties on the principle of maintaining a transparent relationship with the tax authorities.



For other ESG management policy statements, please refer to the following link:

ESG > ESG Management > Data & Policies > Policy and Statement

2023 SK bioscience ESG Report

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