



HEALTHIER LIFE, SUSTAINABLE FUTURE

About This Report

Overview

SK bioscience has published its first ESG report in 2022 to share with our stakeholders our ESG strategies, activities, and performances. 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 Period

This report covers performance and activities from January 1 to December 31, 2021. It includes partial data for the first half of 2022. For some indicators, data for the past three years are presented to show the latest trend of quantitative performance.

Reporting Guidelines

This report was prepared in accordance with the GRI(Global Reporting Initiative) Standards Core option and reflected the SASB (Sustainability Accounting Standards Board) Standards to incorporate industry-specific major issues. In addition, the UN SDGs were considered in this report.

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 separate financial statements under K-IFRS as there are no subsidiary companies. Non-financial information is also prepared in accordance with the fiscal year. Other scopes of reporting are noted additionally.

Reporting Assurance

This report has been reviewed by the ESG Committee under the Board of Directors of SK bioscience. In order to improve data reliability, an independent assurance process on the preparation, reliability, and fairness of the report was conducted by the Korea Standards Association, an independent assurance agency. The assurance statement is provided in the Appendix.

Interactive PDF User Guide

This report has been published as an interactive PDF file for readers to take reference to the relevant pages and websites

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Cover Story



Healthier Life, Sustainable Future

SK bioscience has been making various efforts to be a global innovation partner with our corporate mission of 'Promoting human health' and a new vision of becoming a 'Global Innovative Partner of Vaccine and Biotech.' We are committed to promoting global public health with a sense of social responsibility and implementing true ESG management to pursue growth while serving all stakeholders and creating sustainable values for the environment and community.

The first ESG report of SK bioscience conveys our commitment to sustainable growth. The cover of this report depicts the shape of the earth with dots(bases) and lines(distribution channels of vaccines) depicting our willingness and commitment to the promotion of global public health by conducting R&D on biopharmaceuticals including vaccines and distributing them globally.

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Message from the CEO

A ‘Global Innovative Partner of Vaccines and Biotech,’ SK bioscience.

We will continue to challenge ourselves in pursuit of our goal of sustainable growth.



I would like to express my sincere gratitude to everyone who continuously supports SK bioscience’s efforts to combat COVID-19, and now our step forward to protect global healthcare amid an endemic and the next pandemic.

After launching its vaccine business in 2001, SK bioscience embarked on the ‘Build-up’ phase to lay the groundwork for future growth. With unwavering belief in ‘promoting human health’, SK bioscience has completed the process that connects the entire vaccine value chain from across research, manufacturing, approval, and commercialization through continuous investment, including the development of its own vaccines against influenza, varicella, and zoster. In 2018, it became a spin-off of SK chemicals that specializes in vaccines, improving the business expertise and management efficiency.

Since the beginning of 2020, SK bioscience has implemented a ‘Two-track’ strategy amid the pandemic, which consists of C(D)MO business for global vaccine manufacturing and in-house vaccine development. Consequently, SK bioscience met its mid-term vision ahead of schedule, including a record-breaking sales performance in 2021.

SK bioscience had a historic year in 2021 with a successful Initial Public Offering (IPO). Our ‘Two-track’ strategy for COVID-19 vaccine development resulted in remarkable achievements, such as becoming the first Korean vaccine company with an EU-GMP certified manufacturing facility and successfully entering Phase III clinical trial of our in-house vaccine. We organized the ESG Committee and the ESG Team to lay the groundwork for fair and shared-growth management from an ESG standpoint. Furthermore, we are establishing a global biopharma ecosystem to support human resource development through industry-academia collaboration.

In 2022, SK bioscience will continue to pursue sustainable growth in line with its elevated status, and will take another step forward with ‘SKBS 3.0.’ Driven by our mission ‘to promote human health’ and new vision ‘Global Innovative Partner of Vaccines and Biotech,’ we aim to become a vaccine and biotechnology industry leader by establishing the fundamentals of global top-tier R&D and production. To this end, we will expand our overseas network further to solidify our market position and promote our new CDMO business and platform. Meanwhile, we will serve as an international vaccine hub and contribute to public health by establishing vaccine production infrastructure in areas where vaccine supply is limited. We will also strengthen our key infrastructure by expanding Andong L HOUSE and establishing the Songdo R&PD Center. Based on this infrastructure, we will accelerate our investments in new businesses with high growth potential, such as cell and gene therapy (CGT), a critical means of implementing our mid- to long-term growth strategies.

In addition, 2022 marks the beginning of SK bioscience’s ESG activities. We have established four strategic areas for ESG in line with our mission and vision: △Building an eco-friendly management system △Being a reliable partner for society △Creating social value through business and △Implementing sustainable governance. SK bioscience will continue to implement tasks for each strategic area in order to advance its level of ESG management.

SK bioscience’s first ESG Report embodies its commitment to achieving SKBS 3.0. As a token of this commitment, we will lead corporate growth and contribute to public health while communicating actively with stakeholders and fulfilling our social responsibilities.

We ask for your continued interest in and support for our new endeavors.

Thank you.

Jae Yong Ahn
Chief Executive Officer, SK bioscience

Message from the ESG Committee/Management



Chang-Jin Moon
Chairperson of the ESG Committee

Healthier Life, Sustainable Future

ESG has become a business imperative. The value of ESG management is very meaningful as our mission is ‘to promote human health.’

The ESG Committee will mobilize the company-wide resources to improve all areas of ESG by presenting the direction and blueprint for ESG management and establishing a roadmap as enabling measures.

SK bioscience will set an example for companies not only in Korea but around the world by expanding our corporate KPIs from financial performance to governance, environmental, and social performance, and continuously monitoring progress.



Hun Kim
CTO

SK bioscience has strived to develop and acquire leading technologies as a biopharmaceutical company. We have dedicated ourselves to R&D with a belief that the core competitiveness of vaccine development lies in R&D management and talent.

Last year, we significantly increased the number of R&D personnel, owing to significant achievements like the approval of the GBP510 Phase III clinical trial plan. The company looks to attract even more leading R&D talent for contributions to the advancement of the domestic vaccine and biotechnology industry.

To prepare for the post-COVID-19 era, SK bioscience is taking proactive measures. These include the development of a Universal Coronavirus Vaccine (Sarbecovirus) for COVID-19 variants, entry into the CGT C(D)MO market, and the addition of new platforms like mRNA.

SK bioscience will protect the public health and ultimately achieve our companywide mission ‘to promote human health’ with passion through our vaccine and biotechnology business.



Sang-gyun Lee
L HOUSE Factory Director

For the past ten years, L HOUSE of SK bioscience has been recognized for its significance as a strategic hub for vaccine production in Korea. It has consistently produced both in-house and C(D)MO products through its excellent manufacturing capability and cutting-edge facilities.

When the world faced difficulties due to a lack of COVID-19 vaccines in the early stages of the pandemic, SK bioscience promptly supplied 20 million doses of the AstraZeneca vaccine. L HOUSE, which produced the AstraZeneca vaccine under a CMO contract, was at the heart of this accomplishment. L HOUSE will continue to contribute significantly to human health by consolidating its position as a global vaccine manufacturing hub.



Chang shin Kim
SHE Manager

SK bioscience has established a management system to govern safety, health, and the environment as its major business principles and the foundation for business activities. SK bioscience strives to identify and improve SHE risk in advance with a belief that all accidents can be prevented, and it prioritizes the safety and health of its employees and stakeholders in all cases.

In addition, SK bioscience will make every effort to minimize environmental pollution that may occur during the life cycle of all products and expand the positive impact on the community.

Company Profile

Company Introduction

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	1,001 (as of December 31, 2021)
Business areas	R&D, production, and sales of vaccines and biopharmaceuticals



View of HQ (top) and R&D Centers (bottom)

SK bioscience, a vaccine-focused spin-off of SK chemicals, was founded in 2018. Prior to the spin-off, premium vaccines with high added value were chosen as a growth strategy, with ongoing development efforts since 2008. As a result, it developed South Korea's first trivalent cell culture vaccine in 2015, a quadrivalent cell culture vaccine and pneumococcal conjugate vaccine (PCV-13) in 2016, a zoster vaccine in 2017, and a varicella vaccine in 2018. Following the spin-off, in addition to premium vaccines, SK bioscience developed new pipelines and added new platform technologies in the areas of basic and therapeutic vaccines. It set an ambitious goal to become a major global vaccine and bio company by expanding further within the biopharmaceutical sector.

SK bioscience's HQ and R&D Center are in Pangyo, and its manufacturing plant is in Andong. L House's L stands for 'Light of the World', and the plant boasts cutting-edge equipment, high production capacity, and meticulous hygiene management. It has grown into a world-class factory produces COVID-19 vaccines for global companies such as AstraZeneca and Novavax.

In 2021, SK bioscience implemented a 'Two-track' strategy, in which we produce overseas COVID-19 vaccines based on L HOUSE's excellent manufacturing capability and develop in-house vaccines based on our R&D capabilities. As a result, we promoted public health and recorded approximately KRW 1 trillion in sales during an unprecedented pandemic.

Sales	Operating profit	Market capitalization
KRW 929 billion	KRW 474.2 billion	KRW 11 trillion

Sales, operating profit: as of December 31, 2021
Market capitalization: as of March 22, 2022

Corporate Mission and Vision

Mission | We Promote Human Health, from Prevention to Cure

By preventing and treating diseases based on the development and distribution of biopharmaceuticals including vaccines, SK bioscience ultimately intends to promote human health.

Vision | Global Innovative Partner of Vaccine and Biotech

SK bioscience is now entering the SKBS 3.0. Along the way, it went through SKBS 1.0, in which it established itself as a vaccine company, and SKBS 2.0, in which it made a quantum leap forward. In 2022, SK bioscience established a new vision that incorporates the pursuit of innovation in vaccine development and our ambition to become a global company. SK bioscience will grow into a world-class vaccine/biotechnology company serving as a hub for global vaccine supply by strengthening global partnerships, investing in R&D and production continuously, and expanding into other parts of the world.



Ideal characteristics of our people | Warm-hearted professionals

Warm-hearted

Describes the intention and the act of caring with a sense of pride and community.



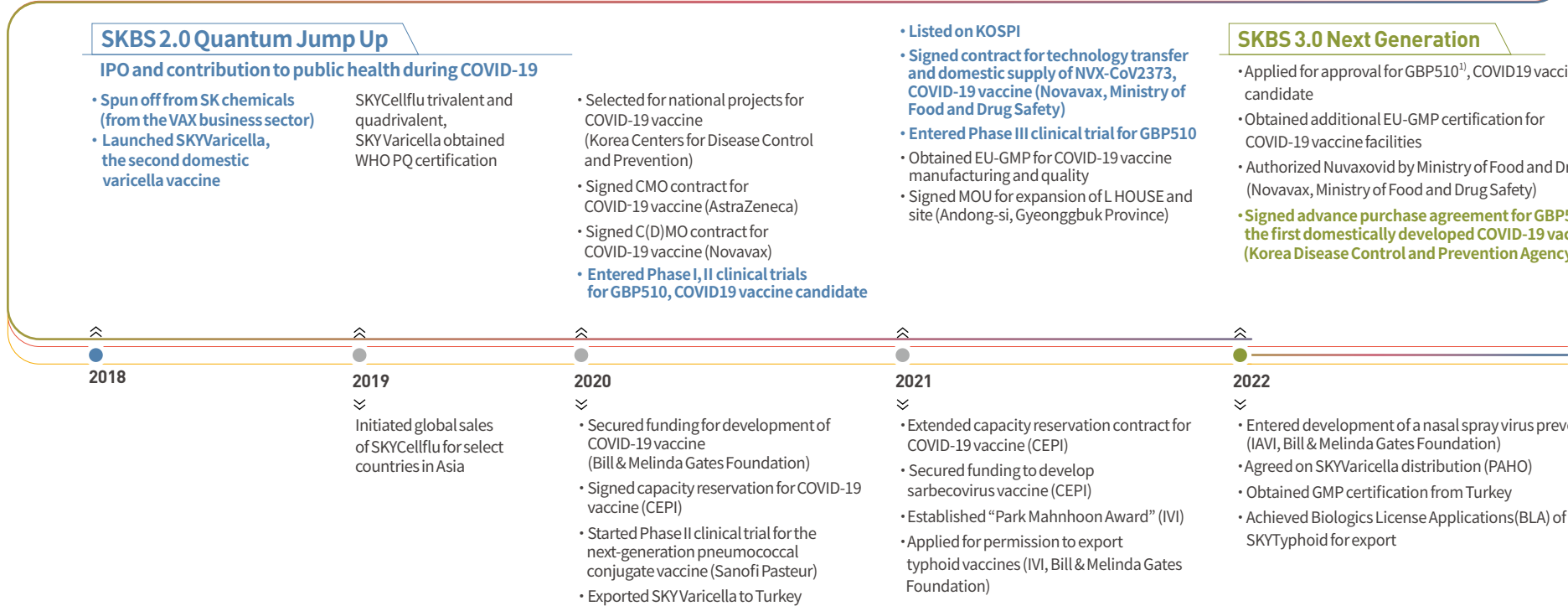
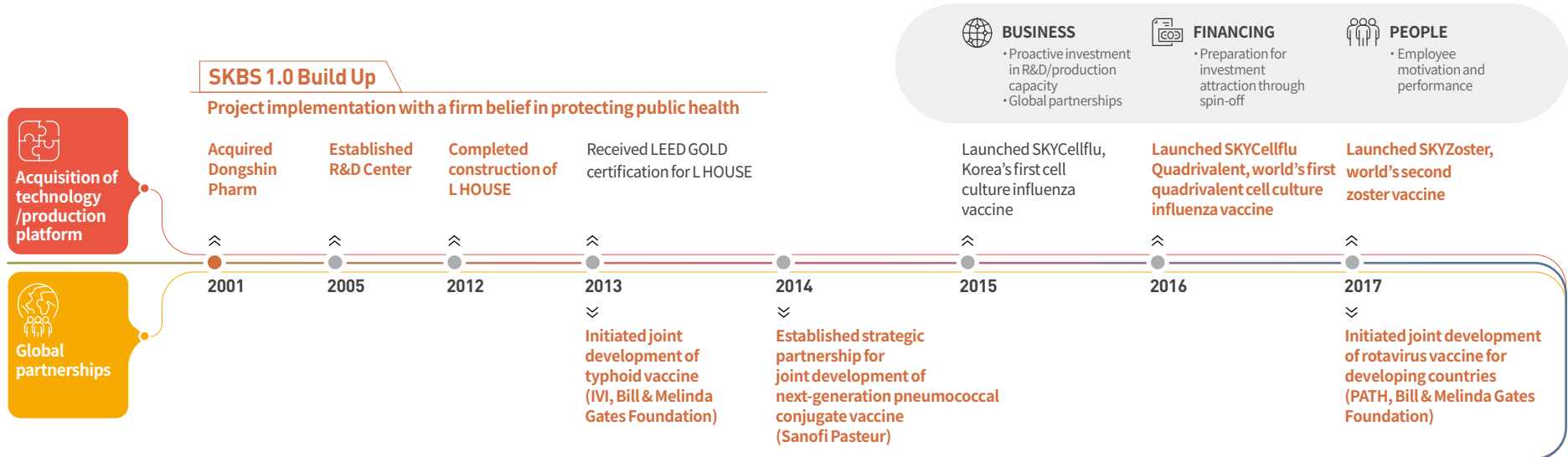
Professional

Refers to an attitude of knowing one's work, setting challenging goals, executing them thoroughly with passion, and transferring knowledge within the organization.



The core values of SK bioscience are embedded in the ideal characteristics of our people. All employees of SK bioscience are warm-hearted professionals who envision happiness and success and engage at work with a positive attitude based on our corporate mission: 'we promote human health, from prevention to cure.' We value our employees as key personnel who realize our corporate values and vision.

Company History



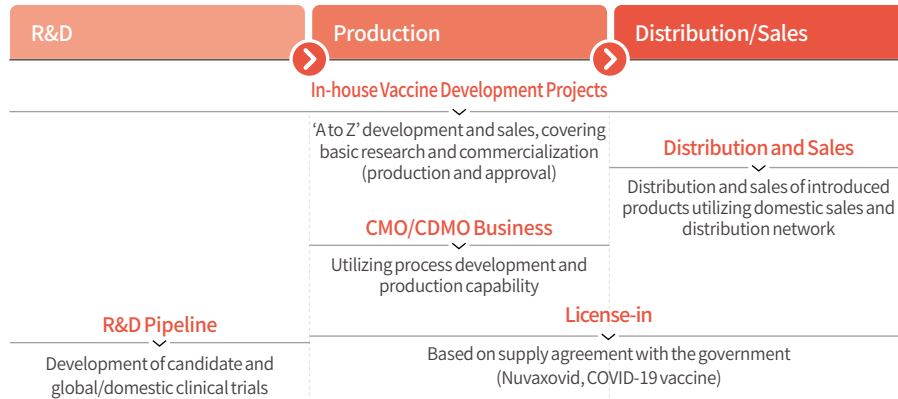
1) GBP510: Scheduled to be Korea's first COVID-19 vaccine, and is officially called 'SKYCovione'

Science & Technology

Business Introduction

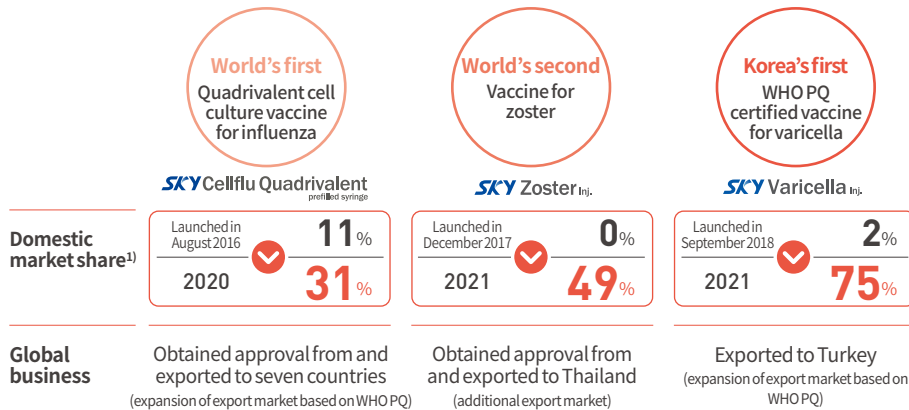
Business Model

SK bioscience has made a large-scale investment of about KRW 500 billion to establish production and R&D infrastructure, recognizing that the global life science paradigm is shifting from ‘treatment’ to ‘prevention’. Over the past years, it also has developed and acquired various vaccine production technologies and platforms for capacity building. Based on this, SK bioscience conducts vaccine business across the entire value chain across R&D, production, distribution, and sales.



Commercialization of In-house-developed Vaccines

SK bioscience has achieved development and manufacturing capacity and commercialization of three diseases (influenza, zoster, varicella) through R&D investment.

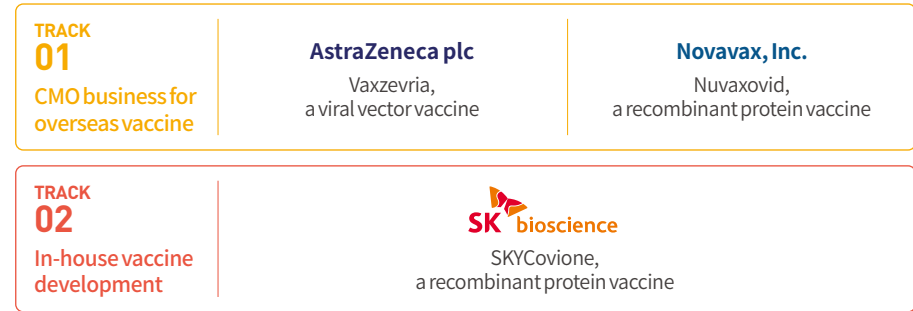


1) Influenza vaccine based on supply as of 2020; zoster and varicella vaccines based on supply as of the end of 2021, IMS data

COVID-19 Vaccine Business in 2021

SK bioscience has generated business performance by implementing a ‘Two-track’ strategy for the stable supply of COVID-19 vaccine in Korea.

‘Two-track’ Strategy



Other Domestic Business and Global Partnerships

SK bioscience’s domestic business consists of joint sales, C(D)MO (insourcing and outsourcing). It leads the domestic vaccine market by cooperating with domestic and overseas major pharmaceutical companies in the form C(D)MO. We conduct joint research and development with overseas leading partners and institutions and carry out technology transfers and production based on high manufacturing capacity.

Other Domestic Businesses

- Joint sales:** Signed joint sales agreement for five types of vaccines with GSK (2021)
- CMO (insourcing):** Signed CMO agreement for in-house-developed vaccine (SKYCellflu quadrivalent) with Korea Vaccine (2020)
- CMO (outsourcing):** Signed CMO contract with domestic companies including LG Chem (2015) and GC (2020)

Global Partnerships

- Joint development:** Conducted joint vaccine development with Sanofi,IVI and Bill & Melinda Gates Foundation, etc.
- Technology transfer:** Signed a license-in contract of Nuvaxovid, COVID-19 vaccine, with Novavax
- Obtained an authorization to exclusively develop, produce, and sell the COVID-19 vaccine (NVX-CoV2373) developed by Novavax in the target regions

Science & Technology

Establishment of Pipeline to Protect Global Public Health

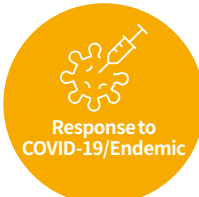


● Pipeline

Based on its successful experience of developing and commercializing four vaccine products, SK bioscience has been focusing on the development of vaccines with high potential to lead the future vaccine industry.

We attempt to expand our vaccine product portfolios by developing and acquiring various pipeline ranging from basic vaccines such as typhoid conjugate vaccine to premium vaccines which include the next-generation pneumococcal conjugate vaccine and RSV vaccine. In addition, we fortify our position through joint vaccine development and collaborations with multinational companies, international organizations, and biotechnology companies based on our R&D capability.

SK bioscience is developing a COVID-19 vaccine based on accumulated experience and technology of vaccine development. GPB510, which was developed with the funding from Bill & Melinda Gates Foundation(BMGF) and Coalition for Epidemic Preparedness Innovations(CEPI), obtained approval for Phase III clinical trial protocol from the Ministry of Food and Drug Safety in August 2021. Currently, Phase III clinical trials are under way not only in Korea but also in other parts of the world including Europe and Southeast Asia.

Our attempts to address the global public health needs do not stop with the development of the COVID-19 vaccine. By developing vaccines that can prepare us for the next pandemic, such as a Universal Coronavirus(Sarbecovirus) vaccine, we aim to contribute to public health protection.

				Basic research/ Preclinical trials	Phase I	Phase II	Phase III	Commercialization
 <p>Response to COVID-19/Endemic</p>	(p.11) COVID-19 Vaccine	CEPI	BMGF ¹⁾	●	●	●	● Global	✓ Application for domestic approval
	○ Combo Vaccine(COVID-19 + Influenza)			✓				
	(p.11) Universal Coronavirus Vaccine(Sarbecovirus)	CEPI	IPD ²⁾	✓				
	○ Nasal Spray*			✓				
	○ COVID-19 mRNA Vaccine*	To be announced		✓				
 <p>Premium</p>	(p.11) Next-Generation Pneumococcal Conjugate Vaccine	Sanofi				✓ U.S.		
	(p.11) RSV Vaccine			✓				
	(p.12) Cancer Immunotherapy, Obesity Vaccine, etc			✓				
 <p>Basic vaccine</p>	(p.12) NRRV ³⁾ Vaccine	PATH	BMGF				✓ Africa	
	(p.12) Typhoid Conjugate Vaccine	IVI ⁴⁾	BMGF					✓ Export approval
	○ Quadri- and 10-valent HPV vaccine					✓ Phase I/II		
	○ Rotavirus Vaccine				✓			
	○ iNTS ⁵⁾ Vaccine*(Non-Typhoidal Salmonella)				✓			
	(p.12) Hepatitis A, Recombinant Zoster, etc				✓			
	○ Other Basic Vaccines							

1) Bill&Melinda Gates Foundation
2) Institute for Protein Design

3) Non-Replicating Rotavirus Vaccine
4) International Vaccine Institute

5) Invasive Non-Typhoidal Salmonella
* Collaborative Projects

R&D Activities and Plans

● Response to COVID-19/Endemic

COVID-19 Vaccine

SK bioscience conducts R&D on COVID-19 that has threatened people throughout the world. GBP510 is a global project involving global institutions, pharmaceutical companies, research institutes, and biotechnology companies with an aim of overcoming the global COVID-19 crisis. This is a project that was conducted in collaboration with the Bill & Melinda Gates Foundation (BMGF) and Coalition for Epidemic Preparedness Innovations (CEPI). Phase III Investigational New Drug (IND)



application was approved in August 2021 by the Ministry of Food and Drug Safety. Phase III clinical trials were conducted successfully in South Korea, and across various countries in Europe and Southeast Asia to obtain approval and start commercialization in 2022.

GBP510 is a recombinant vaccine that induces immune reaction by injecting the surface antigen protein of the COVID-19 virus created

through DNA recombination technology, which is a conventional method used to develop influenza vaccines. GBP510 was developed utilizing technology that increases antigen presentation, thus boosting antibody levels and immunogenicity.

We continue vaccine development even when the COVID-19 vaccines are already commercialized by multinational companies because we believe our COVID-19 vaccine is going to play an essential role in stabilizing the health policies and medical system in Korea and the world. To be more specific, we will contribute to a stable supply of vaccines by responding to the resurgence of COVID-19 and the continuous re-emergence of variants and allowing many people at home and abroad equal access to vaccination. Based on its experiences across the full spectrum of product development, including synthetic antigen technology, MERS vaccine development, clinical trials, manufacturing, and approval, SK bioscience is confident in developing a safe and efficient COVID-19 vaccine.

Universal Coronavirus Vaccine (Sarbecovirus)

Since 2000, the world has been hit by three infectious diseases- SARS, MERS, and COVID-19. With a possibility of continuous variant emergence and mutations of sarbecovirus, including SARS and COVID-19 variants, there is a need to preemptively respond to endemics and the next pandemic. SK bioscience is promoting the development of a Universal Coronavirus Vaccine (Sarbecovirus) utilizing a nanoparticle R&D platform similar to GBP510 and global collaboration. In January 2022, we signed an agreement to receive \$50 million in funding for the development of a Universal

Coronavirus Vaccine (Sarbecovirus) from CEPI and are currently in basic research. We believe the vaccine will provide the international community with the fastest and most efficient defense against zoonotic diseases, including diseases caused by COVID-19 variants.

● Premium

Next-Generation Pneumococcal Vaccine

The development of a next-generation pneumococcal vaccine together with Sanofi Pasteur, a global pharmaceutical company, started in 2014 and was approved by the U.S. FDA December 2018. Based on our initial success entering Phase I clinical trial, Phase II clinical trial is underway in the U.S. Once the vaccine is successfully commercialized, we will be able to enter the KRW 8 trillion global pneumonia vaccine market. As a result, we expect to make a significant impact in a market that had been dominated by certain products of multinational pharmaceutical companies and contribute to establishment of public health policies around the world.

RSV (Respiratory Syncytial Virus) Vaccine

RSV is considered one of the major causes of bronchiolitis, small airway obstructions and pneumonia in the elderly as well as infants and children. RSV, which people cannot develop lifelong immunity to, is known to be highly infectious. Additionally, the absence of vaccines results in a high incidence and mortality rate. SK bioscience has acquired patents and experience in gene-based virus strain manufacturing technology in the course of basic research on Zika and rotavirus vaccines. We now plan to conduct basic research for an RSV vaccine development that has not been commercialized.



Obesity Vaccines

Obesity reduces the quality of life significantly, as it causes hyperlipidemia, high blood pressure, arteriosclerosis, diabetes, and fatty liver disease(FLD). As of 2020, about 500 million people in the world were estimated to be obese according to the Body Mass Index(BMI) based on WHO guidelines. SK bioscience plans to conduct basic research on the development of a vaccine for obesity to promote the health of people with obesity.



Basic Vaccines

NRRV Vaccine

Since 2017, SK bioscience has been developing a next-generation vaccine for pediatric gastroenteritis in collaboration with Program for Appropriate Technology in Health(PATH) and Bill & Melinda Gates Foundation(BMGF). The main cause of pediatric gastroenteritis is rotavirus, and it is known that fatalities are high in underdeveloped countries where the vaccination rate is low.

The next-generation vaccine for pediatric gastroenteritis is going through Phase III global clinical trials. We intend to distribute the vaccine to low and middle-income countries(LMICs) to contribute to protecting the health and lives of many children around the world.

Typhoid Conjugate Vaccine

Since 2013, SK bioscience has been working with IVI and BMGF to develop a typhoid vaccine. 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 weakened immunity. Typhoid can be treated with antibiotics, but the WHO is concerned that antibiotic resistance in typhoid bacteria is increasing, posing a significant threat to human health.

The typhoid vaccine, which has been under development for about eight years, acquired an export approval from the Ministry of Food and Drug Safety as of 2022, and we plan to obtain WHO PQ (pre-qualification) certification later. During the Phase III clinical trial, we discovered that our vaccine can be used for infants aged 6 months to 2 years. This finding is a breakthrough on a global scale since the effect of the vaccine on babies under the age of 5 had been unexplored. We look forward to contributing to protecting children worldwide from typhoid.

Hepatitis A Vaccine

The WHO estimates that 150 million people worldwide are infected with the virus that causes hepatitis A each year, and 14 million of them, or more than 10%, develop symptoms. The age of patients with onset symptoms is rising, and the reported cases of hepatitis A have been increasing since 2013 in Korea. Due to the lack of a localized vaccine, South Korea is currently entirely dependent on imports while the domestic market size was estimated to be KRW 25 billion in 2020. Currently, SK bioscience is conducting basic research to develop a hepatitis A vaccine, and it will distribute it to a large number of people at home and abroad in the future to resolve the imbalance in vaccination opportunities.

Recombinant Herpes Zoster Vaccines

Herpes zoster is a disease of the skin and nervous system caused by the reactivation of the dormant varicella virus in the ganglion. When infected, the virus multiplies in the oropharynx and viremia occurs, causing some viruses to become dormant in the ganglion. The virus is reactivated and a rash appears on the skin along the nerves upon exposure to situations that decrease immunity, which is called zoster.

The most common side effect is post-herpetic neuralgia, which is the pain induced by nerve damage even after the rash has disappeared. Based on its experience in commercializing SKYZoster, the first-generation vaccine for zoster, SK bioscience intends to develop the next-generation recombinant vaccine for zoster which is currently dominated by global pharmaceutical companies. When distributed to other countries, our zoster vaccine will greatly benefit each country's health policies for the middle-aged and elderly.

Manufacturing Facility: L HOUSE in Andong

● Overview and History

SK bioscience manufactures vaccines at L HOUSE, Korea's largest vaccine factory, in Andong. Upon completion in December 2012, L HOUSE was named to be 'the light' for human health.

L HOUSE is equipped with state-of-the-art technology and adheres to international standards, across the WHO prequalification and the first EU-GMP for a Korean vaccine factory.




In February 2021, L HOUSE also produced the first COVID-19 vaccines in Korea through contract manufacturing, contributing to public health and welfare.

History of L HOUSE

<ul style="list-style-type: none"> 2011 Groundbreaking ceremony 2012 Approved for manufacturing business 2013 Manufacturing approval 2014 Obtained K-GMP 2015 Produced first approved product: Korea's first trivalent cell culture influenza vaccine 2016 Produced second approved product: world's first quadrivalent cell culture influenza vaccine 2017 Produced third approved product: world's second zoster vaccine 2018 Produced fourth approved product: Korea's second varicella vaccine 2019 Obtained WHO PQ certification for varicella vaccine Obtained WHO PQ certification for trivalent and quadrivalent influenza vaccine 2021 Released COVID-19 vaccine produced based on a CMO contract: Vaxzevria of AstraZeneca Obtained EU-GMP for the first time as a domestic vaccine manufacturing facility: EU GMP for manufacturing a COVID-19 vaccine based on a (C/D)MO contract 2022 Released COVID-19 vaccine produced based on a CMO contract: Nuvaxovid of Novavax 	  <p>L HOUSE (Above), COVID-19 vaccine Release Ceremony (Below)</p>
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● Core Competencies

L House is equipped with nine drug substance suites(eight production suites and one cell bank) including cell culture, bacteria culture, DNA recombination, and protein conjugation, as well as drug product lines for vaccine production. The plant also pursues leading quality management by operating a single use system with improved productivity. This, for example, allows for unparalleled aseptic management through single use bioreactor bags without the need for a full washout.

 Quality Control	<ul style="list-style-type: none"> Validated HEPA filters keep each process room clean, and an independent HVAC system and airlock system blocks cross-contamination. The original solution produced in the finished product area is kept in a freezer in the finished product area, and the final solution is formulated in the closed disposable aseptic bag, guaranteeing stable quality even in a mass-production system.
 Production Facility	<ul style="list-style-type: none"> A multimodular system with microbial culture, virus culture, and various finished product production equipment allows for the production of various vaccines. Introduction of Single Use System in advance enables rapid changes in facility and development of processes with state-of-the-art equipment such as Single Use bioreactors. Capability to perform all processes of vaccine production such as production of original solution and finished product, analysis, animal testing, and storage.
 Technology Platform	<ul style="list-style-type: none"> Various vaccine production/process technology platforms based on in-house vaccine development technology. Capability to conduct development service/joint research/CMO business with companies and institutions wanting to develop vaccine based on our development technology and production capacity.

L HOUSE in Andong will solidify its position as a global vaccine production base by expanding production capacity by the end of 2024 and investing in quality improvement.

● Environmental Certifications

L HOUSE applies new technologies to reduce energy and resource use in the entire process, from raw material import to production and disposal. Since 2013, we have taken a step toward realizing the company's mission of protecting the environment and promoting human health by acquiring the Leadership in Energy and Environmental Design (LEED) Gold certification.



SK DBL

SK DBL Introduction

According to the Double Bottom Line(DBL), a core management principle of SK Group, SK Group measures Social Value(SV) created by contributing to the resolution of social issues and the pursuit of employee happiness since 2019. SK bioscience quantifies its social value performance using the same metrics utilized by SK Group. SK bioscience will actively promote SV through business expansion and ESG management in line with the business philosophy of the Group, which pursues both economic and social values.



SK bioscience provides tangible metrics and reference points to measure the social value we create. The primary measurement area consists of indirect economic contribution, environmental performance, and social performance.

DBL Implementation Strategy and Framework

The DBL measurement indicators developed in consideration of the management environment of SK bioscience are as follows.

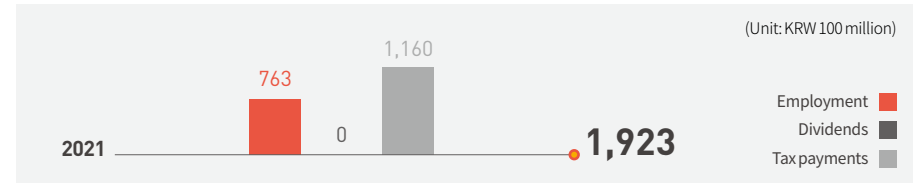


Indirect economic contribution refers to the value created in the economy as a result of business activities such as employment, tax payments, and dividends while environmental performance refers to the value created in the society through environmental products, services, and processes. Social performance measures the value created by improving people's quality of life through products/ services, happiness of stakeholders, and philanthropic activities.

Specific indicators for each of the three areas are developed in consultation with an expert group. Furthermore, we update specific indicators every year according to business implementation and apply objective methodologies to each performance to calculate value in currency. The results are then shared with the stakeholders and used to develop management strategies and make decisions.

● Indirect Economic Contribution

SK bioscience contributes to the overall economy indirectly, and creates economic outcome through business activities.



● Environmental Performance

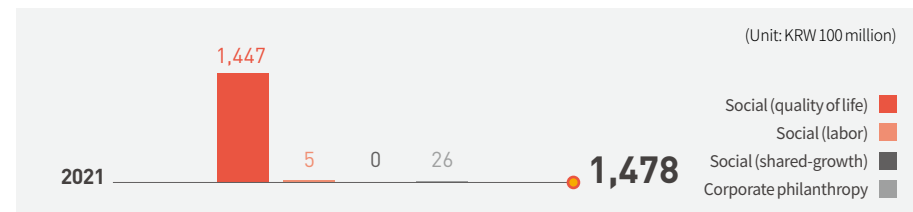
SK bioscience makes an effort to minimize the environmental impact throughout the process of R&D, production, and distribution of our vaccines, We also plan to measure and monitor such performance regularly.



● Social Performance

SK bioscience creates social performance by promoting customer health through vaccines, pursuing the happiness of stakeholders including employees, and participating in philanthropic activities.

SK bioscience strengthens the social and health safety nets that were found to be weak during the COVID-19 period through vaccine development and also makes an effort to solve social problems in the medical and health sectors that cannot be solved with vaccines. We will create social value relevant to our business by focusing on developing global talent in the bio sector to prepare for the next pandemic.



2021 Highlights




Financial




Exponential year-on-year growth
412% increase in Sales
1,258% increase in Operating Profit

Successful IPO



Social



Increase in the number of R&D personnel for the past three consecutive years


37% increase
(compared to 2020)

Female employee 37%, executive 19% (as of 2021)


Twofold increase in contributions (as of 2021, compared to 2020)

Entering Phase III clinical trial of GBP510, our COVID-19 vaccine

First EU-GMP for Korean vaccine plant




Environmental




Reduction of greenhouse gas emission and energy intensity for three consecutive years

Greenhouse gas: tCO₂e/KRW 1 million,
 Energy: TJ/KRW 1 million

2019	2021
Greenhouse gas 0.069	Greenhouse gas 0.018 73.9% Decrease
Energy 0.00147	Energy 0.00037 74.8% Decrease



Governance



Establishment of Nomination and Compensation Committee, ESG Committee, etc → **Board-level Governance**

OUR ESG APPROACH

- 17 ESG Management System
- 18 ESG Management Strategy Framework
- 19 ESG Management Implementation Structure



ESG Management System

SK bioscience believes ESG management goes beyond simply responding to risk or regulation and begins with the recognition of ESG as an opportunity to create social value through its business. As a vaccine and biotech company, our purpose lies in the protection of people from public health crises and the promotion of health through innovative technologies and production infrastructure. We also acknowledge our responsibility to become a sustainable company that practices good business ethics to pursue the happiness of its stakeholders including customers, employees, and the community.

Establishment of ESG Management System

SK bioscience began full-fledged ESG activities since its IPO in March 2021. It established the ESG governance structure led by the Board of Directors in June 2021 by forming the ESG Committee under the Board.

Also, it developed a system to monitor the company's ESG activities and follow-up plans by reviewing the ESG report and the ESG action plan for the following year.

In 2022, we assessed ESG materiality and level of ESG management to strengthen communication with and participation of stakeholders, Based on the assessment results, our newly organized ESG Team implements major decisions.

SK bioscience has improved its ESG management system to complete a virtuous cycle that encompasses establishing ESG management strategy, deriving performance of ESG management activities, disclosing information, and incorporating the results into the ESG assessment.



<p style="text-align: center;">Foundation for ESG management (2021)</p> <ul style="list-style-type: none"> • Establishment of ESG Committee • Formation of the ESG Committee Secretariat (ESG Team) • Disclosure of ESG management performance (website) • Launch of the Global Biopharma Ecosystem Project (by 2024) <ul style="list-style-type: none"> - Talent development, industry-academia collaboration • Measurement of SK DBL 	<p style="text-align: center;">ESG management strategy system and implementing tasks (2022)</p> <ul style="list-style-type: none"> • Establishment of ESG strategies and policies and identification of improvement tasks <ul style="list-style-type: none"> - ESG-related policies and regulations - ESG management direction and strategic system - Short-/mid-term improvement tasks identified based on gap with the industry leaders • Enhancement of ESG disclosure/communication <ul style="list-style-type: none"> - Communication with and participation of stakeholders through materiality assessment - 2022 SK bioscience ESG report - Website for ESG disclosure • Implementation of improvement tasks of each area
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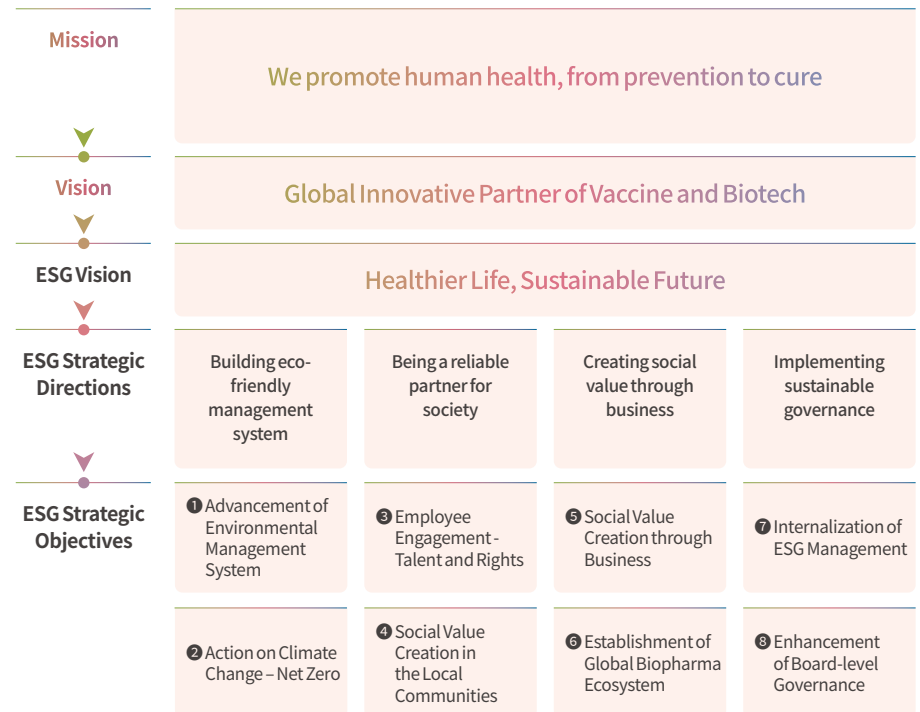
ESG Management Strategies

SK bioscience recognizes that integrated views covering ESG business strategies and business strategies are essential to sophisticate ESG management. Therefore, we have established an ESG management vision and strategic direction based on our corporate mission and vision.

As a global innovative partner in the vaccine/biotechnology sector, we will lead the socially and environmentally sustainable future in the value chain, from the first stage of basic research and development to the final stage of the global distribution of our product.

Under the ESG vision, we identified four ESG strategic directions and eight ESG strategic objectives. The four strategic directions are △Building eco-friendly management system △Being a reliable partner for society △Creating social value through business and △Implementing sustainable governance. In addition, we plan to implement eight strategic objectives considering environmental, governance, and social aspects.

ESG Management Strategy Framework

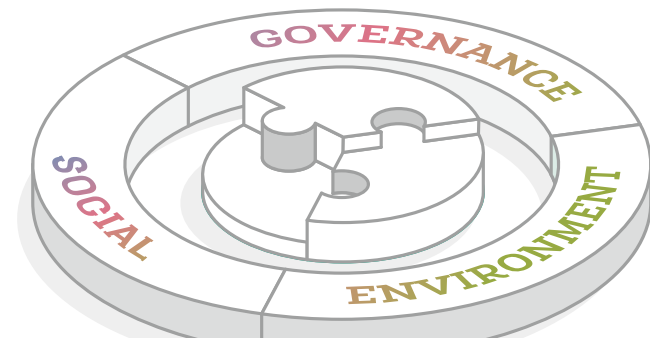


ESG Management Strategy Framework

By combing the analysis of the current state of ESG management in the pharmaceutical/biological industry and the results of the materiality assessment, SK bioscience has identified the most important tasks for establishing its ESG management system. We define and implement the details of core activities as improvement tasks in order to achieve the eight strategic goals and advance our ESG management through continuous performance management.



ESG Vision	Healthier Life, Sustainable Future			
ESG Strategic Directions	Building eco-friendly management system	Being a reliable partner for society	Creating social value through business	Implementing sustainable governance
	Environmental (E)	Social (S)		Governance (G)
ESG Strategic Objectives	1 Advancement of Environmental Management System	3 Employee Engagement - Talent and Rights	5 Social Value Creation through Business	7 Internalization of ESG Management
	2 Action on Climate Change – Net Zero	4 Social Value Creation in the Local Communities	6 Establishment of Global Biopharma Ecosystem	8 Enhancement of Board-level Governance
ESG Focus Areas	1-1 Establishment of Environmental Management System	3-1 Human Rights Management System	5-1 Better Affordability of Medicines	7-1 Implementation of ESG Management System
	1-2 Operation and internalization of Environmental Management System	3-2 Implementation of Human Rights Management	5-2 Improvement of Access to Medicines	7-2 Advancement of Enterprise Risk Management
	1-3 Management and Monitoring of Environmental Performance	3-3 Non-discrimination and Respect for Diversity	6-1 ESG Risk Management in the Supply Chain	7-3 Business Transparency
	1-4 Protection of Biodiversity	3-4 Human Resources Management	6-2 ESG Capacity Building in the Supply Chain	8-1 Board Independence/Expertise/Diversity
	1-5 Achieving Zero Waste	3-5 Employee Satisfaction	6-3 Shared Growth with Business Partners	8-2 Board Evaluation and Compensation System
	1-6 Management of Chemical Substances	3-6 Capacity Building of Employees	6-4 Fair Transactions in Business	
	1-7 Air Pollutants and Emissions Control	4-1 Corporate Philanthropic Activities		
	1-8 Water Stewardship	4-2 Communication with Local Communities		
	1-9 Circular Economy			
	2-1 Climate Action Strategies and Implementation			
	2-2 Greenhouse Gas Emissions Control			
	2-3 Energy Usage Control			



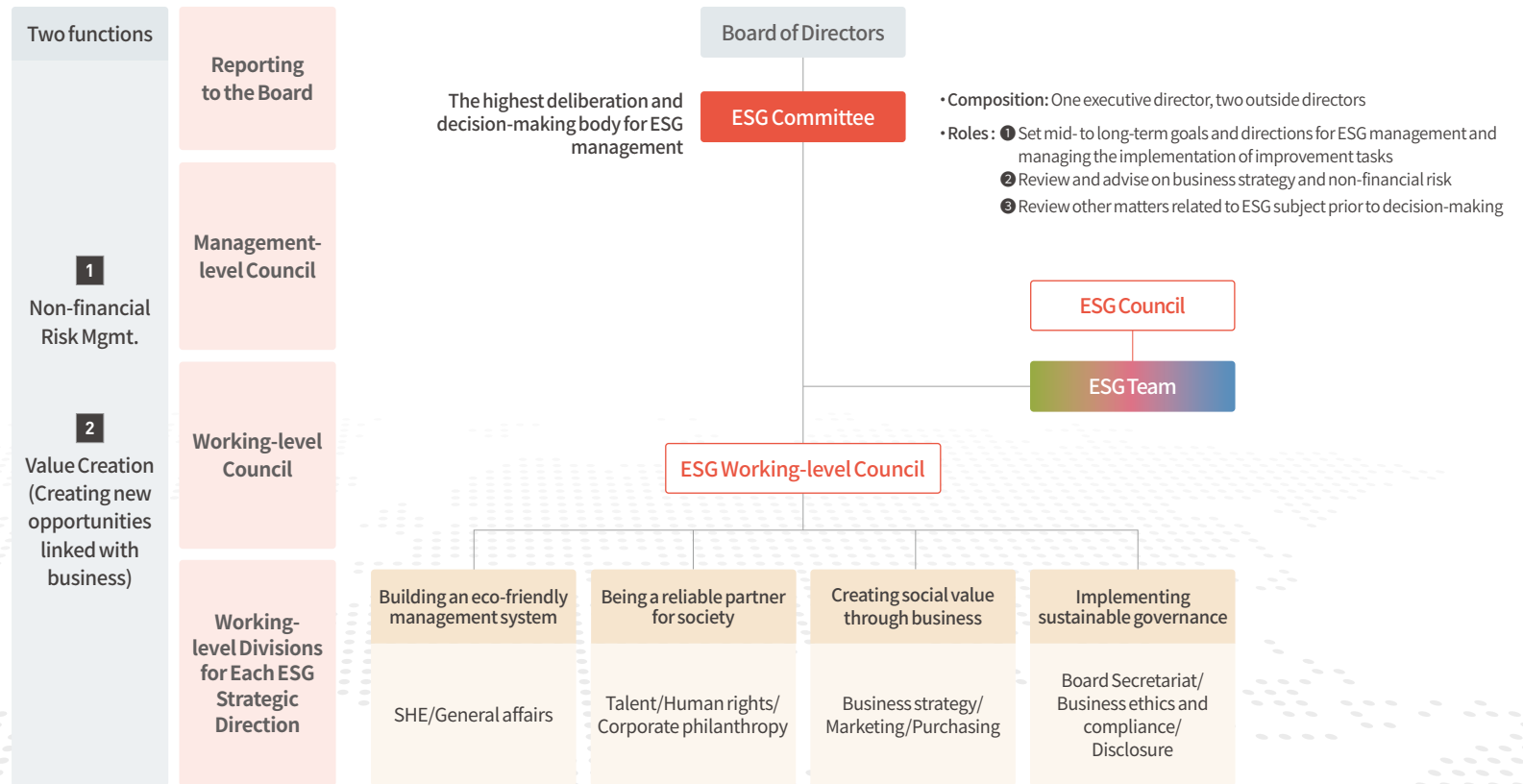
ESG Management Implementation Structure

SK bioscience has established an implementation system for ESG management. ESG Committee under the Board of Directors is the highest deliberation and decision-making body for ESG management. ESG agendas are discussed at management-level meetings, and the ESG Working-level Council examines improvement tasks under the four ESG strategic directions.

ESG Committee reviews the mid- to long-term direction and goals for ESG management and monitors ESG activities and implementation tasks. It promotes the internalization of ESG management of our company by offering the Board advice for and review of major agendas.

ESG Team serves as the ESG Committee Secretariat to support management meetings and decision-making. Meanwhile, the team handles overall ESG workflows across the company and responds to ESG information disclosure and external evaluation agencies. ESG Working-level Council is divided into divisions based on the four ESG strategic directions and is in charge of implementing short-term and mid- to long-term improvement tasks.

ESG Management Implementation Structure



FOCUS ISSUES

21 **Materiality Assessment**

22 **Focus Issue 1**

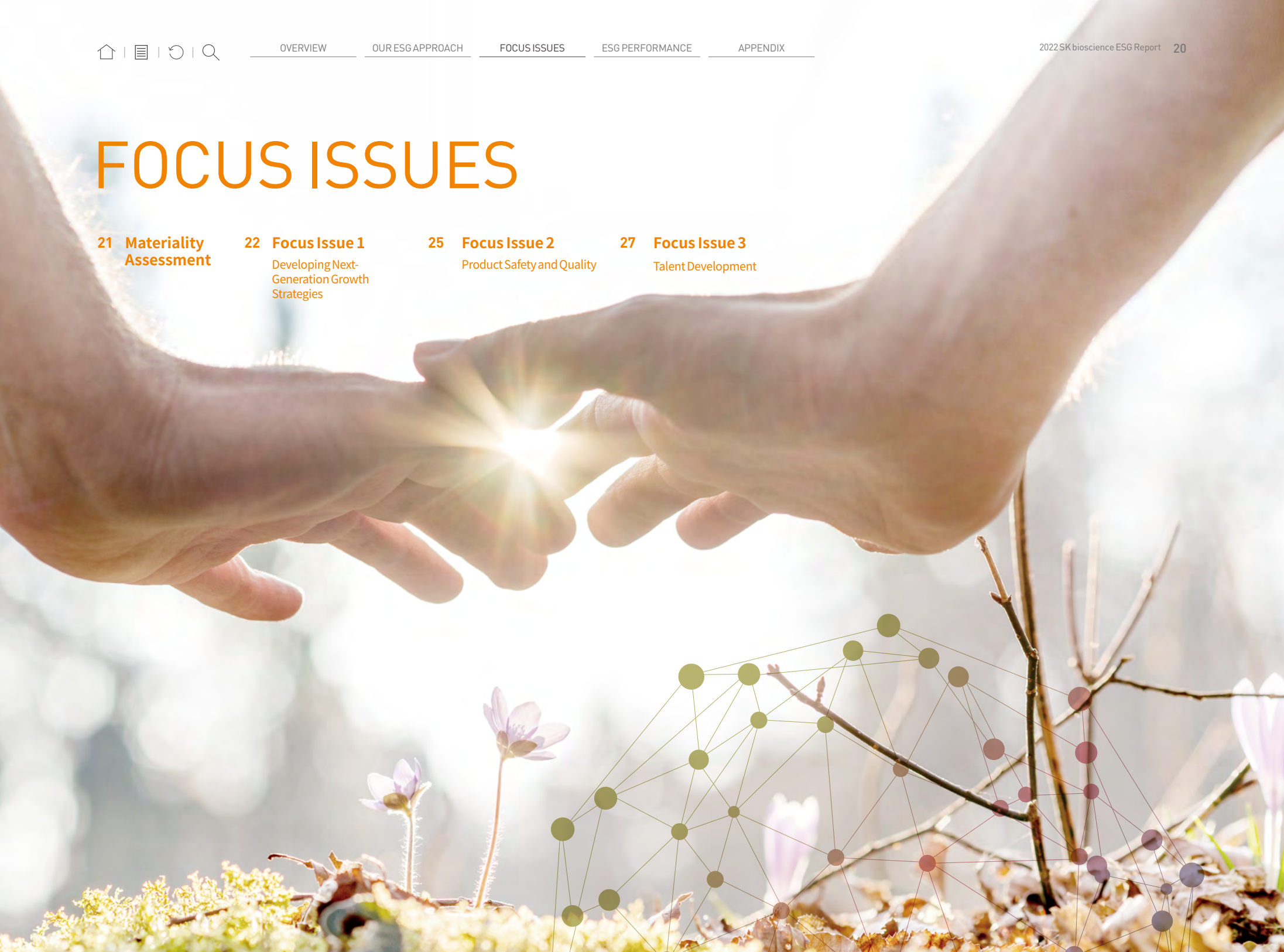
Developing Next-Generation Growth Strategies

25 **Focus Issue 2**

Product Safety and Quality

27 **Focus Issue 3**

Talent Development



Materiality Assessment

SK bioscience has created an ESG issue pool by analyzing reporting topics from the same industry, international standards, and media. We evaluated the issues in the pool using ESG initiatives and evaluation indicators, company benchmarking, stakeholder questionnaires, and media research analysis. We selected 11 material issues based on business relevance and stakeholder interest.

Materiality Assessment Process

Step 01 Composition of Issue Pool SK bioscience’s pool of 22 issues was formed through analysis of the global ESG issues and international standard requirements such as GRI Standards, SASB, and TCFD, and benchmarking of ESG reports in the industry, stakeholder survey, media research, and internal data review.

Step 02 Assessment and Prioritization

Business Relevance

- Industry-specific international standards
 - Analysis of initiatives that are specialized in the bio-industry, such as DJSI, SASB, and MSCI
- Benchmarking of the industry
 - Analysis of the issues in the ESG report of a total of eight companies including multinational companies

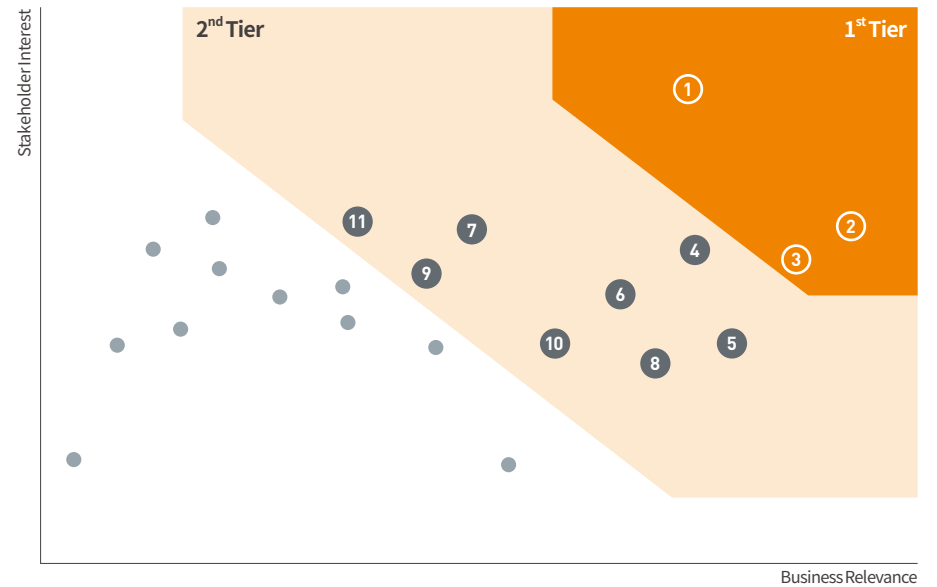
Stakeholder Interest

- International standards
 - Analysis of initiatives common to all industries, such as GRI and TCFD
- Survey
 - Survey targeting internal and external stakeholders
- Media exposure
 - Analysis of 3,972 valid articles out of a total of 35,302 articles in 2021

Step 03 Selection of Material Issues Following review by SK bioscience’s ESG Committee, management, and ESG team, a total of 11 material issues were selected, consisting of three key reporting issues and eight material issues.

Step 04 Reflection of the Results For each of the 11 material issues derived, our ESG report discloses the management system and activities. Also, we have aligned our top three issues and philanthropic activities with the 17 UN Sustainable Development Goals.

Materiality Assessment Results



Category	Material issue	Report content	Report page	GRI Standards
1	Future growth strategies	Focus Issue 1 - Developing next-generation growth strategies	22-24	203-2
2	Product safety and quality	Focus Issue 2 - Product safety and quality	25-26	416-2
3	Talent acquisition and development	Focus Issue 3 - Talent development	27-28	401-2
4	Advancement of ethical/compliance management	Governance - Business ethics and compliance	71-73	102-17
5	Creating SV (social value) through business	SK DBL	14	-
6	Minimization of environmental impact	Environmental - Environmental management system and impact reduction	31-34	306-4
7	Expansion of human rights management	Social - Human rights	41	412-2
8	Reinforcement of Board-led management	Governance - Board of directors	68-70	102-22
9	Response to climate change	Environmental - Action on climate change	35	305-1
10	Expansion of corporate philanthropy activities and community participation	Social - Corporate philanthropy	50-53	413-1
11	ESG management internalization	Our ESG Approach	16-19	102-12, 102-14

Focus Issue 1 Developing Next-Generation Growth Strategies



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



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



Goal 10
Reduce inequality within and among countries

Why It Matters

SK bioscience laid the groundwork for future growth during 'SKBS 1.0,' with proactive investment in R&D and production platforms, as well as global partnerships to secure 'A to Z' development and production capabilities ranging from basic research to vaccine commercialization. Following the spin-off from parent company SK chemicals in 2018, the company accelerated performance creation based on its accumulated vaccine capabilities.

In 2020 when world's healthcare systems were disrupted by the unprecedented COVID-19 pandemic, we made the bold decision to pursue the COVID-19 project in order to contribute to national health protection. Our Two-track strategy consists of 1) domestic supply via C(D)MO of approved vaccines developed by multinational companies and 2) development of our own COVID-19 vaccine.

SKBS 2.0 represents a period in which SK bioscience has made its quantum jump, as evidenced by its participation in the COVID-19 project and a successful IPO. We are now looking for future growth strategies to sustain this growth.

Approach

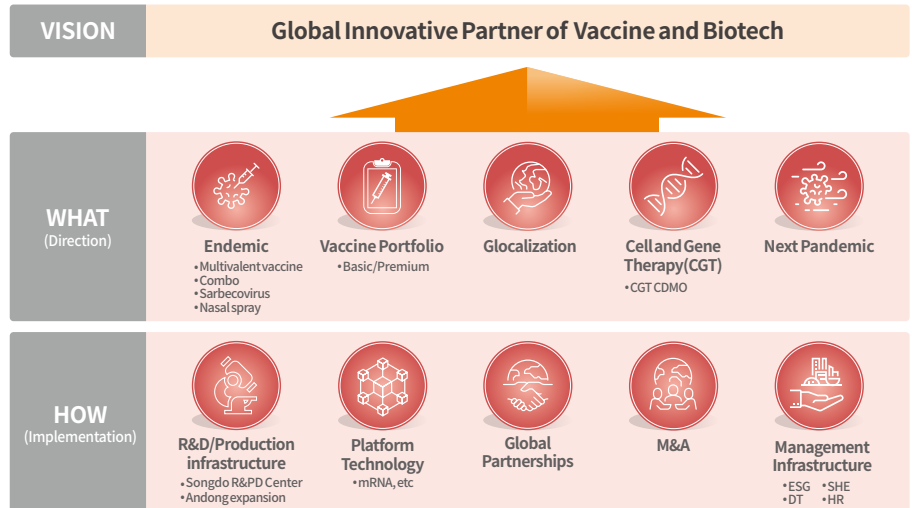
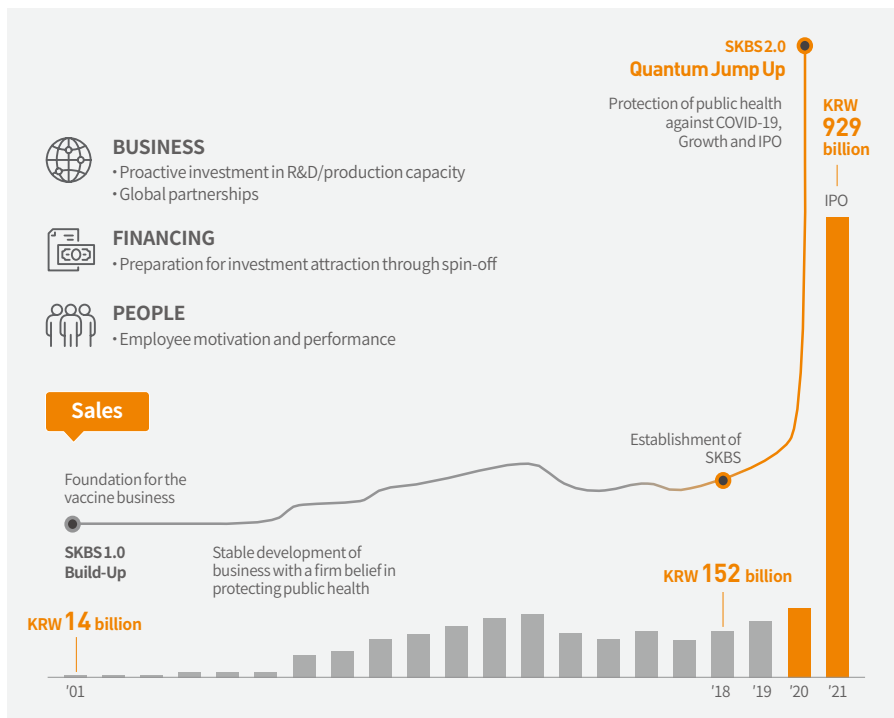
● SKBS 3.0 Next Generation

SKBS 3.0 is our mid- to long-term approach to the post-COVID-19 business environment.

The COVID-19 pandemic has brought several significant changes in the vaccine industry. Most notably, the public awareness of the vaccine industry grew as they witnessed the importance of vaccines and medical supplies. In that sense, each government, including South Korea, expanded investments in public health and health security as part of their national security. Also, many biotechs have emerged through the rise of mRNA, a newly successful platform for COVID-19 vaccines. Finally, cooperation among the industry stakeholders is getting highlighted, particularly after the global-scale coordination for vaccine supply. SK bioscience has established a new vision and mid- to long-term strategic direction called 'SKBS 3.0 Next Generation' for continuous growth in the post-COVID-19 period.

Key Targets and Progress

With its world-class R&D and manufacturing capabilities, SK bioscience aspires to be a global leader in the vaccine and biotechnology industries. Following our aspiration, we have established a new vision called 'Global Innovative Partner of Vaccine and Biotech' and defined five directions(What) and five implementation plans(How) for vision accomplishment.



Response to the Endemic

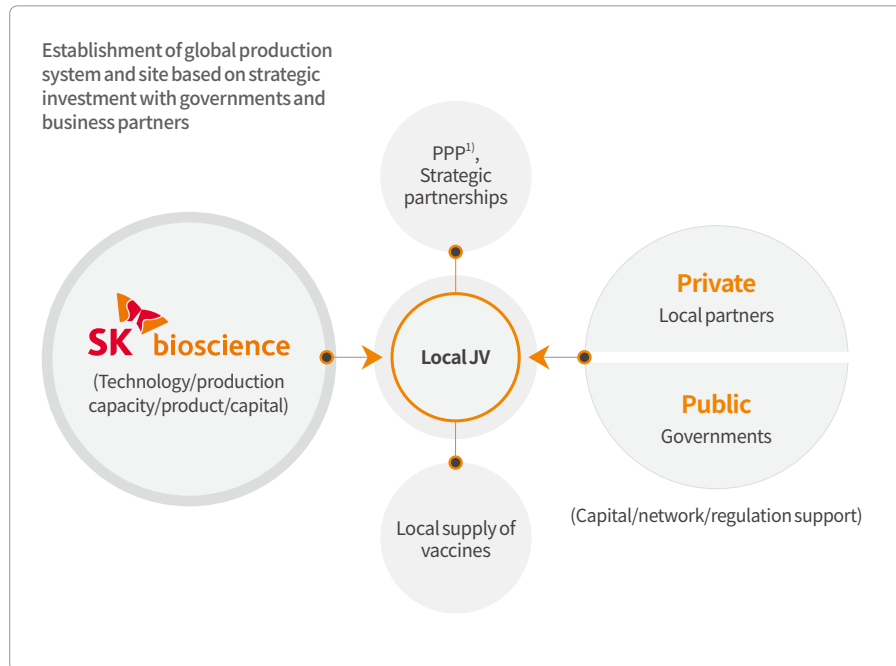
- **SKYcovione**: Development is under way with a goal of obtaining approval in Korea in the first half of 2022 and the UK, European Medicines Agency(EMA), and the WHO by the third quarter. After the product launch, we will conduct clinical trials to evaluate the safety of booster shots and lower age limits.
- **Further development of COVID-19 vaccine**: Our tactics to combat the endemic include the development of multivalent vaccines(Omicron variant, etc), combo vaccine(COVID-19 + influenza), and Universal Coronavirus Vaccine(Sarbecovirus).

Glocalization Model

Amid the COVID-19 pandemic, issues of global vaccine supply and demand imbalance and national security emerged, resulting in increased needs for each government to secure vaccine products and production capabilities.

In response to these needs, SK bioscience has developed a ‘Glocalization’ model that aims to establish a global production system and bases through strategic investments with governments and business partners. We are currently in discussions with governments and partners in the Middle East and Southeast Asia that fall short of the vaccine.

Glocalization



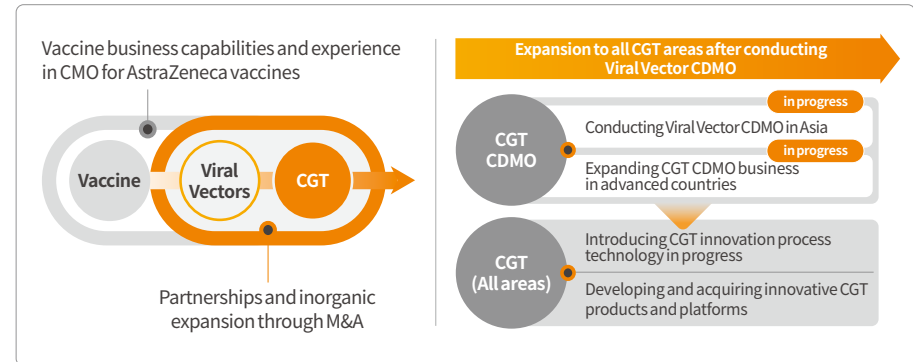
1) PPP: Public-private partnership

The Cell and Gene Therapy(CGT) CDMO Market Entry

Cell and gene therapy(CGT) is an innovative field in which multinational companies have made significant investments, with CGT accounting for approximately 50% of the 1,800 biopharmaceuticals in clinical trials or development in advanced countries each year. The CGT market is expected to grow rapidly, with an average annual growth rate of 25% until 2025, eventually surpassing antibody therapy, which is currently the largest market in the biopharmaceutical industry.

SK bioscience prioritizes viral vector CDMO of CGT products employing its relevant capabilities demonstrated through process development and manufacturing for vaccines. Concurrently, it pursues strategic partnerships and M&A to expand its CGT CDMO business in advanced markets.

Strategy to Implement CGT Business



Platform Technology

Following its current world-class vaccine development/manufacturing platform, SK bioscience will continue to secure innovative vaccine/biotechnology platform technologies.

We have prioritized obtaining the mRNA technology platform, which has recently emerged as a result of the commercialization of the COVID-19 vaccine. Although mRNA has already become commercialized, we aim to develop Next-Generation technology with partnerships, joint development through global initiatives, and our capabilities.

Hence, we collaborate with mRNA Total Platform companies while also independently pursuing in-licensing of the mRNA element technology.

Strengthening R&D/Production Infrastructure

1) 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.

Status of Songdo Global R&PD Center and Operation Plan

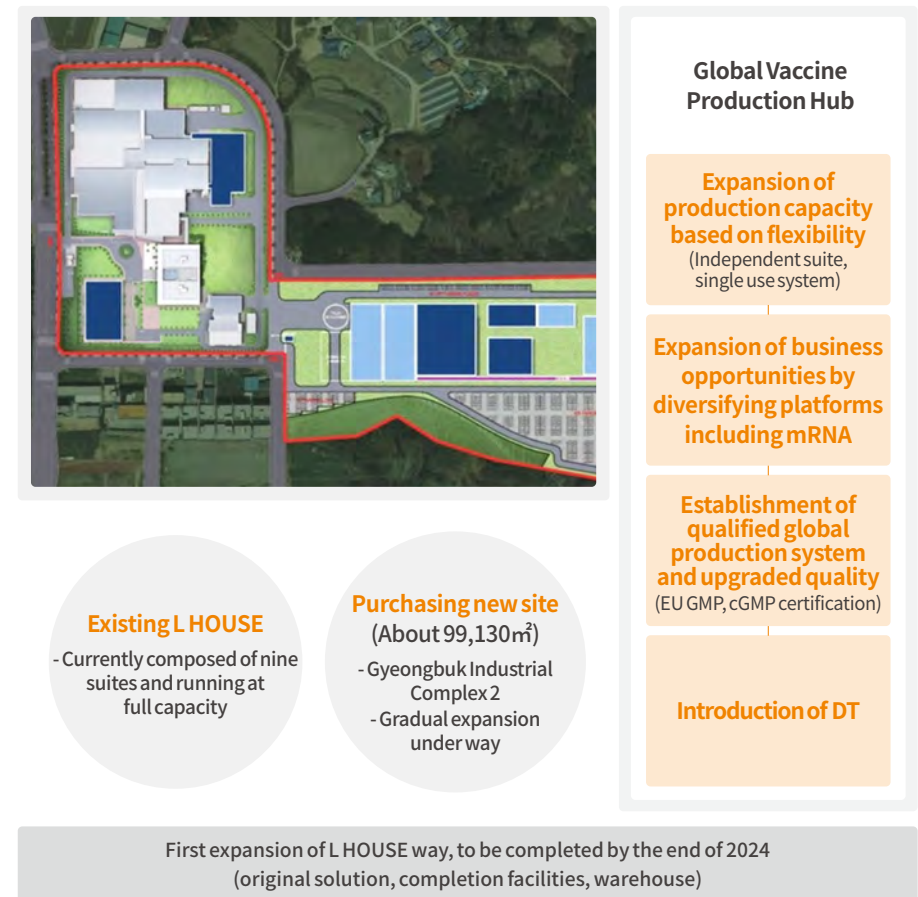


1) Digital Transformation

2) L HOUSE in Andong

SK bioscience implemented the first expansion of L HOUSE with a goal of completion by the end of 2024. With increased production capacity and investments in quality improvement, we expect it to become a production hub in the global vaccine industry ecosystem.

Overview of Expansion Plan of L HOUSE in Andong



Focus Issue 2

Product Safety and Quality



Goal 3

Ensure healthy lives and promote well-being for all ages



Goal 9

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

Why It Matters

Due to the unprecedented COVID-19 pandemic, pharmaceutical companies' social responsibility has grown even more. Multinational companies rushed to develop vaccines, saving many lives, and people are now returning to their normal lives. Meanwhile, concerns have been raised about the vaccines' safety and quality.

SK bioscience deeply understands such concerns since product safety is directly related to people's lives and health. As a company conducting business in the pharmaceutical industry where products and vaccines are developed and distributed, we will always bear our responsibility in mind and prioritize product safety and quality along with efficacy.

Approach

SK bioscience takes a holistic approach to ensuring the safety and quality of products throughout the entire value chain from R&D, clinical trials, production, and sales.

First, we draw research results with integrity by conducting responsible R&D activities.

SK bioscience upholds the dignity of all living organisms and samples being handled in the R&D process by complying with ethical regulations and securing research integrity through improved data management in the in-house development and C(D)MO R&D processes.

Second, we collect as much product safety information as possible through pharmacovigilance.

SK bioscience operates a sophisticated pharmacovigilance system to collect product safety information thoroughly and analyzes and evaluates the information regularly. Based on this information, we develop and implement a risk management plan to ensure the safe usage of our products. We offer pharmacovigilance training to all employees regularly so that they are fully aware of the importance of product safety management while performing their duties.

Third, we produce the best quality products by implementing strict quality management.

SK bioscience obtained domestic and global Good Manufacturing Practice(GMP) certifications, established and monitors the equipment optimized for GMP standards, and conducts quality impact assessments regularly. Moreover, we check our quality management system and assign the tasks to employees with expertise to guarantee that GMP-related tasks are handled effectively.

Key Targets and Progress



Responsible R&D

- Strengthening domestic and overseas ethical compliance regarding R&D and clinical trials
- Promoting biosafety
- Managing compliance with ethics related to animal testing



Pharmacovigilance System and Activities

- Conducting pharmacovigilance activities and risk management plan throughout the entire life cycle of medical products
- Making safety information reporting efficient by operating the Safety Information Reporting System (SIRS)
- Providing regular pharmacovigilance training to all employees



GMP-optimized Quality System

- Monitoring a quality management system at the global GMP level
- Conducting quality impact assessments regularly
- Strengthening quality assurance capability continuously



With a sense of responsibility that its products are directly related to the lives of many customers, SK bioscience focuses on improving product safety and quality throughout the entire value chain, from R&D to clinical trials to production.

Responsible R&D

SK bioscience adheres to domestic and overseas ethical regulations in the process of R&D, pre-clinical trials, and clinical trials. In addition, we ensure product safety by respecting the dignity of all research subjects including human-derived materials, animals, and clinical trial participants and fulfilling the social responsibility for scientific research.

Ethical compliance regarding R&D and clinical trials | Our research data management starts from research planning, which is the early stage of medicine development. Given the characteristics of our research that involves biological materials, SK bioscience recognizes the ripple effects of our research on society and public health. Thus, we strengthen the management of our research data to maintain research integrity based solely on scientific objectivity. Furthermore, we conduct clinical trials and sample analysis in accordance with all domestic and international regulatory guidelines.

Biosafety | The Institutional Biosafety Committee(IBC) of SK bioscience is comprised of relevant divisions such as legal, facility, and medical management, as well as external members. Since the committee evaluates and reviews biological risks, we ensure objectivity by including external members and effectiveness of risk management through the members' expertise in human and material resources, the environment, and public health.

Use of Animals in Research | SK bioscience established the Animal Test Ethics Committee according to the guidelines of the Ministry of Food and Drug Safety to comply with the ethical principles for animal tests which are a prerequisite for clinical trials. As such, we established and are operating internal control measures checking laboratory animal management, and reviewing the test plans.

Pharmacovigilance System and Activities

SK bioscience meets domestic and overseas regulatory requirements and manages product safety systematically by upgrading the pharmacovigilance system and training employees.

Pharmacovigilance activities and risk management plan throughout the life cycle of medical products |



SKYVaricella User Manual for Patients

Based on such information, we publish user manuals for patients and a risk management plan to mitigate risk in various ways.

Safety Information Reporting System(SIRS) | SK bioscience has been upgrading its Safety Information Reporting System to make it accessible for not just its employees but also all product users outside the company.

With the upgraded system, we will improve stakeholder access to the product safety reporting and ensure efficient collection of product information.

Regular pharmacovigilance training | Our employees take pharmacovigilance training every year. We provide separate training for our marketing division to improve its understanding of product safety and quality management.

GMP-optimized Quality System

GMP is a set of guidelines to follow from the receipt of materials to the release of products in order to manufacture high-quality biopharmaceuticals. For consistency and reproducibility, it provides standards for controlling all aspects of manufacturing and quality control, including qualification of manufacturing equipment and quality control(QC) equipment, validation of process, operator training, and the manufacturing environment.

SK bioscience has established a quality policy and operates a structured quality control system to ensure that its biopharmaceuticals, including vaccines, are produced and managed in line with GMP standards.

Monitoring the quality-related operating system at the global GMP level | SK bioscience established global GMP-level production facilities and a quality management system. In 2021, two vaccine manufacturing facilities in L HOUSE were EU-GMP certified. In 2022, the manufacturing facility, process, and quality system used to manufacture Novavax COVID-19 vaccine were also EU-GMP certified. Our quality control division documented quality policy, established, operated, and implemented GMP-level quality controls via continuous monitoring.

Regular quality impact assessments | SK bioscience conducts quality impact assessments regularly to keep the quality of its products stable and resolve quality issues that could impact the production and quality. Furthermore, it monitors product quality by conducting stability tests on at least one batch of products on the market each year.

Quality assurance capabilities | SK bioscience regularly conducts GMP training for employees, and employees are assigned work after receiving training and feedback on their job competency. Moreover, for jobs that require special abilities, we check employees' qualifications after a thorough verification process.

Focus Issue 3 Talent Development

Why It Matters

There is much effort and frustration involved in developing and releasing new vaccines. In general, developing a vaccine takes about 10 years and the average success rate is lower than 5%. Behind the scenes, R&D personnel and supporting staff dedicate countless hours into the development of one vaccine, including the required series of clinical trials and authorization processes.

Therefore, talent development that includes the process of hiring the best talent and nurturing them is crucial at SK bioscience. By the best talent, we mean the people who agree with our mission 'to promote human health', carry a positive attitude, and take on new challenges even after failures.

Recruiting and developing talent who reflect our ideal image of 'warm-hearted professionals' is critical to business success.

Approach

SK bioscience takes three approaches to talent development.

First, we recruit global talent.

We look for people with exceptional abilities and potential to help us grow our global business and ensure our future competitiveness. We have defined the core competencies needed for future business and expanded 'target recruiting' to find candidates. We use AI competency verification to determine whether candidates have the job competencies required by our company, and we run a fair and transparent recruitment process using a digital-based recruitment platform.

Second, we operate the HR system for the growth of employees.

We reviewed and redesigned our integrated system to reshape the talent-developing and compensation system with support from employees. We provide the institutional foundation, such as various talent-development programs, fair performance evaluation, and a market-competitive compensation system, to ensure that employees remain motivated and immersed in their jobs.

Third, we pursue employee satisfaction for a high-performing organization.

We create an environment where warm-hearted professionals concentrate on their jobs and produce outstanding results. Our efforts for the happiness of our employees extend to a remote working environment under the pandemic situation, support for work-life balance, redefining our code of conduct, and creating an environment that respects diversity.



Goal 4

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



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

Key Targets and Progress



Recruiting Global Talent

- Defining the key competencies required for future business and expanding 'target recruiting'
- Strengthening AI competency verification, conducting digital-based on-demand recruitment



HR System for the Growth of Employees

- Running a compensation system for the motivation and retention of employees
- Designing and running training system that supports internalization of corporate values and improves job competency



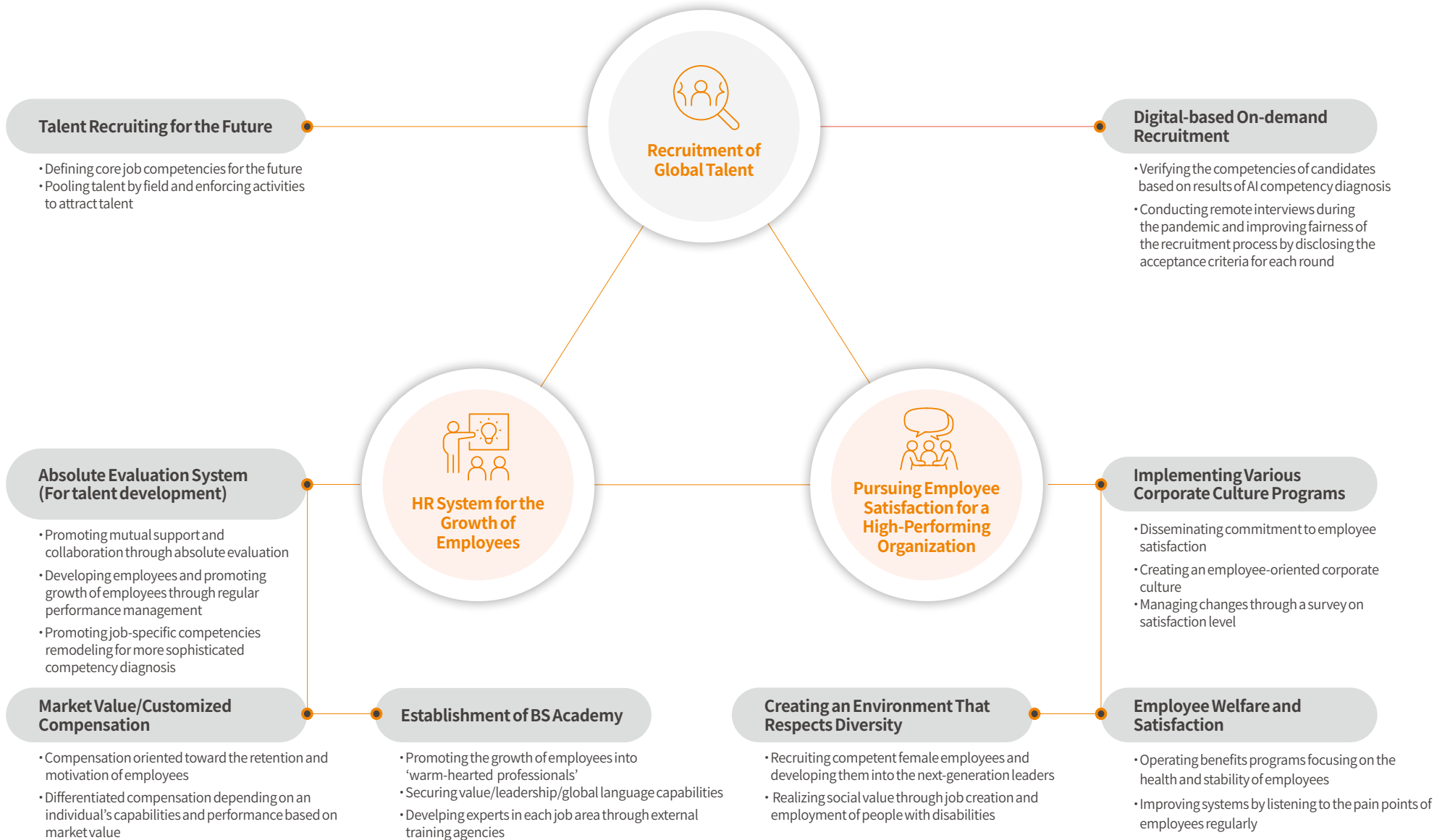
Employee Satisfaction for a High-performing Organization

- Implementing various corporate culture programs
- Creating an environment that respects diversity by supporting soft-landing of new employees and developing female leaders
- Providing benefits for employee satisfaction



Talent Management

SK bioscience implements three key tasks to manage and develop talent: recruitment of global talent, establishment of a HR system for the growth of employees and pursuit of employee satisfaction for a high-performing organization. Since 2021, SK bioscience has identified and implemented specific tasks in the areas of employment, evaluation/compensation, talent development, and corporate culture, yielding results.



ESG PERFORMANCE

30 ENVIRONMENTAL 36 SOCIAL [Part 1] 55 SOCIAL [Part 2] 67 GOVERNANCE

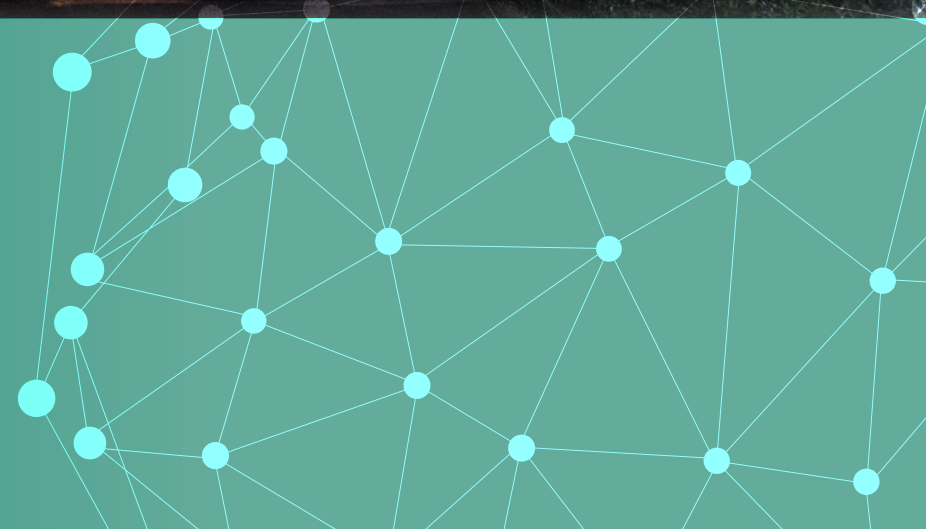




ENVIRONMENTAL

31 Environmental Management System and Impact Reduction

35 Action on Climate Change



Environmental Management System and Impact Reduction

Environmental Management System

● Environmental Management Policy

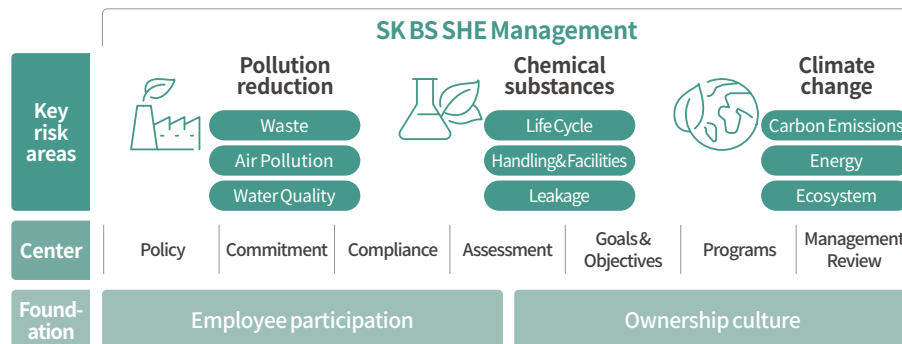
SK bioscience's SHE(Safety, Health & Environment) management policy lies at the heart of our environmental management system. It contains our commitments to protecting the earth and the environment from various perspectives. Our commitments include minimizing the ecological impacts throughout the entire business operations, managing environmental performance for all business sites and partners, complying with environmental laws, and responding to climate change.

Minimizing the Environmental Impacts of Business Operations and Products

- 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.
- We operate an environmental management system and continuously manage improvement performance by regularly monitoring all businesses and partners.
- We comply with environmental laws and regulations and invest in combating global climate change and preserving local ecosystems and environments.

At the HQ and L HOUSE, SK bioscience has established and manages a division dedicated to environmental management. We have specifically prepared a system to reduce environmental impacts by promptly responding to environmental issues within our business sites.

By reflecting global trends, SK bioscience intends to reset and clarify the scope of environmental management. We have been rebuilding our management system to reduce environmental pollution and the impact on local communities throughout the product life cycle, from raw material introduction to manufacturing, distribution, and disposal.



● Environmental Goals, Plans and Achievements

	2021 Goals and Plans	2021 Achievements	2022 Goals and Plans
Greenhouse Gas/Waste	Monitoring of greenhouse gas/waste emission	Monitoring and management of greenhouse gas/waste emissions	Implementation of campaigns to improve recyclables at sites and reduce energy
Wastewater/Air Pollution	Monitoring of wastewater/air emission facilities Self-inspection of air emission facilities	Control of wastewater/air emission facility usage and establishment of new indicator Completion of air emission facility investigation	Reduction of the amount of wastewater generated through cause analysis
Environmental Management System	Set-up of operating procedures for environmental management system (ISO 14001)	Review of requirements for Environmental Management System and our application plan List-up of manuals and procedures for standard system	Acquisition of environmental management system (ISO 14001) certification

In addition, SK bioscience plans to establish more diverse action plans and strategies for 2022 to achieve environmental goals, manage performance, and disclose them transparently.

● Systemization of Environmental Management(2022)

Observation of the environmental laws(water/air/greenhouse gas)	<ul style="list-style-type: none"> • Response to strengthened environmental standards and preemptive environmental monitoring <ul style="list-style-type: none"> - (Air pollution) Prevention of air pollution accidents by shortening the self-measurement cycle of emission facilities(once a year ⇔ once a quarter) - (Greenhouse gas) Monitoring of the emission status and energy consumption(monthly)
Chemical risk assessment	<ul style="list-style-type: none"> • CHARM¹⁾ for all manufacturing processes <ul style="list-style-type: none"> - Assessment of chemical substances exposure(exposure level and hazard level) for all processes and work involving chemicals - Establishment of improvement plan based on risk grade • Establishment of a checklist for essential protective equipment for each process <ul style="list-style-type: none"> - Development of a checklist essential for protective equipment in consideration of the chemical substances used for each process - Prevention of accidents by wearing essential protective equipment

1) CHARM: Chemical Hazard Risk Management

SK bioscience’s environmental management goals focus on minimizing emissions by monitoring carbon emissions, managing water/air pollution through the Building Management System(BMS), and managing the impact of waste disposal.

Environmental Goals

<p>Minimization of carbon emissions</p> 	<ul style="list-style-type: none"> • Participating in company-wide carbon-neutral activities such as the introduction of eco-friendly energy utilization facilities - By acquiring LEED Gold certification via applying eco-friendly/well-being technology - By using eco-friendly refrigerants, and installing and operating high-efficiency machinery/equipment
<p>Management of water/air pollution</p> 	<ul style="list-style-type: none"> • Constantly controlling the work environment and checking the hazardous substances treatment, wastewater discharge, and atmospheric risk factors - By monitoring through BMS - By operating water recycling facilities in the production process and recycling of toilet water
<p>Management of waste</p> 	<ul style="list-style-type: none"> • Establishing a plan for efficient use of resources, pre-sterilization and dehydration of waste - By operating waste sterilization/dehydration facilities as part of the manufacturing process - By recycling via separate collection and carry-out of the waste

SK bioscience seeks to generate consistent environmental performance by organically linking SHE goals and plans with environmental goals. In the second half of 2022, we plan to document regulations on various environmental issues, and computerize the SHE system to improve accessibility by meeting the requirements for ISO 14001, which is an EMS certification.

Energy Consumption Management and Reduction

● Energy Management System

SK bioscience laid the groundwork for energy efficiency by combining various eco-friendly technologies and elements from the design and construction stages of each business site. For example, in the HQ and R&D Center, we applied 101 eco-friendly materials and technologies to architectural design to achieve the highest grade under eco-friendly building certification systems in Korea and the United States.

Our R&D Center, which participates in the demand response market, contributes to efficient supply of electricity and reduction of electricity consumption. We also systematically manage energy consumption and performance to achieve the environmental goals established for each business site.

1) GBCC: Green Building Certification Criteria
 2) Demand response: A system in which electricity users are rewarded monetarily by selling the electricity they have saved to the electricity market when the electricity market price is high or when the electricity system is in crisis.

SK bioscience manages the direct/indirect energy consumption data of L HOUSE for systematic energy management. LNG, an eco-friendly fuel, is the only direct energy source in the production process. We plan to advance the energy management system by expanding the scope of energy data management to the HQ and R&D Center.

Energy Management at HQ and R&D Center

<p>HQ and R&D Center</p> <p>101 eco-friendly materials and technologies applied to architectural design</p> <ul style="list-style-type: none"> • Earned a Grade 1 energy efficiency label in Korea and was awarded LEED Platinum status(the top status) in the U.S. in full recognition of environmental load reduction • Earned the highest score and a Grade 1 label from GBCC, a domestic certification 	<p>R&D Center</p> <p>Participation in the demand response²⁾</p> <ul style="list-style-type: none"> • Contributed to the electricity market and eco-friendly policies through mandatory and voluntary reduction of electricity demand 	<p>L HOUSE (Andong Factory)</p> <p>Energy saving by introducing 16 eco-friendly technologies</p> <ul style="list-style-type: none"> • Became the world’s first LEED-Gold-certified pharmaceutical factory • Implemented a water efficiency plan, and introduced eco-friendly technologies such as energy-saving equipment, and recycled construction materials
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LEED Gold Certificate of L HOUSE

At L HOUSE, we achieved a 10% reduction in energy consumption by utilizing energy-saving equipment and installing high-efficiency facilities such as LED lights and high-airtight windows. In addition, we have been realizing more effective and long-term energy consumption reductions by implementing advanced commissioning and verifying energy-using systems.

Waste and Pollutant Management and Reduction

● Waste Management

SK bioscience manages the amount of waste generated during the process to prevent environmental pollution caused by waste generation at a company-wide level. We monitor the entire process from generation to treatment and sterilize waste that may become contaminated between processes before shipment. In the case of designated waste disposal, which is hazardous waste that may degrade the surrounding environment, we continue our efforts by selecting an outside company to strictly separate disposal.

We also manage disposal data to identify waste disposal systematically. As vaccine production increased due to the spread of COVID-19, the amount of waste generated in 2020 and 2021 also increased. Nevertheless, we achieved our ambitious targets for waste disposal and recycling rates with respect to sales. We will continue to ensure that business activity expansion and waste emission management are compatible.

Waste Disposal Per Sales Revenue

Waste Intensity: Waste disposal(t)/Sales revenue(KRW 100 million)

Year	Waste disposed(t)	Waste intensity		Recycling rate	
		Target	Actual	Target	Actual
2019	275	Below 0.15	0.149	Above 45%	64.4%
2020	353	Below 0.15	0.156	Above 45%	53.8%
2021	477	Below 0.1	0.051	Above 50%	53.4%
2022	-	Below 0.1	-	Above 50%	-

*Based on the data of L HOUSE

● Air Pollutant Management

To reduce air pollutants generated by fossil fuels, SK bioscience controls emission of air pollution through management in the pre-planning stage, such as replacing boiler fuels with LNG.

We regularly measure air pollutants and maintain and manage emissions below the standards. Our L HOUSE uses eco-friendly refrigerants that minimize ozone-depleting substances generated during the operation of the refrigerator. In addition, to manage exhaust gas in the workplace, we measure the air quality when ventilating to maintain the percentage of the fresh air to 30% or more compared with the standards. By operating independent and local heating, ventilation, air conditioning(HVAC) equipment to control indoor pollutants and block their introduction. Overall, we thoroughly protect the indoor air quality in the workplace and employees' health.

● Water Pollutant Management

SK bioscience's water resources management minimizes wastewater generation and reduces water consumption. First, we utilize the 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 before discharge through pretreatment facilities.

Also, we monitor monthly wastewater discharge and establish measures to reduce usage. In 2022, to accurately identify the causes of wastewater generation, we plan to install an additional wastewater meter to monitor the figures for each source and establish and manage discharge targets through careful management.

To reduce water consumption, we recycle factory water and identify various ways to consume treated wastewater. Also, we use the rainwater collected in our tanks at L HOUSE and manage the water through conservation planning.



Chemical Management

● Hazardous Chemicals Management System

By creating an inventory, SK bioscience systematically manages hazardous chemicals at L HOUSE. Furthermore, we review the hazards of new chemicals before introducing them 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. We minimize the use of hazardous chemicals by closely managing it.

To further analyze and improve the management plan, we introduced the SHE IT system to computerize and manage the Material Safety Data Sheet(MSDS) and will use Chemical Hazard Risk Management(CHARM) for all chemicals that will be used at sites.

In addition, by introducing the Chemical Management System(CMS), we plan to invest in systematized management throughout the entire process, including the import, use, and disposal of chemical substances.

● Hazardous Chemicals Safety Training

We provide training on primary chemical substances during new hire training and regular training for all employees to raise awareness of the dangers of chemical substances. We also provide training on MSDS when introducing new chemical substances.

Moreover, we train handlers by preparing standards for wearing protective equipment against hazardous chemicals. In 2022, we go all out to prevent related accidents through user risk prediction activities, such as conducting special safety training for handlers.

Chemicals Management Goals, Plans and Achievements

2021 Goals and Plans	2021 Achievements	2022 Goals and Plans
Real-time monitoring of chemical substances in/out	Use of Warehouse Management System(WMS) to conduct chemical substance usage monitoring	Operation of all-process CHARM
Computerized MSDS management	Management of the database and enhancement of accessibility via MSDS computerization	Introduction of the chemical substance management system

Biodiversity Conservation

SK bioscience recognizes the importance of protecting the ecosystem and nature. We are particularly committed to preserving the natural environment around our business sites. For example, as part of our efforts to raise internal awareness of environmental conservation, our employees clean up around the sites on a regular basis. Furthermore, by including environmental conservation training in our regular in-house training courses, we emphasize the importance of ecological conservation when it comes to business continuity.

When expanding a business site, SK bioscience seeks to preserve the original form as much as possible to protect the surrounding natural environment and ecosystem. Therefore, in August 2021, we signed a contract for a new site adjacent to L HOUSE to invest in factory expansion. The area is an industrial complex development area designated by Gyeongsangbuk-do, and has long been covered with mountains and fields.

From the beginning of the industrial complex development, SK bioscience collaborated with local governments, including Gyeongsangbuk-do and Andong-si, and industrial complexes to use the least amount of land possible while developing a plan to preserve the remaining space in its original form. The current conservation area for natural archetypes corresponds to approximately 9% of the purchased land, or 9,000m², which is roughly the size of a soccer field. SK bioscience will continue to preserve the natural environment and coexist with nature and wildlife.

Campaigns to Spread Eco-friendly Culture

SK bioscience conducts various campaigns to spread an eco-friendly culture. For instance, we halted the use of disposable paper cups and encourage our employees to use shared or their own tumblers. At the cafeteria, we urge our employees to reduce food waste and practice the eco-friendly culture in daily life.



Tumblers used at the company cafe

Action on Climate Change

Governance

At SK bioscience, the Board of Directors, the highest decision-making body, and the ESG Committee, which reports to the Board, oversee climate change response strategies and activities.

Besides, our ESG Team develops a specific carbon-neutral roadmap, and SHE Teams at L HOUSE and HQ manage climate change response activities and performance. Energy consumption and greenhouse gas emissions at L HOUSE are systematically monitored through monthly reports to relevant division heads and executives. The results of reporting are reflected in climate change response plans.

Climate Change Response Strategy

In the first half of 2022, SK bioscience will develop a mid- to long-term climate change response strategy and disclose the details of the TCFD¹⁾ report in the second half of 2022.

To this end, we diagnose our climate change response status at the company-wide level, including voluntary verification of Scopes 1 and 2 greenhouse gas emissions in 2021. Also, we analyze the necessary primary data and review the relevant categories to calculate Scope 3 emissions in order to establish greenhouse gas reduction goals and roadmaps that meet the SBTi²⁾ requirements. By doing so, we believe that we will be applying a globally accepted method of calculating greenhouse gas emissions. By reporting on TCFD, we plan to analyze and disclose the financial impacts of climate change responses and business risks and opportunities arising from climate change from various aspects.

Greenhouse Gas Emission Management and Reduction Activities

SK bioscience recognizes that global warming caused by greenhouse gas emissions has a significant impact on humanity and the environment. Various activities are underway to manage and reduce greenhouse gas emissions in advance, which may increase as our business expands.

We have documented the greenhouse gas emission reduction plan to solidify the greenhouse gas management system. Also, we have been establishing detailed action plans under the goal of reducing direct and indirect emissions from L HOUSE by 50% by 2030. In addition, in 2022, we plan to implement preparations systematically to participate in the Greenhouse Gas Energy Target Management System(TMS).

SK bioscience's GHG emissions in 2021 were 16,927 tCO₂-eq. Our manufacturing plant, L HOUSE, emitted 16,276 tCO₂-eq, which increased by 26% compared to the previous year. When disclosing our greenhouse gas emissions and energy consumption data to our stakeholders, we will secure transparency through independent assurance.

As a member of the global community committed to combating climate change, SK bioscience will continue to reduce its carbon footprint and increase the offset amount. Our activities include the reduction of fossil fuel consumption and investments in environmentally friendly energy facilities.

Reduction Activities for Greenhouse Gas Emissions and Energy Consumption



Reinforcement of environmental emission facility monitoring

Conduct monitoring of air and water quality emissions → Track and manage the emissions monthly while installing wastewater discharge monitoring facilities → Confirm emissions by pollutant source



Energy use reduction activities

Incandescent light bulbs in rural areas → Reduce energy use by replacing them with LED lights



SHE IT system establishment

Establish the SHE IT System for computerized management and monitoring of air pollution and waste generation



Operation of water recycling facilities

Reduce water usage by using recycled water for toilets and RO water tanks at L HOUSE



Use of eco-friendly refrigerants

Reduce emissions through the use of eco-friendly refrigerants

1) TCFD: Task Force on Climate-Related Financial Disclosures

2) SBTi: Science Based Targets initiative



Part 1

SOCIAL

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Talent Management

SK bioscience recognizes the importance of securing excellent talent and strengthening talent capabilities to lead constant changes and innovations in a rapidly changing business environment and operates systematic and diverse support programs accordingly. We also strive to create a productive and healthy corporate culture where employees and the company can develop a sustainable tomorrow and enhance employee satisfaction.

Ideal Talent

● Cultivating Warm-hearted Professionalism

Warm-hearted professionals refer to employees of SK bioscience who share the belief of improving human health from prevention to treatment, clearly articulate a desire for happiness and success, and stay motivated to take initiative with passion and joy.

Ideal Talent for SK bioscience

Warm-hearted	Professionals
<p>1 Self-esteem We clearly understand the meaning and value of our work, with the belief that we will improve the health of human being.</p>	<p>1 Knowing My Job We constantly strive to understand our customers and acquire expertise in technology and the market. We are well aware of our business objectives and how we can achieve them.</p>
<p>2 Community Spirit We pursue value across the organization, building emotional bonds between employees and organizations.</p>	<p>2 Setting Challenging Goals We set challenging performance goals and strive to achieve them.</p>
<p>3 Mutual Consideration Based on our deep trust in each other and continuous interest in others, we actively recognize and support others to promote mutual development.</p>	<p>3 Thorough and Enjoyable Practice We are always carefully prepared with a sense of ownership, and we enjoy the process with a passion for work.</p>
	<p>4 Knowledge Share We promote our own and our colleagues' capabilities by explicitly organizing and transferring knowledge and experience gained working within the organization.</p>

Talent Recruitment

● Target Recruiting

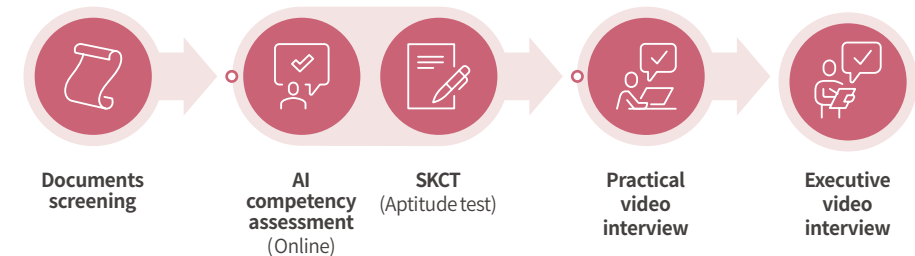
SK bioscience seeks to secure key talent that can lead SKBS 3.0 Next Generation. To this end, we have expanded targeted recruiting of potential candidates based on an established definition of what our key capabilities for the future should be. As such, SK bioscience has replaced its cohort-based, seasonal recruitment with on-demand recruitment to better serve business growth through timely commitment of talent.

The company has also innovated its approach to potential talent by managing a pipeline of potential candidates. We now seek to strengthen talent networks across relevant professional communities in R&D/clinical/manufacturing/quality, proactively reaching out for new hires rather than passively accepting applications. In addition, we are expanding the channels for recruiting excellent overseas talent by operating an overseas university internship program to secure global capabilities and experience.

● On-demand Digital-based Recruitment

SK bioscience's digital-based recruitment process includes document screening followed by AI competency tests and SKCT (aptitude tests). Since 2021, we have been conducting the AI competency tests, which help us move on from traditional hiring focusing on paper qualifications to skills-based hiring. We conduct video interviews considering the COVID-19 situation, and ensure fairness in the hiring process by clarifying the acceptance criteria for each stage.

Recruitment Process



Corporate Culture

● BS Happiness-based Management

SK bioscience pursues a high-performance organizational culture in which warm-hearted professionals create their growth and company performance through immersion. We are convinced that happiness is a prerequisite for immersion, which is essential for high performance. Thereby, we make various efforts to create an environment where warm-hearted professionals can be fully engaged in their job.

The CEO-employee “Happy Man Talk” is conducted 100 times a year to establish a virtuous cycle of communication, and we also actively implement happiness management led by employees by appointing ‘OHB(Our Happy Bioscience)’ members to define happiness and develop Anchor Programs.

In addition, the SK Culture Survey is conducted every year to diagnose the level of organizational culture and identify matters that need improvement. This way, we will create a healthy organizational culture where employees feel happy in corporate life and derive the best results by being fully immersed in work.



Happy Man Talk

OHB(Our Happy Bioscience)

● The Pursuit of Work-life Balance

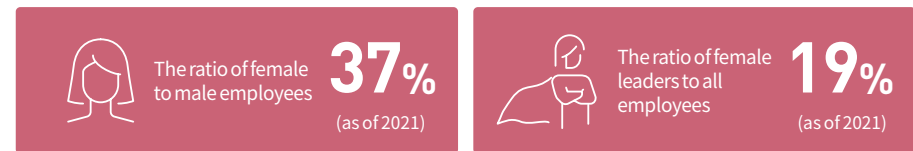
SK bioscience operates a Flextime policy to balance the work and life of its employees and create an immersive workplace. Employees can adjust their schedules to suit their life-style or circumstances and decide when to focus on their work.

Also, we promote smart working for flexibility and immersion in the workplace. We respect employee autonomy and support a healthy work-life balance so that all employees can immerse themselves in a happy work environment.

Diversity

● Female Leadership

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



● Maternity Protection

SK bioscience creates a female-friendly workplace where maternity is protected. 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. In particular, we provide an environment where female employees can continue working by promoting work-family balance through Flextime.

● 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 2021, we recorded 3.91%, surpassing the compulsory employment rate for the disabled.



Moreover, we strive to create jobs by continuing job development activities in connection with the Employment Agency for the Disabled to provide new jobs and various learning experiences. We will set an example by making continuous efforts and carrying out more activities to provide new jobs and learning experiences in various fields.

Talent Development

SK bioscience aspires to foster global talent through value training to enforce common core values, leader training programs for future preparation, global capacity building training, Hi-Po(High-Potential) training, and expert training for each field.

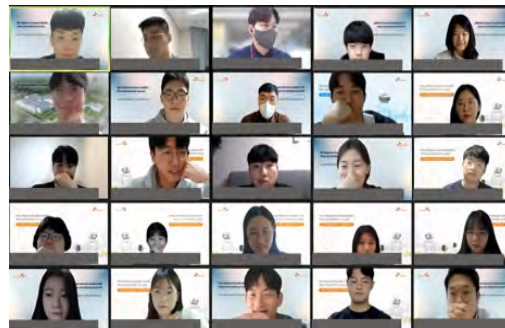
Starting in 2022, SK bioscience will be establishing the BS Academy and developing a training system that supports value and competency acquisition to help employees grow into warm-hearted professionals. In addition, by reestablishing the job system, we plan to consider developing the career path for each position and improving the course development and training system.

Leader Development Programs

We offer an onboarding program for employees who are appointed as new team leaders. We support new leaders in performing their duties by providing them with regular training that defines their roles as team leaders and develops core competencies for performance creation/organizational management. In addition, we effectively nurture leaders through a process that provides opportunities for leadership development, such as training and coaching, by conducting a 'multifaceted leadership assessment' every year so that we can have an objective view of its leadership. In 2022, we plan to support leadership skills development and training by providing interpretation and customized leadership solutions based on individual leadership results.

New Hire Training Programs

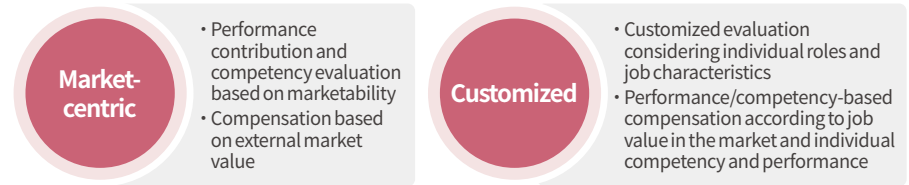
SK bioscience conducts an onboarding training program to enhance the understanding of the SK group and support employees' adaptation. By developing customized programs and courses according to the types of recruitment, such as recruitment for entry-level employees and experienced employees, we support new employees to understand the organization and make an early soft landing.



Onboarding Training

Fair Evaluation and Compensation

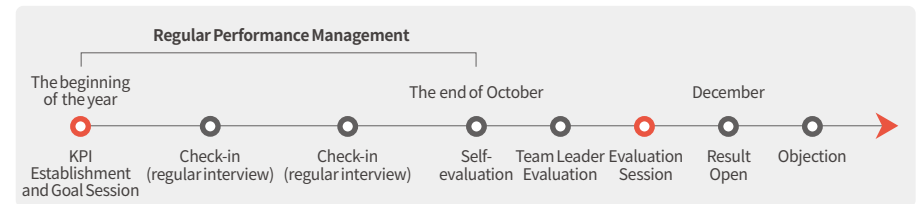
SK bioscience Evaluation/Compensation Policy



SK bioscience operates a KPI(Key Performance Indicator) based performance evaluation system so that employees can set goals on their own, consult with leaders throughout the year, and participate in the evaluation process on their own. Additionally, the core competencies required for SK bioscience are defined and managed by employees, employees. And competency evaluation is conducted based on behavioral examples.

Absolute evaluation is conducted to prevent unnecessary internal comparisons and excessive competition, and to create an atmosphere that supports mutual success. Employees set challenging goals and continuously strive to create performance and improve capabilities. Real-time communication and feedback are implemented together with regular performance management that emphasizes process management, and review sessions are held by executives and subordinate leaders to ensure a fairer evaluation.

At the beginning of the year, we host a goal session where employees share and agree on their goal level and competency development plan. At the end of the year, an evaluation session is held to enhance transparency and fairness by confirming the opinion submitted by the team leader. Rather than making a fragmented judgment, the primary goal of the SK bioscience evaluation system is to assist employees in improving their actual performance and competency.



We conduct a peer review once a year to provide an opportunity to look back at ourselves through the eyes of our co-workers. We demonstrate teamwork and collaboration by assisting our employees to explore their attributes, enhance their strengths, and improve their weaknesses.

SK bioscience's compensation system is customized for each organization and individual, focusing on market value. We strive to create an environment where employees can immerse themselves in their work by setting the standard annual salary reflecting individual capabilities and operating an incentive system that reflects organizational and individual performance.

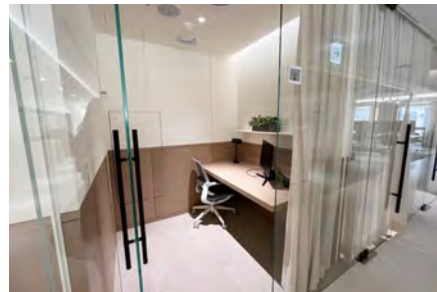
Employees Happiness

● Work Environment Improvement

SK bioscience continuously strives to improve the laboratory space and work environment by actively collecting employees' opinions to improve their work immersion and efficiency. We operate the Smart Work Center(Jongro), which functions as an office and meeting room. By granting our employees free access to the center, we foster a work environment where employees can reduce their commuting time and focus on work.



Pangyo ECO Lab



Jongno Smart Work Center

● Perks and Benefits

SK bioscience supports various systems to create a workplace where employees are happy. For example, in early 2022, we decided to increase benefit allowances for self-development and living support to promote employee satisfaction and welfare. In addition, we expanded family support such as health checkups and vaccinations. In the second half of 2022, we plan to complement the employee benefits by sufficiently collecting the voices of our employees.

Employee Benefits Package

Category	Employee Benefits Package
Living Expenses Support	Benefit Allowances
	Purchasing Eco-Friendly Farm Product
	SK Family Card Annual Fee Support
	Cell Phone Reimbursement
	Home Loan Support
Deduction/ Finance	Student Financial Aid
	Congratulations and Condolences
	Tuition Benefits for Dependent Children
	Long Service Award

Category	Employee Benefits Package
Medical/ Health	Medical Expense Support
	Health Checkups
	Vaccinations
Self-Development	External Training Expense Support
	Language Learning

Labor-Management Culture

● Various Communication Channels for Labor-Management Shared Growth Cooperation

SK bioscience practices a labor-management culture of shared growth and harmony through various sincere communication channels based on the SKMS(SK Management System).

A labor-management consultative body has been established to improve working conditions and company productivity by conducting collective bargaining negotiations with the L HOUSE-centered labor union(121 employees as of March 2022). In addition, we strive to establish a culture of respect and improve the work environment.

In 2021, we adopted and proclaimed a shared growth cooperation declaration. Under the declaration, we will promote growth of the company, happiness of our employees and competitiveness via securing the global top-tier product quality. At the same time, we will devote our efforts to become a company admired by society and the people through various philanthropic activities based on co-prosperity and cooperation.

Along with cooperative communication with the labor union, we operate OHB(Our Happy Bioscience). This company-wide labor-management joint committee gathers employees' pain points and plans happiness programs. It also listens to employees' opinions frequently and reflects them in management activities and organizational operations. Meanwhile, our quarterly management briefing sessions BS+, which are attended by all employees, elevate their understanding of the overall management and offer both labor and management an opportunity to actively participate in the company's growth.

We take various measures to create a safe and satisfactory work environment. First, our labor-management grievance ombudsman resolves conflicts among our employees. Also, we have established guidelines on the prevention of workplace harassment to raise awareness of human rights violations and reinforce our preemptive measures against potential human rights issues. Last but not least, we operate the Labor-Management Safety and Health Committee to ensure that our employees are staying safe and content.



Signing Ceremony for the 2022 Wage and Collective Agreement

Human Rights

Human Rights Management

● Human Rights Management Policy

SK bioscience upholds and reflects the human rights protection and labor standards in its human rights policies. The global standards include the UN Business and Human Rights Implementation Principles and labor standards of the International Labor Organization (ILO). In 2022, we plan to adopt and publish a human rights management declaration that includes various internal and external stakeholders and reflects the characteristics of our business.

 [ESG > Social > Human Rights](#)

We take measures to prevent direct or indirect human rights violations in the workplace or human rights violations caused by business relationships. For example, our various HR regulations such as employment rules, Safety · Health · Environment (SHE) policy, Code of Ethics and Practice Guidelines, etc. are strictly observed in our business activities.

Human Rights Management Diagnosis

● Human Rights Impact Assessment

In the second half of 2022, SK bioscience plans to operate a human rights impact assessment process to identify and manage human rights risks. We plan to establish a self-diagnosis checklist for human rights impacts by referring to global guidelines and internal management indicators such as work environment, conditions, and human resources operation. In addition, we will conduct an online survey of all employees and business partners.

We will identify potential human rights risks through the impact assessment and work with relevant divisions to analyze the root cause and implement improvement tasks on the derived risks.

● Raising Awareness of Human Rights

SK bioscience's ideal talent, warm-hearted professionalism, emphasizes mutual respect. Thus, we pursue a culture of mutual understanding, respect the diversity of all employees, and restrain from discriminating against each other.

Also, we provide various training such as sexual harassment prevention and disability awareness training in order to enhance our employees' understanding of human rights.

● Human Rights Training

SK bioscience provides human rights training to all employees every year to internally enforce human rights. From 2019 to 2021, we raised the human rights sensitivity of all employees through workplace sexual harassment training and disability Awareness training.

In 2021, 94.3% of incumbent employees completed sexual harassment prevention training, and 93.2% completed disability awareness training. We will continue to spread a culture of respect for human rights among our employees through various training programs.

Human Rights Training Status

	Category	Unit	2019	2020	2021
Sexual Harassment Prevention Training	Training Target	Persons	413	471	795
	Training Recipient	Persons	413	471	750
	Completion Rate	%	100	100	94.3
Disability Awareness Training	Training Target	Persons	427	486	795
	Training Recipient	Persons	427	434	741
	Completion Rate	%	100	89.3	93.2

Grievance Channels

SK bioscience classifies abusive language, assault, sexual harassment, bullying, workplace ostracism, and forced personal errands as 'lack of respect for personality among employees'. Our employees can access the grievance channels via the company website or in-house portal to file such ethical violations.

In addition, we have training, counseling, and handling processes for all employees on harassment at work. We are determined to identify and disclose the number and causes of complaints and actively communicate with employees.

Safety & Health

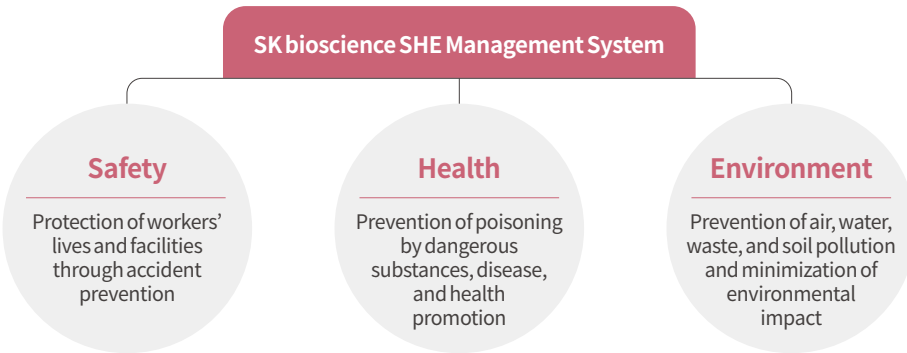
SHE Management System

● SHE Management System

Based on human-centric management principles, SK bioscience has established a SHE (Safety, Health & Environment) management system. We will continue to advance the SHE management system by adhering to SHE management values and policies that prioritize the happiness of our stakeholders and solidify our position as the industry's SHE leader.



The ultimate goal of the company is to promote the happiness of its stakeholders by ensuring corporate sustainability and improving the level of SHE management to the point where it gains society's trust and support.



● Safety Health Management Policy

SHE management policy serves as the foundation of SK bioscience's safety and health management system. We constantly maintain a zero-accident workplace by creating a voluntary safety culture, in addition to complying with relevant laws and standards and improving risk factors.

Creating a Safe and Healthy Workplace

- We engage our employees in creating a safety culture.
- We create a zero-accident workplace through safety-related regulations and standards observation and continuous mitigation of risk factors.
- We implement secure work methods in handling harmful aspects and conduct activities for disease prevention and health promotion.
- We maintain business continuity through the emergency response system and minimize damage on employees, stakeholders, and local communities.

● Internal System

SK bioscience has established SHE management regulations to promote internal SHE management consistently. In 2021, we launched a dedicated SHE organization at the head office and L HOUSE for systematic control.

SHE Management Framework



● Safety Health International Certification

SK bioscience L HOUSE acquired the OHSAS 18001 and KOSHA 18001 safety and health management certifications in 2016 and obtained ISO 45001, an international safety and health management system standard, in 2018. We plan to maintain the certification by conducting an ISO 45001 renewal audit in the second half of 2022.



Safety and Health Management System Certificate

● Goal Setting

SK bioscience has established SHE management goals to minimize the impact of our business activities on employees, stakeholders, local communities, and the environment. We prevent SHE accidents at all sites, comply with relevant laws, and manage safety, health, and environmental impacts in an integrated way.

SHE Goals

- 1 Achieve 'zero' SHE accident (safety/fire/explosion/leakage/environmental accident, violation of laws)
- 2 Adhere to SHE-related laws and pursue SHE management beyond the legal requirements
- 3 Establish a global top-tier SHE management system
- 4 Continuously promote activities to reduce greenhouse gas/environmental pollutants for eco-friendly management

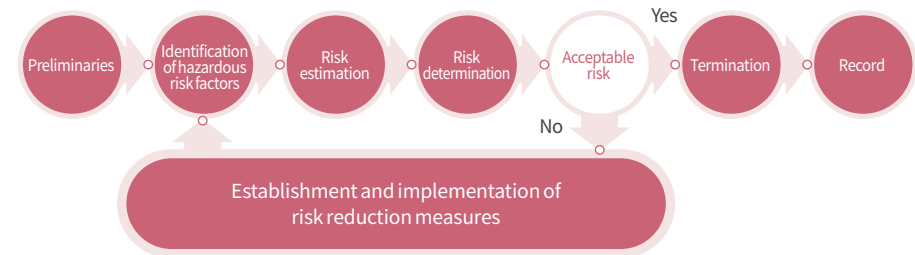
SHE Goals, Plans and Achievements

2021 Goals and Plans	2021 Achievements	2022 Goals and Plans
Operation of Healthcare office and COVID-19 briefing room	Establishment of Healthcare office and COVID-19 briefing room to promote worker health and respond quickly to COVID-19	Introduction of a remote monitoring system for gas leak area
SHE Patrol system operation by position	Leader-level SHE inspection activities through monthly team leader joint inspection	Establishment of an integrated crisis response system through the operation of the SHE briefing room
Production of instructional videos for the visitors	Enforcement of the SHE training for personnel entering the sites through the production of instructional videos	Reinforcement of the SHE management regulations for outsourced/construction companies
Establishment of the SHE IT system	Establishment and operation of an integrated SHE system using the IT system	SHE IT system mobile application management

Reinforcement of Workplace Safety and Health Management

● Health and Safety Risk Assessment Process

SK bioscience specifies the removal of SHE risk factors as a significant process in implementing the management system and conducts risk assessments for all operations to prevent accidents and improve workers' health. The company hereby discovers potential risks, including those arising from operation, secures safety and health measures, and manages so that workers can work in a safe environment.



SK bioscience evaluates the entire work, beginning with the preliminary preparation step of assessing the subject and scope of the risk assessment. Then, the risk factors for each unit task are assessed by identifying harmful risk factors, and the work is separated based on the risk factors.

In the risk estimation and determination stage, the magnitude of the possibility and severity of injury or disease is estimated for each hazard and risk factor. Then the significance of the risk is calculated to determine whether it is acceptable.

When establishing and implementing risk reduction plans, we devise measures to mitigate the unacceptable risks to include them in the reasonably practicable range. Then, through consistent monitoring, we confirm that the evaluation was conducted on-site, and we look for emerging risks in the new work environments.



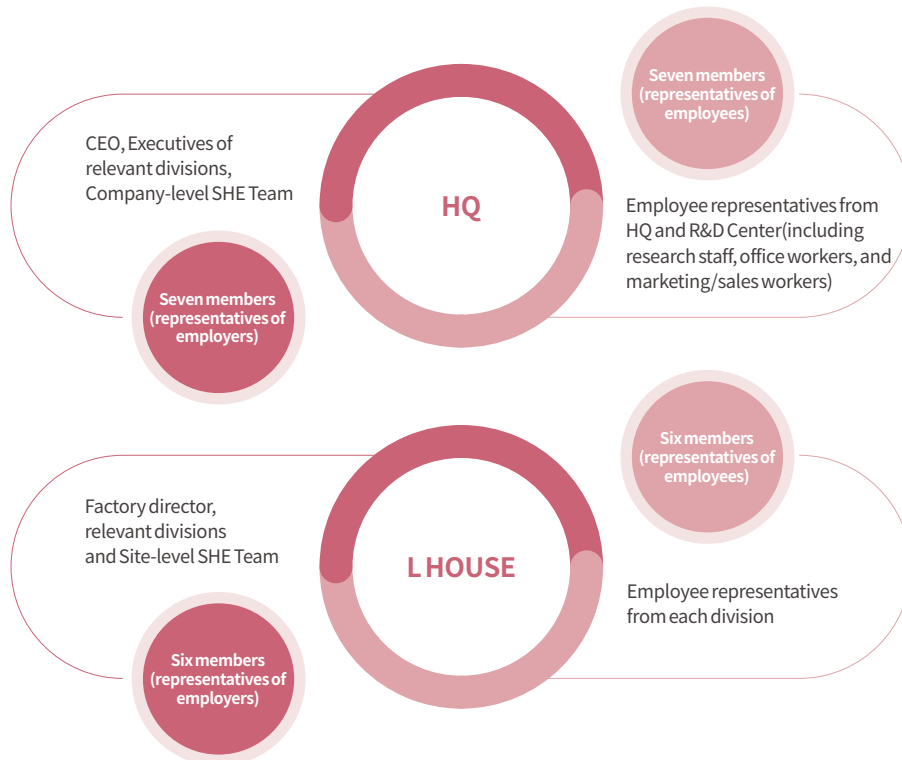
Occupational Safety and Health Management

● 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 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.

The number of workers and business operators participating in each Occupational Safety and Health Committee was paired at both sites; HQ(seven employees) and L HOUSE(six employees). We believe this structure of the committees will provide the groundwork for improvement and follow-up measures for workers' safety.

Occupational Safety and Health Committee by Site



Spreading a Safety Culture

● Employee Safety Training

SK bioscience conducts SHE training for all employees and has produced a SHE training video for visitors that reflects its business characteristics so that they can be aware of the regulations in advance.

In 2022, we plan to conduct external SHE training to improve the SHE competency of our employees. We plan to develop and continuously carry out activities to create a culture so that all employees of the company understand the importance of occupational safety and health management and participate voluntarily.

● Safety Culture Assessment

SK bioscience improves the SHE system at business sites through an objective evaluation by inspecting SHE activities among affiliates. Starting from 2022, we will conduct SHE activity evaluation using a checklist to systematize evaluation and improvement activities. Also, we will evaluate the level of our safety culture and improve deficiencies by continuously engaging with other business sites of affiliated companies and benchmarking them.

● Establishment of a Safe Work Environment

SK bioscience continues to listen to employees on-site to discover and improve risk factors in the workplace. To expand the management's participation in SHE activities, SHE joint inspection involving each team leader is conducted every month to secure opportunities for improvement. Even with the absence of direct or visible accidents or risk factors, we continuously discover and manage near miss so that even the smallest risk factors do not remain in the workplace.



Safety and Health Training for Employees

Employee Health Management

● Health Screenings

SK bioscience conducts regular health checkups for all employees to improve their health. We check each employee's health and separately manage the ones with symptoms in order to take a preemptive approach to health and disease.

In addition, by operating a health administration office, we provide health counseling and support first aid at work. Also, we prevent and control diseases caused by harmful substances, musculoskeletal disorders and mental disorders such as job stress.

We also provide inoculation and treatment to prevent diseases with risk of infection, such as influenza, to help workers focus on work in a healthy state. We encourage our employees to improve their health by designing workplace health promotion programs that include muscle training and dieting. Starting from 2022, we plan to systematize the programs by giving awards to outstanding participants.

● On-site SHE Inspection System

From the Job Safety (Hazard) Analysis (JSA, JHA) stage, SK bioscience conducts regular safety and health inspections to identify and manage health hazards for workers. We constantly check on-site health risk factors, review the risks in advance when introducing processes or hazardous substances that may harm workers' health, and adopt work methods that can minimize the degree of risk.

Supplier Safety and Health Management

● Health and Safety Cooperation Program

SK bioscience's safety and health management activities are not limited to our company. To prevent accidents of business partners, safety and health training is provided to all workers in the workplace, including those of resident business partners, and safety and health checks are regularly conducted between tasks to continue improvement activities.

When selecting partners, we examine safety and health qualifications to induce them to invest in safety and health improvement. Starting this year, we will be focusing on safety and health even more by mandating the evaluation of supplier qualifications and reflecting the quarterly evaluation results when considering additional contracts.

● Communication with Partners

SK bioscience continues to communicate with stakeholders on all safety- and health-related matters occurring in the workplace. We encourage and support our partners to improve their safety and health systems by, for example, checking whether they have implemented internal safety and health training.



SHE Instructional Videos for Visitors



Safety and Health Training for Partners

COVID-19 Response Activities

● COVID-19 Response System

SK bioscience operates each COVID-19 briefing room at HQ and L HOUSE with the safety of its employees as the top priority, and shares and manages all occurrences so that it can respond quickly in the event of COVID-19.

In addition to briefing rooms at HQ and L HOUSE, we also operate an integrated briefing room with the affiliated companies of SK discovery, and set up situation-specific response methods and scenarios through regular and frequent meetings to respond to actual situations.

SK bioscience creates scenarios for each situation to ensure employee safety and plant operation and respond immediately. Moreover, in order to prevent the spread of COVID-19, we track the number of people entering the building by installing thermometers and hand sanitizers at each entrance and following quarantine guidelines.

Our efforts to combat COVID-19 include implementing teleworking covering more than 50% of all employees, distancing in cafeteria, minimizing on-site meetings, and prohibiting visitors from entering public spaces.

● Preventative Measures to Combat COVID-19 at L HOUSE

SK bioscience carries out additional quarantine reinforcement activities for the stable operation of production plants. We have introduced the quarantine pass system in L HOUSE to check whether visitors are vaccinated and prepared a rapid antigen test kit to check for infection in advance. Moreover, we have installed self-testing booths to reduce the possibility of infection during self-diagnosis kit testing and ensure the safety of the test.



COVID-19 Self Test Kit

● Activities to Prevent the Spread of COVID-19

SK bioscience is committed to preventing the spread of COVID-19 in the workplace with a priority to protect the health and life of its employees.

01

Establishment of standards for responding to COVID-19

COVID-19 outbreak management planning by announcing the workplace response guidelines

02

Introduction of the workplace quarantine pass system

Vaccination checks and usage of a fast antigen kit to see if visitors have been infected

03

Regular disinfection

Weekly disinfection carried out by an external cleaning company to prevent COVID-19

04

COVID-19 response simulation activities

COVID-19 response training for each team to respond quickly through transmission in the event of COVID-19

05

Operation of COVID-19 briefing room

Operation of a briefing room for rapid response to COVID-19 and channel integration in case of emergency

06

Employee health monitoring

Temperature screening at entrances, minimization of contact among employees by tracking the commuter shuttle boarding records

07

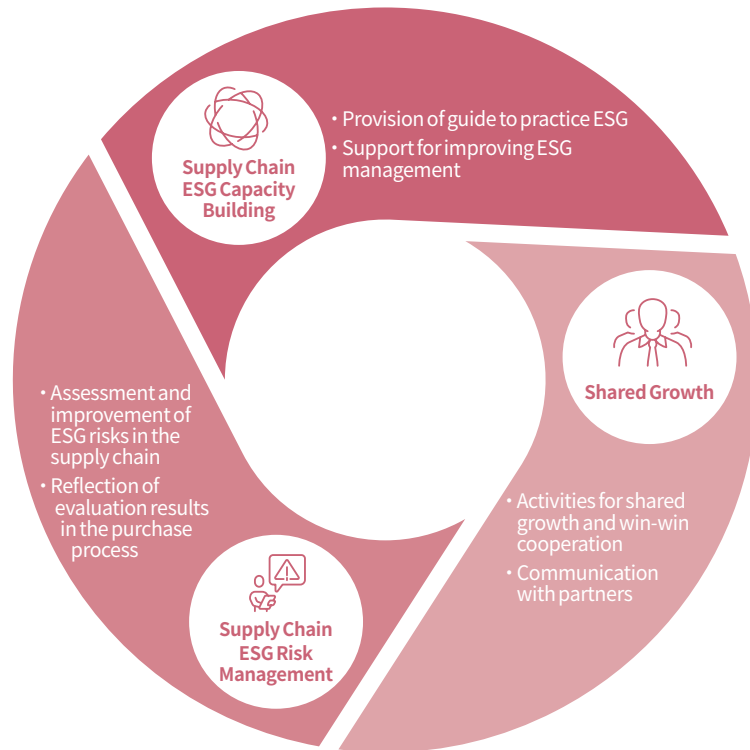
Social distancing campaign

Public relations of social distancing activities, such as installing partitions in restaurants and attaching posters for distancing in smoking areas and joint facilities

Sustainable Supply Chain

Believing that securing the sustainability of the supply chain is essential for complete quality management, SK bioscience pursues shared growth along with ESG risk management and competency enhancement for its business partners. ESG evaluation process will be added to the existing supply chain evaluation. Meanwhile, we will implement various programs to encourage our suppliers to initiate ESG management and create a culture of shared growth. Based on our supply chain ESG policy and management system, we will take on the leading role in establishing a sustainable Global Biopharma Ecosystem.

Sustainable Supply Chain Management Framework



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 partners.

Supply Chain Classification

Main partners	Companies with high strategic significance based on annual ordering costs or the nature of partnership in case of the key component suppliers, irreplaceable companies, and strategic procurement outsourcing partners
Other partners	Companies that require a systematic management approach due to a significant business relationship with us

Supply Chain ESG Risk Assessment and Management

Supply Chain Evaluation

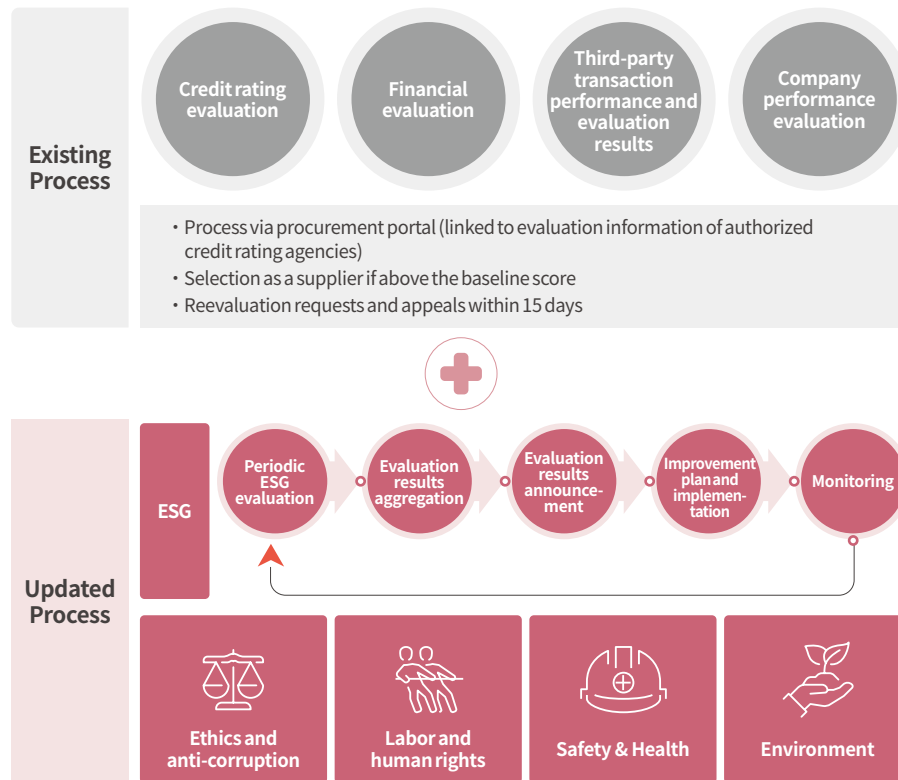
Our partner registration process includes a compulsory evaluation that encompasses credit rating evaluation, financial evaluation and third-party transaction performance via our procurement portal. Based on the results, any companies that scored above our baseline become eligible for a partnership and are given a notice in writing (including the electronic document) within 15 days in the case of final selection. A supplier can either appeal or request a reevaluation within 15 days of notice.

Every year, we evaluate our existing partners' technology, quality, responsiveness, delivery time, cost, and finance. In addition, a comprehensive evaluation is conducted based on transaction data and data provided by them.

● Supply Chain ESG Evaluation Process

To manage ESG risks in the supply chain and support their ESG management capabilities, SK bioscience will work with specialized external institutions to promote processes from self-diagnosis to evaluation and improvement of partners. The supply chain ESG evaluation and management areas include ethics, anti-corruption, labor, human rights, safety & health, and the environment. We will establish an evaluation system by conducting a self-diagnosis (organized by our partners) and pilot evaluation.

Supply Chain ESG Evaluation Process



Based on the evaluation results, we ask partners to develop an improvement plan and monitor the implementation performance according to the plan. If the outcome of corrective actions falls short of our criteria, we will take action, for example, imposing penalties on transactions.

Supply Chain ESG Policy and Framework

SK bioscience intends to contribute to creating a more sustainable Global Biopharma Ecosystem by not only focusing on our own ESG performance but also inducing and supporting the ESG management of our business partners.

● Supply Chain ESG Policy

We provide the 'BP Ethics Pledge' before contracting with our business partners and receive a signed copy to demand compliance with it. In 2022, we plan to adopt a supplier code of conduct and encourage them to comply with it. Consisting of areas such as ethics and anti-corruption, labor and human rights, safety & health, and the environment, it provides a comprehensive guide for suppliers to practice ESG management.

We and our partners will strive to internalize ESG management in the supply chain within the bio-ecosystem by preparing a self-contained ESG checklist, procurement code of ethics, and bidding evaluation guide.

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

Shared Growth

The essence of SK bioscience’s shared growth is the ‘Pursuit of Happiness for Stakeholders,’ which is the foundation of SK Group’s management. We seek to build trust through shared growth and cooperation and pursue productivity, corporate competitiveness, and innovation by identifying suppliers as primary stakeholders.

SK bioscience practices shared growth and cooperation by protecting partners’ rights from the partner selection phase to the conclusion of transactions in order to establish a fair trade order, believing that fair trade is at the heart of the shared growth strategy. We strictly adhere to the applicable laws and regulations, such as the Monopoly Regulation and Fair Trade Act, the Act on the Regulation of Terms and Conditions, the Act on Fair Transactions in Subcontracting, and the Act on Fair Labeling and Advertisement, which were enacted to promote free and fair competition and maintain appropriate trade order.

To expand the shared growth program in the future, we would like to operate desirable contract signing guidelines for shared growth between large and small enterprises. In signing the contract, we will discuss with the other party to decide on a delivery date suitable for regular practice. If we place an urgent order by requesting a shorter delivery time than usual, we will make sure we consult with our partners beforehand. Moreover, we will systematically prohibit unfair price reductions and reasonably determine or adjust subcontracting costs using the affordable unit price calculation methods. The methods reflect rising raw material prices, exchange rate fluctuations, and inflation factors.

● Support for the Global Biopharma Ecosystem



SK bioscience supports various partner education and training programs through the SK Shared Growth Academy and provides opportunities to participate in its training programs. From major domestic and foreign business trends to business strategy, accounting, finance, marketing, and leadership, we provide various training courses to help our business partners strengthen their competencies. We also directly engage in development cooperation by funding and supporting the use of our facilities and development tests to bring about technological development and manufacturing innovation by discovering domestic small manufacturers.

● Partner Communication Channels

SK bioscience maintains and develops cooperative relationships through various communication channels with purchasing partners. In 2021, we listened to the grievances of our partners and actively communicated for shared growth and cooperation. As an additional action plan, we will prepare an online suggestion box where our partners can deliver the difficulties they are facing and their opinions on system improvement. The confidentiality of the informant’s identity and the information they provide is guaranteed, and we plan to manage it so that the informant faces no retaliation or disadvantages. In addition, we plan to operate The Voice of Suppliers for secondary and tertiary partners to establish fair trade practices throughout the supply chain and ensure transparency.

● Unfair Trade Reporting Channels

SK bioscience operates reporting channels so that employees can report any unfair behavior at any time.

-  [SK Group Ethical Management consultation and reporting](#)
-  [SK bioscience Procurement Portal Biz. Partner comments](#)



Corporate Philanthropy

Corporate Philanthropy Strategy

● Corporate Philanthropy Strategy and Implementation

In 2022, SK bioscience will restructure its corporate philanthropy strategy. We propose to engage in philanthropic activities in three areas: fostering global bio-talent, coexistence with local communities, and promotion of healthy life, all with the mission of ‘protecting public health through the establishment of a Global Biopharma Ecosystem.’

We will address the issue of vaccine supply inequality and prepare for the next pandemic by fostering global bio-talent. Furthermore, by identifying the needs of the local communities and cooperating with them, we will contribute to the vitalization of healthy local ecosystems. We will strengthen the social safety net, which was exposed to vulnerabilities during the COVID-19 crisis, and strive to solve social problems that vaccines cannot solve in the medical/health sector.

“
Protecting Public Health through the Formation of a Global Biopharma Ecosystem
”

SK bioscience’s Corporate Philanthropy Strategy



1) Research Investment for Global Health Technology Fund
2) Corporate philanthropy programs that sponsor and mentor low-income children and adolescents

Fostering Global Bio-talent

SK bioscience's goal is to promote global public health. To that end, we support healthcare research through collaboration with various international organizations and funding. By operating scholarships and sponsoring educational courses, we foster talent in the bio/vaccine field who will work together to achieve the goals of SK bioscience.

● Global Bio-talent Training Hub

SK bioscience is committed to fostering global bio-talent. In February 2022, the World Health Organization(WHO) designated Korea as a global biomanufacturing training hub to address the issue of vaccine disparities among countries. By participating as a partner institution and supporting education/site tours, SK bioscience intends to focus on developing the next generation of bio-talent.

Basic Research and Human Resources Development

<p>RIGHT Fund sponsorship</p>	<p>International Vaccine Institute(IVI) sponsorship</p>
<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 	<p>Empowerment through the IVI network and expertise</p> <ul style="list-style-type: none"> - Sponsorship of International Vaccine Advanced Course - Park Man-Hoon Award
<p>Bio/vaccine scholarships</p>	<p>Research support</p>
<p>Sponsorship of outstanding students to nurture professional talent</p> <ul style="list-style-type: none"> - Park Man-Hoon Scholarship: Department of Life Sciences at Seoul National University, Andong University, Boseong High School 	<p>Support for advances in basic research</p> <ul style="list-style-type: none"> - Samsung Medical Center: Support for liver cancer biomarker discovery research

● Talent development

SK bioscience also provides scholarships to foster talent. At Seoul National University's Department of Life Sciences and Boseong High School, we plan on operating the Park Man-Hoon Scholarship by annually granting 10 students with KRW 5 million over a five-year period. Meanwhile, at Andong University, eight students will be promised KRW 2 million every year under the same scholarship program.

● Basic Research Support



The first Park Man-Hoon Award Ceremony



Korea University's Industry-Academia Cooperation Ceremony

In November 2021, SK bioscience created the Park Man-Hoon Award with the International Vaccine Institute(IVI) to honor the late Vice Chairman Park Man-Hoon, who improved the company's research capabilities to today's level through dedication to vaccine programs and R&D. Every year, two individuals or organizations are awarded prize money(KRW 100 million each) for their contributions to vaccine discovery, development, and distribution, as well as global health improvement.

In April 2022, Dr. Tore Godal, special adviser to the Coalition for Epidemic Preparedness Innovations(CEPI) received the award for his contribution to distributing vaccines to developing countries. Also, Professor Drew Weissman and Professor Katalin Kariko of the University of Pennsylvania were co-selected for contributing to the development of mRNA technology.

SK bioscience also plans to establish a system for industry-academia collaboration at Korea University Medical Center to respond to infectious diseases. Based on the agreement, we will jointly establish a domestic and overseas infectious disease monitoring system and conduct vaccine research for the next three years. In order to protect humanity from the new contagious disease crisis, our company has pledged to donate KRW 5 billion to support research expenses.

We are considering signing research agreements with multiple universities at home. Furthermore, we provided KRW 500 million to the Plato Academy and the RIGHT(Research Investment for Global Health Technology) Fund for humanities and basic research in the bio and pharmaceutical fields.

● Fostering Bio-vaccine Engineering Majors

SK bioscience plans to support students majoring in bio-vaccine engineering biotechnology at Andong University as a means to foster global bio-talent. We will contribute to the development of employable skills through mentoring, education and collaborative projects, field training, curriculum collaboration, and internship experience. Ultimately, we have a goal to create a platform for cooperation with companies/research institutes, academia, and government/municipalities.

Shared Growth with the Local Communities

SK bioscience is currently engaged in philanthropic activities in order to maintain social value and coexist with the local communities. As corporate citizens, we fulfill our social responsibility by running various programs that connect the underprivileged with local social enterprises, schools, and farms.

Community Sponsorship and Volunteer Activities

In 2021, SK bioscience supported the 21st Century Humanities Value Forum that suffered COVID-19. Also, it made donations to special forces which have conducted security operation, and donated KRW 100 million to the city of Andong which was affected by forest fires.

SK bioscience organizes volunteer activities for the local communities, including those in Seongnam, where its HQ is located. The Volunteer Group, led by the CEO, planned and carried out various volunteer activities based on the characteristics of each site.

Since February 2020, SK bioscience made donations to express gratitude to the 50th Division and 7th Special Forces Brigade(Airborne), which has been protecting L HOUSE, its vaccine facility, transporting vaccines, and supporting disease control. Also, we supported the Korea Foundation for Cultures and Ethics, which organizes the 21st Century Humanities Value Forum, to encourage individuals and organizations to put humanities values into practice in their communities.

As a result, we have been making every effort to create a space for humanity to overcome various social issues worsening due to the prolonged COVID-19. Furthermore, SK bioscience assists community organizations in need, such as the Korean Theater Festival, Social Welfare Center of Andong, Yecheon-gun Sports Club, and the BETA Festival.

Local community (Andong)	Donation to Andong Culture and Arts Organization
	Donations for wildfire relief in Andong
	Donation to the military base in Andong
	SK bioscience Volunteer Group activities
Local Community (Seongnam)	SK bioscience Volunteer Group activities



Comfort and Donation Ceremony

SK bioscience has also incorporated environmental factors into its philanthropic activities. We developed an environmental education program for children. Our employees voluntarily participate in these programs, and the Ministry of Education recognized the excellence of our programs. Also, we have been assisting employees in purchasing eco-friendly organic products to promote urban and rural co-prosperity and to improve distribution networks since 2005.



Happy Green School Program

Hope Maker Program

SK bioscience operates a mentoring/sponsorship program for low-income children and adolescents in Andong and Bundang. We provide financial, career, and emotional support to Hope Maker participants such as regular monthly donations, holiday gifts, cold weather gear kits, support for high school graduates, and mentoring of college students. To this end, we strive to improve our program to reflect the needs of students through continuous discussions with local community welfare centers every year.

Promoting Healthy Life

Jigwanseoga

In 2022, SK bioscience plans to establish a small library in the form of a book cafe where local citizens can stop by to read, contemplate, and rest. We intend to enhance their mental health and happiness. We aim to build a cultural infrastructure and center for humanities within the local communities by strengthening them and spreading culture. Starting with Andong, Gyeongsangbuk-do, where L HOUSE is located, we plan to build a total of 20 branch offices by 2031, contributing to the improvement of the mental health of local citizens through the 'Wisdom, Reflection, and Humanities Program.'

Establishment of a Global Biopharma Ecosystem

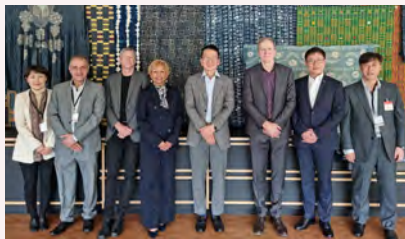
SK bioscience will continue its activities to establish a Global Biopharma Ecosystem and fulfill its social responsibilities to create an environment conducive to the continuous growth of industry stakeholders.

Overview

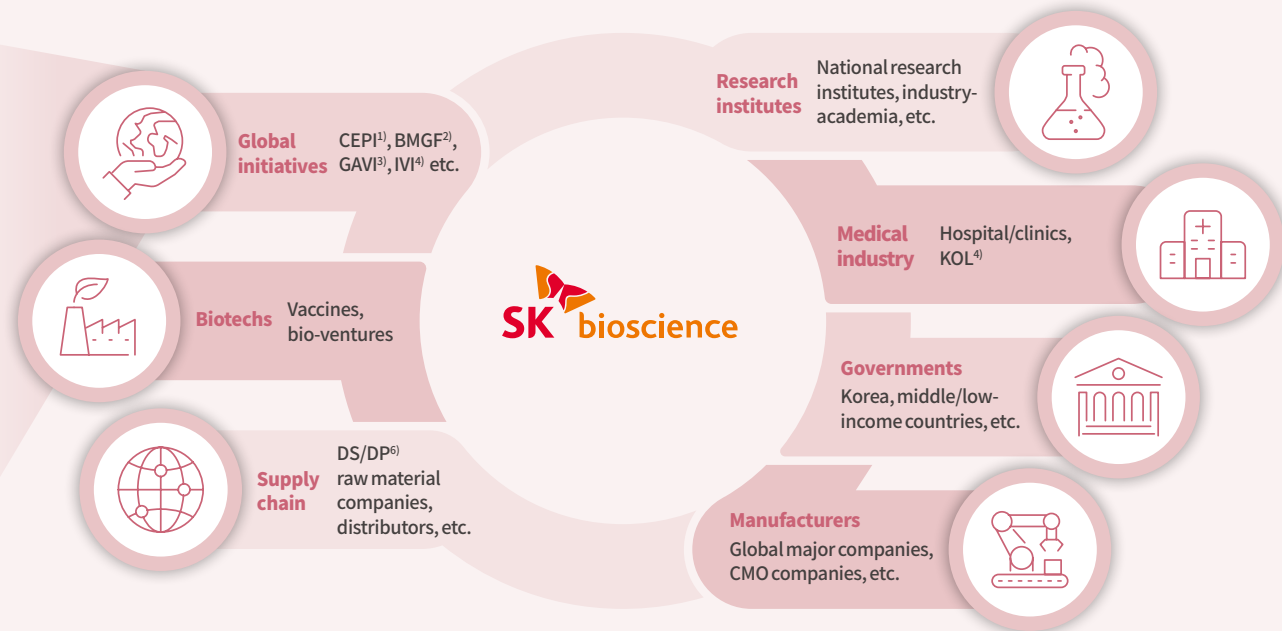
- **Purpose:** Contribution to global public health
- **Content:** Creation and operation of financial resources above a certain scale



Global event hosted by the CEPI



BMGF Partnership Meeting



1) CEPI: Coalition for Epidemic Preparedness Innovations
 2) BMGF: Bill & Melinda Gates Foundation
 3) GAVI: Global Alliance for Vaccines and Immunization
 4) IVI: International Vaccine Institute
 5) KOL: Key Opinion Leader
 6) DS: Drug Substance, DP: Drug Product

Information Security and Privacy

Information Protection System

Information Protection Policy

In preparation for going public in 2021, SK bioscience adopted and amended security-related policies. Also, it shared eight regulations and procedures, including security management regulations, with its employees. Our information system security procedure manual designates a person in charge of information protection. It includes an integrated information protection procedure ranging from the database(DB), network, cloud, to personal information processing system security that processes sensitive information.

The company constantly adopts and revises all other information-protection-related regulations and procedures according to compliance regulations and changes in the internal work environment.

Information Protection Goals

The SK bioscience information protection system aims to control the information leakage route and ensure adequate and stable corporate asset protection. In order to do so, it defines procedures as well as the roles and authorities of the employees in charge, allowing us to take the necessary security measures. Furthermore, the company conducts information protection activities that meet the standard requirements of international standards such as GMP, and strengthens the IT security control system and external data security by reflecting the ISO 27001 standards.

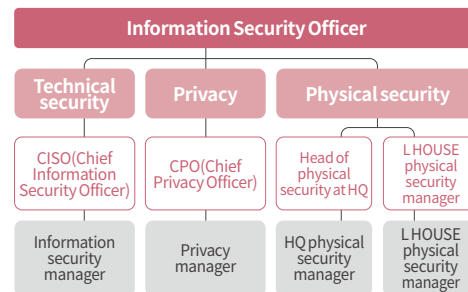
In 2022, we plan to acquire ISO 27001 certification, identify risk factors in information security to avoid risks, and consider purchasing insurance/reinsurance. In addition, we plan to establish a security system suitable for the progress of cloud-based internal systems and carry out various campaign activities to raise the security awareness of all employees.

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 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

Phishing Simulation

SK bioscience conducts simulated phishing every half year. After the drill, we send a total of two warning emails to employees who had their computers infected with malware. Then, we carry out scans and checks to prevent any security risks.

DDoS Simulation Training Procedure



In the second half of each year, we conduct DDoS simulation training. During this training, three simulation attacks consisting of prevalent and new attack types are carried out in order to assess the effectiveness of our security system in terms of detection and blocking, along with the availability of security equipment.

Information Security Culture

Various Information Protection Activities

By utilizing a remote security control service provided by a security specialist, SK bioscience protects its business sites from external security attacks or threats such as intrusion attempts and information leakage targeting company-wide IT systems.

The company also conducts various information protection activities to raise its employees' awareness about internal security and information leakage. For example, we set aside one day each year for Company Security Day to conduct self-inspections of daily life security, document security status, and work equipment. We also try to create an information protection culture by sharing monthly malicious/phishing mail trends and new security threat cases via the company-wide notice board.

Information Security Training

SK bioscience conducts information protection training for new hires, employees, and employees at its business partners. In addition, it provides personal information protection training to private information handlers via an in-house security portal.



Information Security Training Materials for Employees



Part 2

SOCIAL

56 Responsible R&D

58 Customer Satisfaction

62 Product Safety management

64 Responsible Marketing

66 Quality Management

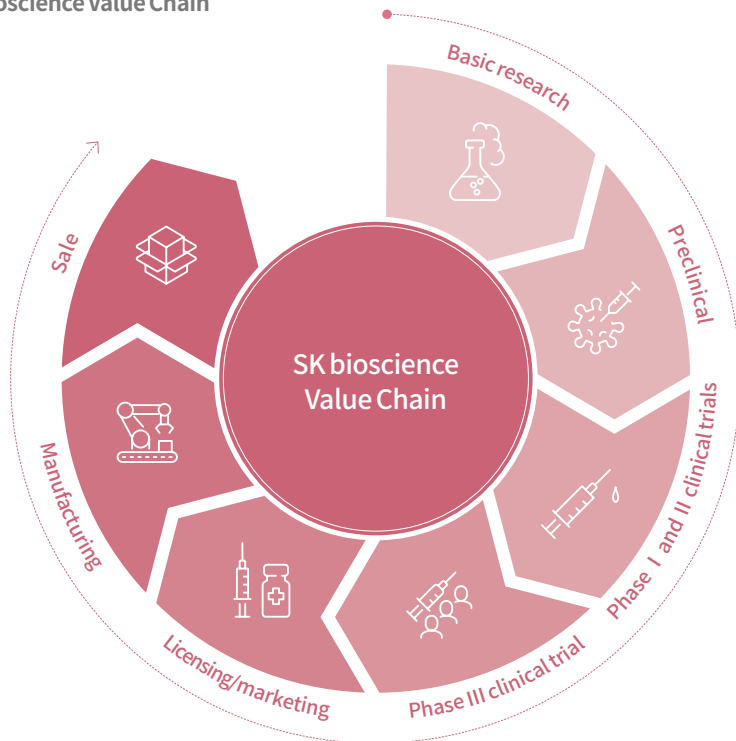


SK bioscience operates a system that complies with all domestic and foreign laws and regulations throughout the entire value chain, including vaccine research and development, clinical trials, manufacturing, and sales. The purpose of our system is to assist all stakeholders, including employees, participants in our basic research and clinical trials, and customers, in leading healthy lives.

Furthermore, we strictly adhere to research ethics, ensure clinical trial transparency, respect the safety and diversity of clinical trial participants, and thoroughly manage quality and efficacy in the manufacturing process after approval and marketing.

We intend to achieve Customer Satisfaction management through responsible marketing and active Customer Satisfaction activities after sales including monitoring adverse effects. Our advanced drug monitoring systems are used throughout this process to collect drug safety information and reflect it in improvement activities.

SK bioscience Value Chain



Responsible R&D

● Compliance to Research Ethics

SK bioscience recognizes the importance of research ethics in the R&D process, and intends to secure it by strengthening the relevant procedures. We document the research plan, implementation, reporting, and evaluation, which provide grounds for accurate data to verify research results. This is to ensure research integrity that follows the core values of science, such as objectivity, integrity, openness, responsibility, and fairness throughout the entire research process.

We established a biosafety committee at the R&D Center to protect the health of handlers and the public from risks arising from our biological materials. The committee's knowledge and technology help us contribute to preventing biohazards and maintaining a safe environment.

In addition, SK bioscience has been designated as a Good Clinical Laboratory Practice(GCLP) by the Ministry of Food and Drug Safety(MFDS) in pursuant to Article 34-2, Paragraph 1, Item 2 of the 「Pharmaceutical Affairs Act」 and Article 35 of the 「Rules on the Safety of Drugs, Etc.」. Thus, our research activities are obliged to comply with domestic and international regulations for Good Laboratory Practice(GLP) and GCLP. Also, we get our compliance and performance, including handling of human materials(samples), regularly examined by the MFDS to maintain our GCLP status.

To improve the ethics and reliability of animal testing, we identify relevant guidelines and observe them while conducting research. We also operate a management system that monitors the external Contract Research Organizations(CROs) to ensure that they follow the equal procedures and standards.

These various activities manifest our endless efforts to comply with research ethics. By providing regular training to the researchers, we intend to stress the importance of compliance with research ethics to our researchers.

Research Ethics System

● Research Integrity

SK bioscience strengthens research data management to secure objectivity, honesty, openness, and fairness required in the entire R&D process, including research planning, proposal, execution, reporting, and evaluation. This means that all research results must be managed regardless of the success/failure so that both positive and negative factors that the research can have on society can be considered.

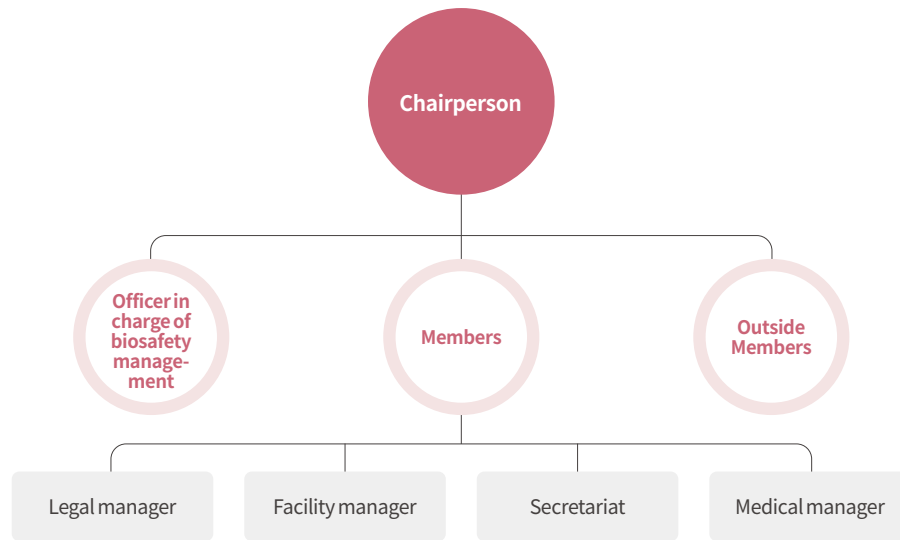
Research integrity for not only in-house product development but also the C(D)MO business can be key to the reliability of data that we can provide to our business partners. When it comes to joint research, research data management is integral as it indicates responsibility and integrity. Therefore, we plan to strengthen the different policies and procedures for securing research results and data in the future.

Biosafety

SK bioscience has organized and operates the Institutional Biosafety Committee(IBC) at the R&D Center. Their responsibilities include reviewing the guidelines and policies on research activities involving potential biohazards and preserving human and material resources and the environment.

The committee is composed of related divisions and outside members and comprehensively considers various aspects such as science, law, safety, and corporate strategies to ensure biosafety. For instance, we comply with and manage regulations on the use of biological materials(living modified organisms(LMOs), high-risk pathogens, livestock pathogens, biological agents, etc.). In addition, our company includes outside members who have no interest in the committee to ensure objectivity when conducting research.

Institutional Biosafety Committee(IBC)



Our IBC conducts risk assessments and approves experiments requiring biosafety management, such as genetic recombination experiments. It also reviews the safety management of LMO research facilities and makes decisions on overall research ethics by approving matters related to biosafety training, and health management, the formulation and revision of biosafety management regulations.

Control of Clinical Samples under GCLP

SK bioscience handles and manages clinical trial specimens, which are collected from clinical trial subjects upon the request of the client. We also strictly control human-derived materials such as blood, body fluids, and tissues so that they are not used for any other unintended purposes. Human-derived materials are sampled according to internal procedures by personnel who have received the necessary training and have sufficient experience.

Animal Testing System

SK bioscience has established an animal testing management system based on the ethics management process and been raising the awareness of those in charge of experimentation by providing animal experimentation ethics training.

We use animals in our research from the preclinical stage to clinical trials, including for our COVID-19 vaccine. Animal testing is a step to validate the safety and effectiveness of commercially manufactured products.

Following the MFDS guidelines for Institutional Animal Care and Use Committee(IACUC) operation, we founded the Animal Testing Ethics Committee, which is operated in compliance with the Animal Protection Act and the Laboratory Animal Act. During the biannual IACUC meetings, we review the process of using and managing experimental animals and seek advice as needed. In addition, we monitor the implementation status of Standard Operating Procedures(SOP) and applicable laws and supplement the management system with IACUC advice on deficiencies. The Animal Testing Ethics Committee also performs on-site and remote due diligence under circumstances like COVID-19 by analyzing photographs.

When deliberating and approving the animal testing plan, our IACUC Committee follows the 3R(Replacement, Reduction, Refinement) Principle. By doing so, the committee guarantees that our research considers alternatives to animal testing and ultimately respects the dignity of animal life. Also, the committee monitors animal testing processes with researchers through Post-Approval Monitoring(PAM) to improve animal welfare and ensure the reliability and transparency of experimental results.

We have been developing a corporate culture that adheres to animal testing ethics by requiring all personnel in charge of animal experimentation to complete legal training and periodic retraining on the handling of research animals as well as ethics.

Product Safety Management

Clinical Research and Ethics

● International Code of Ethics

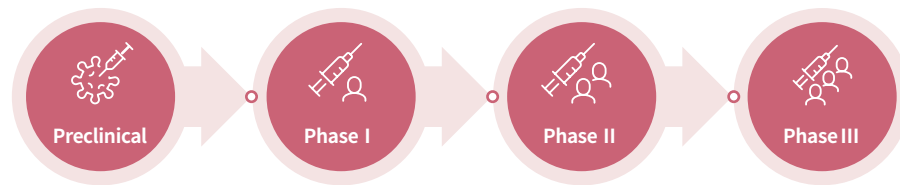
All clinical trials developed and conducted by SK bioscience are carried out in compliance with all domestic and international ethical regulations. When clinical trials are domestically conducted, we obtain approval from the MFDS and when conducted overseas, we obtain approval from drug regulatory authorities/National Regulatory Agencies(NRAs) of the countries.

For international ethics regulations, we follow the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use(ICH) guidelines. Additionally, for studies that use human derivatives or information to identify individuals, we observe the principles outlined in the Helsinki Declaration on the Ethical principles for medical research involving human subjects.

● Clinical Trial Transparency

Clinical trials at SK bioscience are carried out in strict accordance with the MFDS and the detailed guidelines of each country. Toxicity is tested in advance through animal testing in the preclinical stage, and vaccine safety and efficacy(immunogenicity) are evaluated at each clinical trial stage.

Clinical Trial Procedure



We collect and submit all clinical readiness data to major regulatory authorities/NRAs such as the MFDS and the FDA. By preparing reports on material defects and sharing them with the MFDS, we maintain clinical trial transparency.

In addition, information on all interventional studies conducted by us complies with national clinical trial disclosure requirements as we register and disclose it on the website operated by the National Library of Medicine(NLM).

 [Clinical Trials Website](#)

● Diversity in Clinical Trials

Pursuing diversity in clinical trials is the key to successful product development. In recognition of the importance of diversity, SK bioscience strives to collect data from participants of various ethnicities, ages, and genders through global clinical trials in Korea and other countries.

GBP510, a candidate substance for the COVID-19 vaccine, is currently under clinical trials for the Biologics License Application(BLA). We plan to ensure age diversity through additional clinical trials to confirm the safety and immunogenicity of the vaccine in children and adolescents.

● Clinical Trial Participant Safety and Practice

SK bioscience has a system to protect the safety and rights of all clinical trial participants. Prior to the participation, we gain voluntary informed consent from the subjects who fully understand the risks and benefits involved in the trial. When we require blood samples, additional consent obtained after providing sufficient information on the purpose, amount of blood, and retention period of blood samples. Moreover, in order to protect the subjects, we have established clear standards and procedures to compensate for damages that may occur during clinical trials.

We also prepared a mechanism for the safety of subjects through the operation of Data Safety Monitoring Boards(DSMB) for clinical trials. The DSMB is comprised of independent, external experts who review and evaluate the clinical trial process, safety data, and, if necessary, critical efficacy endpoints on a regular basis. Their advice based on the evaluation results determines whether to continue, change, or discontinue a clinical trial. Overall, the DSMB plays a crucial role in protecting the safety and rights of clinical trial participants to such an extent that, in some cases, it resorts to premature termination after weighing the risks and benefits.

In our efforts to protect the safety of the subjects, we have taken measures that allow us to move to the next stage only after completing the safety review of the participants in Phase I, II and III clinical trials. We also operate stricter process than usually required by international standards as we have set the monitoring period to a year.

Clinical Audits

SK bioscience conducts clinical audits to confirm whether ethical principles and standards are followed. Through audits, we ensure that the protocol and internal guidelines such as SK bioscience’s SOPs are followed. We also check compliance with international standards and laws such as the Good Clinical Practice(GCP), ICH guidelines, Institutional Review Board(IRB) regulations, and Helsinki Declaration. In addition, to secure the independence and reliability of clinical audits, we have formed and operate an independent team separate from the clinical research team.

The inspection process confirms the proper operation of the Independent Data Monitoring Committee(IDMC)¹⁾. It also includes an in-house audit of clinical trial information, data, and related documents, an on-site audit of the clinical trial institution, analysis of collected information, and reporting of inspection results. This process not only protects the rights and welfare of clinical trial subjects but realizes the principles of good deeds and justice. Consequently, we believe the system and procedures of the new drug development are improved, leading to higher-quality clinical data.

By 2023, we plan to reinforce our clinical auditing competency by developing key personnel. Since the clinical audit is an important step that influences new drug approval as well as how our new medicine is consumed by the general public, we believe our key personnel with sufficient knowledge and experience can improve the reliability of our clinical trials.

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.

Under this circumstance, we plan to introduce the Electronic Quality Management System(eQMS) in 2022 to improve clinical trial quality management efficiency and accuracy. We anticipate that this system will enhance the quality of our clinical trials, reduce costs through a rapid work process using a computer system, and prepare us for the changes in the domestic and international regulations.



1) Independent Data Monitoring Committee(IDMC): A group of independent experts outside clinical trials that evaluates the course of trials, safety data, and, if necessary, critical efficacy endpoints.

Pharmacovigilance

● Pharmacovigilance System

SK bioscience collects, evaluates, and systematically analyzes safety information through pharmacovigilance activities throughout the life cycle of pharmaceuticals to ensure safe use. We analyze the adverse events collected during the drug development phase, which includes non-clinical and clinical trials, to determine the potential risks posed by the drug and to collect and evaluate expected side effects based on data.

After marketing, we continue to collect information, such as side effects, from pharmaceutical experts who deal with biomedicine such as vaccines or our end-users to discover the issues that we did not expect during the development stage. All safety information gets compiled in a database that is used not only as data for drug risk-benefit assessments but also for various risk-mitigation tools, for example, safety precautions in the attached medication guides and manuals for pharmaceutical experts/consumers.

Pharmacovigilance throughout the Product Life Cycle



● Pharmacovigilance Training

SK bioscience conducts pharmacovigilance training once a year for all employees to ensure product quality and safety. New hires are required to complete the training within one month after joining the company. In particular, additional training is conducted for the marketing division in charge of product sales.

● Pharmacovigilance Activities

Since 2021, SK bioscience has been operating a new Safety Internal Reporting System(SIRS) and upgrading the Safety DB to advance the pharmacovigilance system. In addition, we completed the reorganization of the Pharmacovigilance(PV) division to optimize expertise of our PV activities.

The new SIRS allows our employees to report product abnormalities more quickly through the internal network. We will increase the accessibility of the system by having external end-users report product safety information directly without contacting our customer service. In addition, we have signed a Safety Data Exchange Agreement(SDEA) with our clients and stakeholders to exchange safety information on our products and take the necessary risk mitigation measures.

SK bioscience upgraded its pharmacovigilance system to meet the requirements of global regulatory authorities and National Regulatory Agencies(NRAs). We have created and systematically manage a database so that the information gathered during our pharmacovigilance activities can be utilized as meaningful information for safety analysis.

In 2021, we designated the PV division to be in charge of developing a drug risk management plan and risk mitigation measures, as well as conducting risk-benefit analyses based on the information collected. We can now conduct pre- and post-marketing monitoring, strengthen the expertise of each stage of pharmacovigilance, and efficiently manage the information collected at each stage.

In 2022, SK bioscience established a plan to improve its Pharmacovigilance System. The plan consists of advancing our Pharmacovigilance System Master File(PSMF) and system to European Medicines Agency(EMA) level, establishing safety signal detection procedures, and improving access to risk mitigation measures through the use of IT tools.



Pharmacovigilance System Improvement Plan

01 Establishment of European Medicines Agency(EMA)-level Pharmacovigilance and Monitoring system

Although PSMF has not yet been legislated in Korea, SK bioscience has established and operated PSMF and is taking it a step further to build an EMA-level pharmacovigilance and monitoring system. By improving our business procedures to meet the

EMA Good Pharmacovigilance Practice level and establishing a high-level pharmacovigilance system to comply with pharmacovigilance regulations in most countries, we will lay the groundwork for our global business.



02 Establishment of a Safety Signal Detection Procedure

SK bioscience plans to review new safety information on a regular and timely basis in order to minimize risk by detecting hazards and irregularities in the data that have not yet been identified. We will review the information in a shorter time frame than

the accumulated safety information report issuance cycle and compare the abnormalities. This allows us to indicate a specific tendency in the product, and assess the possibility of hazards or the need for immediate action.



03 Improvement of User Accessibility through IT Systems

SK bioscience plans to improve users' access to risk mitigation measures by utilizing IT systems such as QR codes, user information and reporting systems. We will develop an appropriate IT system for each product and distribute or provide it to drug users to

improve users' access to product safety information and increase the convenience of reporting when adverse events occur.

Quality Management

Quality Management System

● Quality Assurance Process

SK bioscience manages and guarantees the entire pharmaceutical manufacturing process, from raw material warehousing to final product shipment, in order to produce the highest-quality products with a quality-first management policy. To that end, we maintain a strict quality system in which we strive to provide products that meet both customer and legal requirements. We have secured a quality level recognized both at home and abroad by achieving the EU-GMP from the European Medicines Agency(EMA) and Korean Good Manufacturing Practice(K-GMP).

● Quality Assurance System Operation

At SK bioscience, quality is the utmost priority under the strict quality management system that encompasses all stages of the product life cycle, from product development to consumer use. Our quality assurance system allows us to handle issues such as changes, deviations, and complaints to produce high-quality pharmaceuticals. Also, we perform qualification and validation of all facilities to ensure performance and functionality and verify all production processes to guarantee quality.

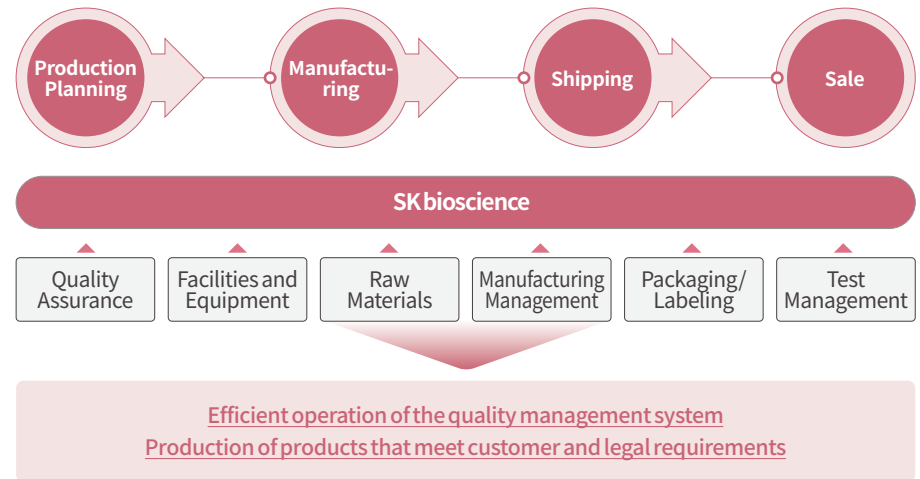
In this regard, we established and documented quality policies to specify essential requirements to be followed under the quality management system. With our quality policy in place, we anticipate that our quality personnel's awareness will have increased, resulting in uncompromising quality assurance.

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.

SK bioscience's quality system is optimized to continuously produce, manage, and sell pharmaceuticals in a GMP environment. We documented and implemented a quality policy to ensure that all customer and legal requirements and standards for quality assurance, equipment, raw materials, manufacturing control, packaging and labeling, and test management are met.

Quality System



● Quality Management Promotion System

SK bioscience has an organizational system in place to ensure the smooth operation of the quality assurance system and GMP. Our Quality Assurance(QA) division is in charge of annual and factory quality training systems, as well as risk analysis for quality risk management and deviation and preventive action management.

Moreover, the division performs GMP-related tasks such as evaluation, monitoring, calibration, and maintenance of GMP-compliant facilities and equipment. It also oversees the 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 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). Finally, it monitors drug safety evaluation programs and manufacturing support facilities.

Quality Assurance Activities

SK bioscience performs systematic quality assurance activities to diagnose and manage quality risks, and conducts trend analysis on changes.

As a company that produces vaccine raw materials and finished drugs that are temperature- and environment-sensitive, we monitor them to ensure that they are stored under suitable conditions. Also, we perform the stability test on commercialized products at least once a year to observe the quality and keep the raw materials under proper storage conditions.

SK bioscience's quality assurance activities include GMP compliance and process management through on-site supervision of the critical processes based on product standards, manufacturing records, and guidebook. In addition, we operate the QA on the Shop Floor Policy¹⁾ to monitor data integrity and process deviations in real-time.

Quality impact assessments are conducted on products being produced regularly. As a result, quality issues affecting production and quality are well resolved, and production and quality operations are continuously managed according to global GMP standards. A validated eQMS is applied to the quality assurance system, allowing for comprehensive management of deviations, changes, corrections, and prevention, as well as deviations from standards, to be tracked in real time, making records traceable.

Strengthening Quality Assurance Capabilities

SK bioscience maintains its quality assurance capabilities by providing systematic training to employees in charge of tasks that may affect product quality.

To strengthen GMP competency, regular training is provided in accordance with the annual training plan. New hires receive basic training as well as on-the-job training that helps them acquire the necessary job competencies. Employees are evaluated on their competency during training and assigned to work once their capabilities are confirmed. We believe this ensures product quality and the seamless operation of the quality system.

In addition, for jobs that require specialized capabilities, such as quality tests and aseptic work, regular verification and qualification procedures are conducted to prevent unauthorized personnel from performing the relevant work.

Staff training consists of detailed training for each job, which are quality system operation, production procedures, hygiene and dress code, and training for changing regulations so that all employees can continue to grow and strengthen their capabilities.



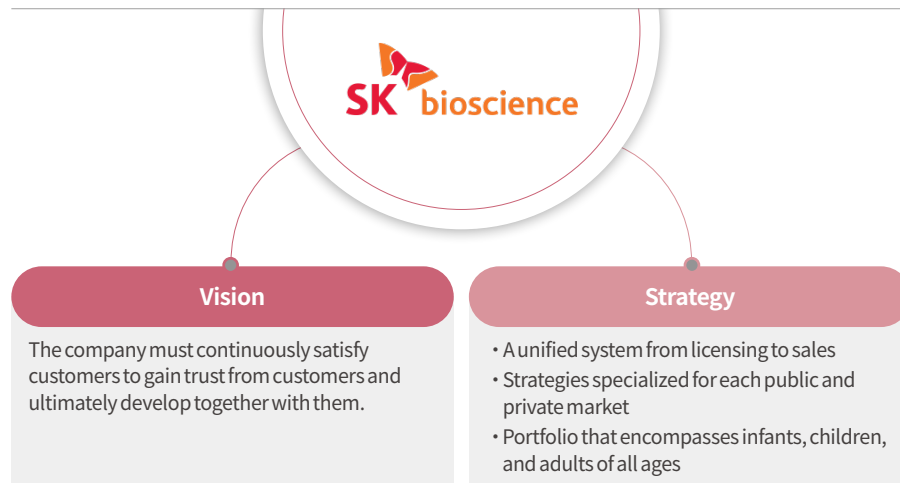
1) The QA on the Shop Floor Policy: a system that enables quality assurance personnel to participate directly in key processes to resolve or respond promptly to problems when they occur, and is operated to prevent unnecessary process deviations.

Customer Satisfaction

Vision and Strategy for Customer Satisfaction

By specifying its attitude toward customers in the Practice Guidelines for the Code of Ethics, SK bioscience laid the groundwork for customer-oriented management. We identify needs by listening to our customers' diverse opinions and develop products and services based on them, which are ultimately reflected in the direction of our business activities.

SK bioscience Customer Satisfaction Vision and Strategy



Customer Classification

SK bioscience's Customer Satisfaction strategy is divided into the public and private markets.

- Our marketing division is in charge of domestic sales of in-house vaccines(SKYVAX), which we developed from R&D to commercialization. The division is also responsible for customer communication for outsourced product introduction, distribution, and sales.
- Each project and contract manager is in charge of customer relations in contracts that involve international organizations and government procurement. Signing a C(D)MO contract for the global COVID-19 vaccines and exporting in-house vaccines(SKYVAX) are prominent examples.

Customer Satisfaction System

Product Information Provision and Consultation

SK bioscience operates a customer service center to provide response and consultation on its products distributed to hospitals and clinics. By dispatching consulting personnel to respond to available adverse events and purchase inquiries, we aim to reduce consumer anxiety and inconvenience.

When distributing and selling vaccines, we focus on quality, safety, accuracy, and distribution through the cold chain. Our marketing strategy is to maximize customer satisfaction by delivering essential information such as safety information obtained through the BLA.

특성 구분	특성	특성 유
Regulatory	WHO PQ 인증 시 필수적으로 포함되어 WHO PQ 인증을 위해 WHO PQ 인증을 통과해야 함	△
Critical	WHO PQ 인증을 받기 위해 WHO PQ 인증을 받기 위해 WHO PQ 인증을 통과해야 함	△
Preferential	WHO PQ 인증을 받기 위해 WHO PQ 인증을 받기 위해 WHO PQ 인증을 통과해야 함	△

SKYVaricella Manual

We will continue to deliver a message that emphasizes product quality, safety, and effectiveness to customers as part of our marketing activities.

Adverse Event Consultation

SK bioscience collects adverse events reported from pharmaceutical experts or end-users through the customer service center. We deliver this information to the PV division via our safety information reporting system and if necessary, provide feedback, such as medical information. We review the information accumulated from various channels to conduct risk-benefit assessments of drugs and distribute explanatory notes for patient or expert to ensure that our customers can use products more safely.

Customer Engagement

● Domestic Customer Communication

SK bioscience communicates with customers through a variety of channels. In addition to major clients and end-users, our customers include global pharmaceutical companies that import products and business partners authorized to sell our products jointly.

We have offices in major cities and provinces to facilitate active interactions with customers and regulatory authorities/NRAs, which are critical when expanding the vaccine business and promoting new ventures. Following the COVID-19, we established a remote communication infrastructure that allows us to communicate with domestic and international customers, as well as regulatory authorities/NRAs.

In 2021, we completed a tri-party agreement with Novavax and the Ministry of Health and Welfare, and successfully performed a remote EU-GMP inspection. Our remote communication skills were once again demonstrated at medical conferences attended by our major clients, as we promoted our products via online banners and advertisements.

To communicate with key stakeholders, we hold on-line and off-line meeting led by the Steering Committee. The meetings are held based on the contractual arrangements made between each client and the company. The executives and working-level employees from each company gather to discuss major marketing plans for each product. Annual planning is carried out in accordance with the contract terms, which usually call for it every quarter or month.

At the end of each year, SK bioscience develops an annual conference promotion plan for customer support and communication for the following year. In 2021, for example, we supported 64 online and offline customer conferences with products like SKYZoster, SKYVaricella, and Boostrix. To maximize customer satisfaction, we intend to maintain support activities in 2022.



● 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 will continue to meet with customers and communicate with partners on a regular basis. Consequently, we will improve customer satisfaction by developing marketing plans for each product based on feedback obtained through these channels.

● C(D)MO Customer Communication

SK bioscience has several regular meetings (core team meetings, quality meetings, supply planning meetings, etc.) for continuous and smooth communication with customers that have signed CMO and CDMO contracts and for prompt discussion when issues arise. The regular meeting channel is operated every week, and various departments within the company participate in discussions with customers.

We have established regular meetings and communication channels with CMO and CDMO customers. These channels facilitate swift and continuous information sharing regarding their major concerns such as production schedules, raw material supply and demand plans, batch shipment schedules, and supply plans.

In the event of a change in the overall plan or schedule, or an urgent issue, we accelerate the communication with our customers. They are provided with the roles and responsibilities, along with contact information of the relevant divisions and personnel involved. To sum up, we have implemented a strategy to maximize customer satisfaction by enabling prompt discussion and decision-making.

Responsible Marketing

Responsible Marketing Policy

SK bioscience complies with regulations for responsible marketing activities. First and foremost, our marketing policy complies with the Korea Pharmaceutical and Bio-Pharma Manufacturers Association rules. Also, we monitor marketing activities with the help of the CP Team.

In addition, we contribute to consumer protection and fair competition by strictly regulating public relations and advertising-related activities and complying with fair trade laws. We indicate the basic principles and scope of advertisements for pharmaceuticals specifically to prevent false/exaggerated advertisements. Also, we provide detailed compliance guidelines for quasi-drug advertisements 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

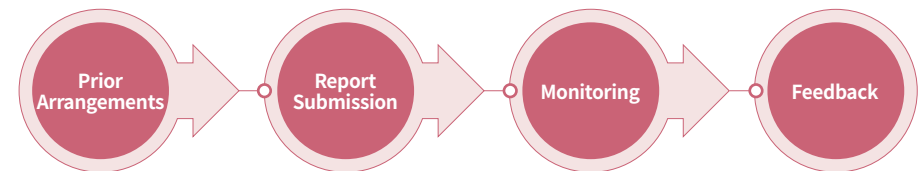
SK bioscience puts extensive efforts to promote fair competition and responsible marketing that complies with fair trade laws. It develops marketing guidelines based on the Pharmaceutical Affairs Act and Fair Competition Regulations, conducts regular marketing personnel training, and monitors promotional activities. Not only we constantly monitor marketing and promotion activities but also engage our sales partners in fair trade compliance by receiving appropriate trade agreements from them.



SK bioscience carries out systematic and responsible marketing activities through the participation of relevant departments. To pre-check compliance with the regulations in marketing activities, marketing staff are required to plan the expenses following a consensus with CP Team. After spending, an expense report is prepared, and compliance with fair competition regulations is checked through post-monitoring.

Once violations are detected as a result of monitoring, penalty points are given and reflected in the KPI, and disciplinary action is taken according to Article 14 of the Compliance Regulations (sanctions against employees). Then, the results are notified to employees, and are reflected in individual and organizational KPIs.

CP(Compliance) Check of Marketing Activities



Prior arrangements for CP obligations, approval of promotional activities

Preparation and preservation of a report on expenditure details, including detailed evidence, in the system

- Monitoring of adequacy of marketing expenses
- Reflection of monitoring results in individual/organizational KPI evaluation

Feedback to violations of CP obligations



GOVERNANCE

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Board of Directors

Composition and Roles of the Board

● Composition of the Board

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%. Director Ik-Hwan Kwon serves as the Chairperson of the Board and is expected to contribute to the realization of Board management based on his abundant experience in the legal field.

SK bioscience appointed outside directors in consideration of career, gender diversity, and independence. The Outside Director Candidate Recommendation Committee, which is made up of all outside directors, nominates outside director candidates in full consideration of the legal qualifications required for an outside director, diversity, and expertise. Once a candidate is confirmed after a review by the Board, an agenda for appointing outside directors is presented at the annual general meeting, where outside directors are appointed after a vote.

Our Board consists of executives (CEO Jae Yong Ahn, Director Kwang-Hyun Jun), a vaccine expert (Director Hun Kim), a health and administration expert (Director Chang-Jin Moon), a HR specialist (Director Mi-Jin Jo), a finance and accounting expert (Director Jeong-Wook Choi), and a legal expert (Director Ik-Hwan Kwon). In addition, we improved gender diversity within the Board by appointing Mi-Jin Jo as an outside director in 2020.

Board Composition

							As of April 30, 2022
Category	Name	Position and Committee	Major history	Specialized field	Appointment date	Term of office	2021 Board Attendance Rate
Executive Director (standing)	Jae Yong Ahn	CEO Member of the ESG Committee	(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	2021.03	~ 2024.03	100%
	Hun Kim	CTO	(Current) 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	2021.03	~ 2024.03	100%
Outside Director (non-standing)	Ik-Hwan Kwon ¹⁾	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	(Current) 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	2021.03	~ 2024.03	100%
	Chang-Jin Moon	Chairperson of the ESG Committee Member of the Audit Committee Member of the Outside Director Candidate Recommendation Committee	(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	2020.10	~ 2023.03	100%
	Mi-Jin Jo	Chairperson of the Nomination and Compensation Committee Member of the Outside Director Candidate Recommendation Committee Member of the Internal Transactions Committee	(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	2020.10	~ 2023.03	100%
	Jeong-Wook Choi	Chairperson of the Audit Committee Member of the ESG Committee Member of the Internal Transactions Committee	(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	2020.10	~ 2023.03	100%
Other Non-executive director	Kwang-Hyun Jun	Member of the Nomination and Compensation Committee	Current) President and CEO of SK chemical, President of SK plasma (Former) President/CEO of SK chemical LS Biz.	Corporate Management	2022.03	~ 2025.03	-

1) As outside director Ik-Hwan Kwon was newly appointed as of March 31, 2021, board meetings before his appointment are excluded when calculating attendance.

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 major agendas. We also notify the Board five days before the meeting so that the Board can fully review the agenda.

The Board meeting attendance rate for the past four years including 2021 has been 100%, and the Board of SK bioscience participates in the company's major resolutions. Major resolutions and reports for 2021 included reporting on the progress of the IPO, and establishing the Nomination and Compensation Committee and the ESG Committee.

In 2022, the Board targets to improve the expertise of the supportive body of the internal audit division, continue to reinforce internal control policies and proactively support outside director activities. As the scope of the Audit Committee expands, we plan to expand support personnel for internal audits and strengthen the role of the Board in managing and supervising internal control functions such as risk and compliance management. Moreover, we plan to improve the participation rate by supporting outside director discussion and meetings, as well as providing training programs.

Board Attendance Rate

Category	2019	2020	2021
All	100%	100%	100%
Outside director (non-standing)	100%	100%	100%

Status of the Board Meeting in 2021

As of December 31, 2021

Number of Meetings Held	Agenda
17	48(Voting: 26, Reporting: 22)

● Outside Directors Training and Support

SK bioscience provides a variety of information and learning opportunities to support outside directors' active participation in management, rational decision-making, and professional job performance.

We provide materials five days in advance so that the agenda can be fully reviewed before the meetings of the Board and committees. We also provide an opportunity for Q&A in advance on the agenda by providing the contact information of the person in charge of the relevant division for in-depth understanding and more effective deliberation on the agenda.

SK bioscience facilitates training sessions to strengthen the expertise of outside directors and improve their general understanding of the company. We provided a context for our management philosophy in 2021 by offering training for ESG management, which has recently grown in prominence. We also give them opportunities to attend regular forums, conferences, and seminars in order to improve their understanding of overall management including bio-industry, ESG management, HR, and auditing.

Training Received by Outside Directors

Date	Facilitator	Attendance Rate	Content
2021.05.13	SK discovery	100%	ESG reinforcement and board-centered management, major management status
2021.06.30	Yulchon Law Firm	100%	Introduction to ESG
2021.09.09	Strategic Planning Office of SK bioscience	100%	Overview of the company's business
2021.11.17	Board Secretariat	100%	Andong L HOUSE on-site workshop
2021.12.01	Korea Fair Competition Federation	100%	A practical approach to ESG evaluation criteria

SK bioscience protects Board members from excessive legal responsibility by purchasing Directors and Officers(D&O) liability insurance at the company's expense. We specify this information in the corporate governance charter so that our outside directors can concentrate on management activities.

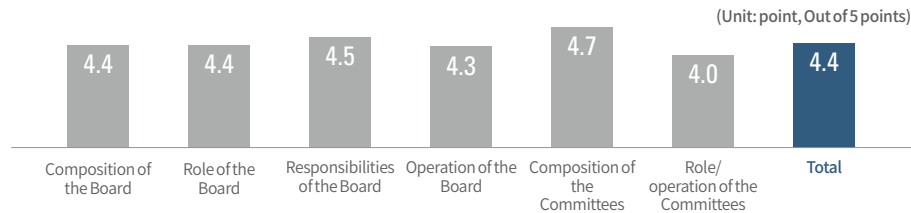
Evaluation and Remuneration of the Board of Directors

● Evaluation of the Board

SK bioscience annually evaluates the activities of the Board, committees, and directors for the purpose of improving the efficiency of the Board's operation and identifying areas of improvement. SK bioscience conducts a self-evaluation of the composition, roles, responsibilities, and operation of the Board and committees in accordance with the ESG standards of the Korea Corporate Governance Service.

As a result of the self-evaluation using a questionnaire, the overall rating was 4.4 out of 5. We transparently disclose the evaluation results so that stakeholders can fully understand the contents of our activities. Matters that need improvement are reviewed and reflected to improve the activities of the Board.

Board Evaluation Results



● Compensation System for the Board and CEO

The Nomination and Compensation Committee reviews the annual remuneration amount by evaluating the appropriateness of remuneration for individual executive directors. It also reviews the adequacy of remuneration amount by receiving reports on results of evaluation on executives and remuneration amount. In the case of remuneration for executive directors, performance and capabilities are first reported to the Nomination and Compensation Committee and the Board. Then, salaries and bonuses are paid within the limit of remuneration set at the annual general meeting. The remuneration of outside directors is paid as a fixed remuneration in consideration of management independence and transparency.

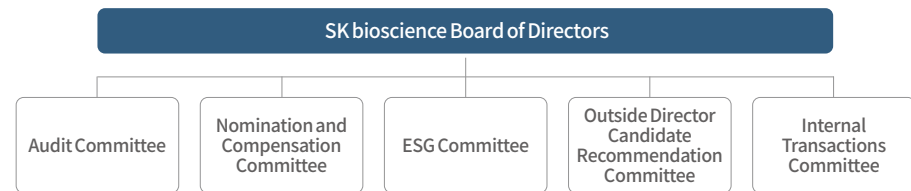
● Remuneration of the CEO

The CEO's remuneration is paid within the limit of remuneration for directors set at the general shareholders' meeting after reporting to the Nomination and Compensation Committee and the Board. Salary is determined after due consideration of the performance of the year, such as financial performance and the outcomes of growth strategy implementation. Bonuses are divided into profit-based Profit Sharing(PS) and Target Incentive(TI) of KPIs. Given the CEO's importance to the company's growth, we have implemented a Long-Term Incentive Plan to compensate the CEO for his contribution to the company's mid- to long-term growth.

Committees under the Board of Directors

● Composition of the Committees under the Board

SK bioscience operates five committees under the Board. Each committee delegates some of the authority of the Board to make decisions in specific areas of expertise and supports the Board's work.



The authority and operating rules of each committee are stipulated in the regulations. To ensure independence and transparency, the Audit Committee, Internal Transactions Committee, and Outside Director Candidate Recommendation Committee are exclusively composed of outside directors.

● Board Committee Information

The committees under SK bioscience's Board prepare minutes in accordance with regulations and disclose their activities on the website. The attendance rate of all committees reaches 100%, and each committee proposes and decides on an agenda that meets its purpose and authority.

Board Committee Information

As of December 31, 2021

Category	Purpose and authority	Chair-person	Meetings held	Major Agenda
Audit Committee	Strengthens the audit function, establishes an Audit Committee that satisfies the legal requirements for transparent decision-making by the Board.	Jeong-Wook Choi	Seven	<ul style="list-style-type: none"> •(Agenda) Accounting and operational audit of the company •(Report) Report on business to the director •Investigation of the company's property status
Nomination and Compensation Committee	Enhances transparency by reviewing major personnel matters related to key executives who are important actors in managing the company	Mi-Jin Jo	Five	<ul style="list-style-type: none"> •(Agenda) Evaluation of the CEO and proposal for retention/dismissal/appointment •(Agenda) Review of remuneration for each executive director •(Report) Evaluation of general manager and individual remuneration
ESG Committee	Strengthens the Board function and ESG management in the company's major decision-making process	Chang-Jin Moon	Four	<ul style="list-style-type: none"> •(Agenda) Prior deliberation on the establishment/revision of annual business plans and mid- to long-term plans •(Agenda) Prior deliberations on important strategic decision, investment in other corporations over a certain scale, acquisition and disposal of assets, establishment and expansion of production facilities, R&D investment, business transfer, etc. •(Report) Other important ESG initiatives/activities, etc.
Outside Director Candidate Recommendation Committee	Installed for independence and transparent operation of the Board	Ik-Hwan Kwon	Two	<ul style="list-style-type: none"> •Right to recommend outside director candidates at the general shareholders' meeting
Internal Transactions Committee	Promotes rational and transparent management and balanced decision-making by monitoring whether fairness and appropriateness are secured in the course of internal transactions	Ik-Hwan Kwon	Two	<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

Business Ethics and Compliance

Principles of Business Ethics

● Code of Ethics and Practice Guidelines for the Code of Ethics

SK bioscience established principles of ethics under the belief that ‘transparency is the key prerequisite for sustainable management’. By adopting the Code of Ethics which considered various stakeholders, we prepared standards for judging the decisions and actions of employees in all management activities. Our Code of Ethics has provided consistency in principles to our employees based on SK Group’s management philosophy and business ethics culture.

SK bioscience’s Code of Ethics

Customers	Employees
The company shall continue to satisfy and gain the trust of customers and ultimately grow with them.	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.
Business Partners	Shareholders
The company shall grow together with its business partners and compete with its competitors in a fair and equitable manner.	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.
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.	

SK bioscience also discloses detailed guidelines for action, stipulating the behavior standards of employees and our obligations to comply. All employees of SK bioscience have an obligation to comply with the Code of Ethics and Practice Guidelines of the Code of Ethics. We have been expanding the scope of application of the Code of Ethics by actively encouraging our stakeholders to understand and practice the Code of Ethics.

We have more employees with diverse backgrounds and work experiences as our business has grown rapidly in recent years. We felt the need to elaborate the Practice Guidelines of the Code of Ethics in order to provide clear and consistent judgment standards for all employees because our employees have various levels of awareness of business ethics.

Subsequently, we began supplementing and revising the Practice Guidelines of the Code of Ethics, with the goal of completion within the first half of 2022. In addition, case-based FAQs will also be provided so that employees can more easily understand and use the practice guidelines.

SK bioscience’s Practice Guidelines for the Code of Ethics



Code of Conduct

Protection of the company’s assets and information / Anti-bribery and corruption / Respect for other employees



Role in Society

Role in society and the environment



Attitude toward Customers

Customer-centered management / Protection of customer information



Compliance

Compliance with fair trade laws and regulations / Fair trade practices under the principle of free competition



Our Responsibility toward Employees

Human-centered management / Safety and happiness of employees



Our Responsibilities toward Shareholders

Enhancement of corporate value / Protection of shareholder rights



Relationship with Business Partners

Win-win management / Fair competition with competitors

Strengthening Capabilities of Business Ethics /Compliance

SK bioscience regularly conducts ethics training for its employees. We enhance our employees’ ethical decision-making ability by raising awareness of the misuse of corporate credit card, sideline jobs, abuse of power, and hospitality/entertainment during the SK Group online training held once a year.

Additionally, we conduct regular compliance training twice a year for sales/marketing divisions, and require new employees to complete compliance training. Furthermore, we strive to establish a compliance culture within the company by conducting compliance training from time to time as needed.

In 2020 and 2021, workshop discussions on business ethics was held at the company-wide level, and compliance training was also conducted for sales/marketing divisions. We plan to continue conducting ethics and compliance training and managing performances in the future.

Ethics Compliance Training for Employees

Category	Subject	Frequency
Business ethics training	All employees	Once a year
Business ethics workshop (discussion-based training)	All employees	Once a year
Compliance training	Sales/marketing divisions	Four times a year

Ethics Reporting System

In order to establish fair and transparent management and an ethical corporate culture, SK bioscience discloses the Code of Ethics, which provides the criteria for judging our employees' decisions and actions. Besides, we operate an online reporting channel through which all stakeholders can freely receive business ethics consultations and report violations of the Code of Ethics and Practice Guidelines.

The content of the report and the identity of the informant are strictly protected. Through a meticulous investigation, the reported information is verified, and follow-up measures such as disciplinary action are implemented in accordance with regulations and procedures.

What to Report

Category	Subject
Corruption and abuse of power in business relationships	Giving or receiving money/hospitality, personal requests, equity investment, unfair instructions, verbal abuse/assault, etc.
Lack of respect among employees	Verbal abuse, assault, sexual harassment, bullying, exclusion from work, personal errands, etc.
Inappropriate business practices	False report, performance manipulation, unethical sales practices, embezzlement, improper use of expenses and assets, information leakage, etc.
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.
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.
Violation of the law	Violation of the Fair Trade Act and other laws, etc.

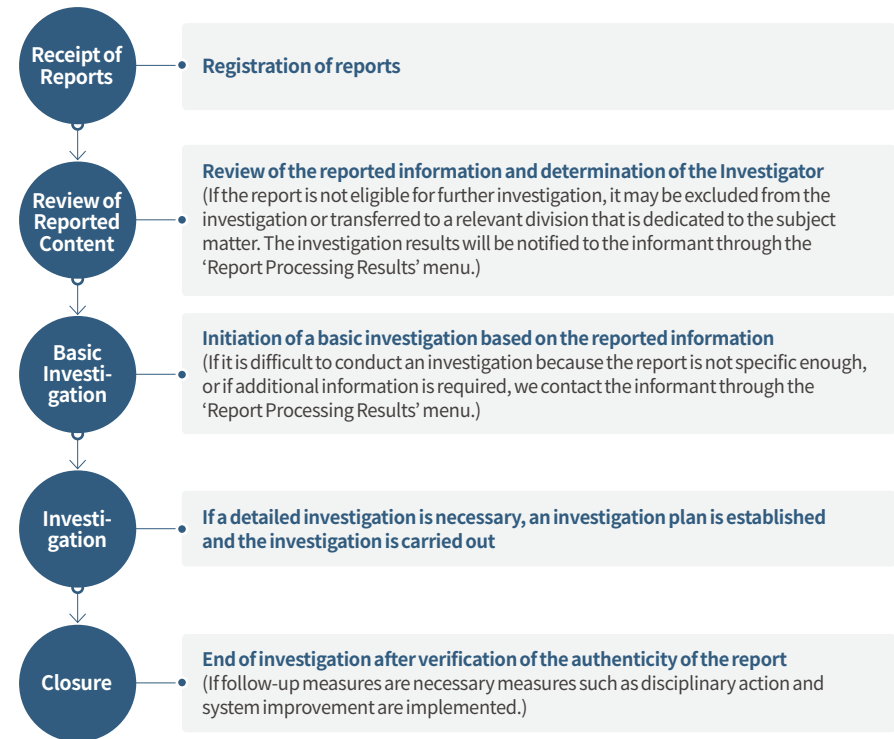
How to Report(channel)

Through various channels, SK bioscience receives reports of violations of the Code of Ethics and Practice Guidelines of the Code of Ethics. The channels include the SK Business ethics website and the counseling&reporting link on the SK bioscience website, as well as e-mails, mails, phone calls, and personal visits to SK bioscience.

Ethics Reporting Channels

Division in charge	CP Team
Website	SK Ethical Management
E-mail	Skbioscience.ethics@sk.com
Phone	02)2008-2338
FAX	02)2008-2959
Address	SK bioscience Co., Ltd. CP Team, 310 Pangyo-ro (Sampyeong-dong), Bundang-gu, Seongnam-si, Gyeonggi-do

Report Processing



Reporting Status and Actions Taken

SK bioscience takes appropriate disciplinary actions against employees who violate the Code of Ethics and Practice Guidelines of the Code of Ethics. In 2021, the total number of reports received through the whistleblower system was seven. Excluding simple complaints, there were a total of two reports that provided detailed information and were investigated. As a result of the investigation, the involved employees were proved to be innocent, thus personnel measures related to the case were not taken. The whistleblower can inquire about the results via SK Group's business ethics website.

Compliance Division and Structure

● Audit Committee

SK bioscience has established and operates the Audit Committee under the Board to strengthen the audit function. Our Audit Committee supports the Board's transparent decision-making, meeting the stringent commercial law requirements for listed companies, and regulatory responses.

The Audit Committee is an organization that internally audits the accounting procedures and business activities to oversee whether directors and management are performing their duties legally and properly. It also reviews the appropriateness of systems and activities such as the internal accounting management system and the compliance program after receiving reports from the CP Team, etc.

● Compliance(CP) Team

SK bioscience has introduced and is operating a compliance program to take the lead in a fair and free competition. We appointed the head of the legal division as the Chief Compliance Officer to be in charge of planning/implementation/evaluation/supervision of the voluntary compliance program. Accordingly, the Chief Compliance Officer oversees the operation of the program, from managing business-related activities such as pharmaceutical CP activities to raising the level of all employees' awareness of antitrust compliance.

Moreover, our CP Team is committed to business ethics and the avoidance of compliance violations. To be more specific, the team makes efforts to establish related systems, monitor and investigate reported matters, conduct training, and penalize violators, etc.

The importance of the internal audit function to check the internal system is growing as the business environment within SK bioscience changes, such as the recent rapid increase in the size of the company and the number of employees. As a result, we have established a plan to broaden the roles of the CP Team. In 2022, we will prepare audit regulations for the objectivity and independence of audits and secure the talent capable of conducting internal audits.



Compliance Program

SK bioscience has established and implemented standards and procedures in accordance with the Fair Trade Commission's requirements for the implementation of the voluntary compliance program. The reporting process begins with the Chief Compliance Officer, who receives reports on operational status in order to evaluate effectiveness and improvement measures and then reports to the Audit Committee.

We have produced and distributed compliance-related company rules/manuals to provide continuous guidance to our employees. In addition, the detailed guidelines are constantly updated, and related training is also being conducted.

If a violation of the compliance regulations is detected, we provide feedback by, for example, taking corrective measures aligned with internal disciplinary procedures such as reward and punishment regulations. We have a counseling/reporting channel open for legal violations consultation and reporting. Moreover, we encourage whistleblowing by periodically informing all employees about the reporting channel and the whistleblower protection system.

Internal Accounting Control System(IACS)

SK bioscience operates the IACS in accordance with the Act on External Audit. Our IACS auditor certification level was raised from review to audit following the IPO in 2021. By thoroughly reviewing the existing system, we upgraded our IACS to reinforce transparency in corporate accounting and management through effective internal control activities.

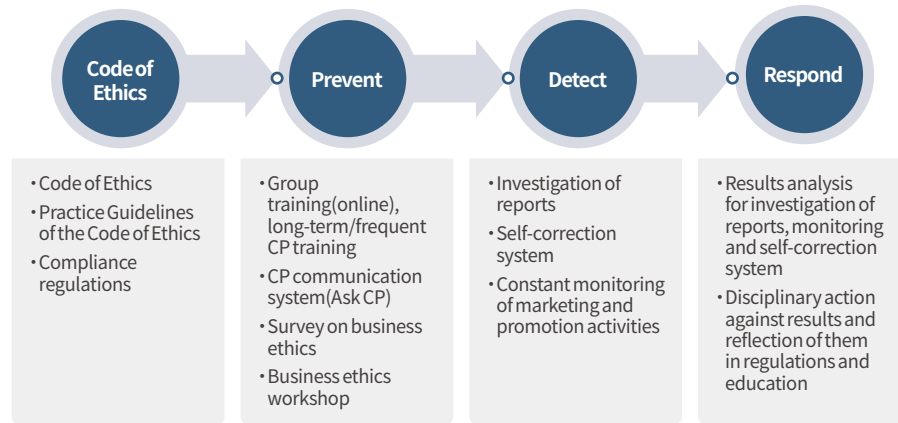
SK bioscience operates the IACS to prepare and disclose reliable accounting information, not to merely maintain a system to comply with legal requirements. To this end, we have established related regulations and guidelines and assigned our IACS Part to perform walkthroughs and tests of controls. In this manner, we assess the operational status and check for abnormalities in all internal controls. Thus, our approval processes of major sales revenue, production, financing, and accounting, which affect the financial statements are kept in check. Also, we effectively respond to external factors that may affect our business, such as changes in accounting standards and laws.

These internal control activities are verified annually by a third-party external auditor(accounting firm). Meanwhile, the CEO reports relevant matters to the annual general meetings, the Board, and the Audit Committee for each business year. We make efforts to strengthen internal control and improve awareness at the company level by conducting IACS training for employees and the Audit Committee.

Compliance Risk Management System

SK bioscience has always believed in corporate competitiveness realized by pursuing comparative advantage in a fair market while promoting sustainability and compliance. With this conviction, it has established and currently operates a compliance risk management system based on the Code of Ethics. We also improve our business ethics and compliance management by implementing our Prevent-Detect-Respond framework to avoid profits from unethical business practices and to lay the groundwork for a transparent company.

Compliance Risk Management Framework



We established relevant regulations to advise our employees in internalizing business ethics. We also attempt to avoid ethical risks by conducting business ethics/compliance training and surveys regularly, as well as making business ethics pledges each year. We also operate an inspection system to monitor the reporting channels and marketing cost execution at all times.

In addition, we evaluate the level of business ethics practice of each individual and division through the ethics survey, and the evaluation results are reflected in the improvement of the compliance management system. If compliance violations are found through investigation and monitoring, we take disciplinary action according to the established procedure and notify all employees of the matter and reflect it in regulations and training.

● Compliance Officer

SK bioscience established compliance guidelines on October 29, 2020, and appointed Yang Jeong-il, then head of the legal division, as a compliance officer. Following his resignation, the head of the legal division, Ji-hyeon Yoo was appointed as the compliance officer on December 1, 2021. The compliance officer oversees our compliance work to strengthen the governance system and proactively manages risks for three years, which is the term of the officer.

Personal Information of the Compliance Officer

Name	Date of Birth	Past Experiences	Disqualification
Ji-hyeon Yoo	July 1978	2003 Doctor of Medicine, Ewha Womans University 2007 Bachelor of Laws, Korea University 2008 Passed the 50th bar exam 2011 Completion of the 40th Judicial Research and Training Institute 2017 U.C. Berkeley School of Law LL.M. 2011–21 Lee & Ko Law Firm December 2021–present Head of the legal division at SK bioscience	N/A

● Responsibilities of the Compliance Officer

SK bioscience strengthened the compliance system by specifying the activities, rights, and duties of a compliance officer in the compliance guidelines. Our officer runs education and training programs on compliance, checks whether compliance guidelines are being followed, and may request employees to submit materials as needed. She may seek advice from external experts if necessary, and holds the right to make a statement to the Board in relation to compliance control.

Responsibilities of the Compliance Officer

Reorganization of the Governance Structure	Preemptive Risk Management	Support for Domestic and Global Businesses and Projects
Establishment of the Board-level management system <ul style="list-style-type: none"> Support for the establishment of the Board process and operation of committees Establishment of an operating system in accordance with relevant regulations and laws <ul style="list-style-type: none"> Compliance with disclosure obligations and regulations under the Capital Markets Act, and prepare for ESG evaluation 	Establishment of a companywide and integrated risk management system <ul style="list-style-type: none"> Identification, evaluation, response, and inspection of risks Minimization of Contractual Risk <ul style="list-style-type: none"> Contract review to minimize disputes and risks 	Domestic/global businesses <ul style="list-style-type: none"> Monitoring of and response to regulations and policies for domestic marketing alliances Projects <ul style="list-style-type: none"> Clarification of the scope of liability and indemnification under the C(D)MO and domestic distribution contracts

In 2021, the compliance officer’s responsibilities were focused on timely compliance support and effective compliance controls. She provides timely training as well as daily compliance support and upgrades the company-wide compliance system through risk prevention activities. Also, she contributes to achieving the 2030 long-term vision of the legal division, ‘Proactive & Business-oriented Legal Solution Provider.’

Risk Management

Risk Management Strategy

● Risk Management Governance

SK bioscience has established and operates an Enterprise Risk Management(ERM) system to integrate and manage business risks. The division in charge of each priority management task leads risk mitigation activities, whereas the legal division, as the ERM control tower, identifies the status of risk management and supports management activities.

Risk Management Organizational Chart



We identified 26 issues that require company-wide attention and assessed the importance and current level of management for each task. Then we developed 11 priority management tasks that represent the potential risks that we can manage. In addition, we focus on long-term ERM operations to respond to risks that change dynamically depending on the business's internal and external environments.

● Risk Reporting

In the first quarter of each year, each division sets key initiatives, detailed plans, and goals for the year based on the previous year's performance. The progress is then reported every two months to the legal division, which organizes the received performance and plans and directly reports the ERM operation status to the CEO.

Beginning in 2022, each division will assign a working-level personnel to each task to discuss progress and deficiencies in regular and irregular meetings, and to respond more promptly to changes in risk situations.

● ERM Operation and Monitoring System

The division in charge of each task identifies and prevents risks inherent in daily operations. We advanced the level of risk management by incorporating the risks that require company-wide management into the ERM priority management tasks.

Our legal division monitors the management status of priority management tasks and performs support activities as necessary. It also gives a warning and mitigates the risks by predicting the possibility of social issues that may have an impact on the company in the future. At the same time, the legal division, along with other divisions, performs relevant ERM priority management tasks and carries out risk management for the tasks in charge.

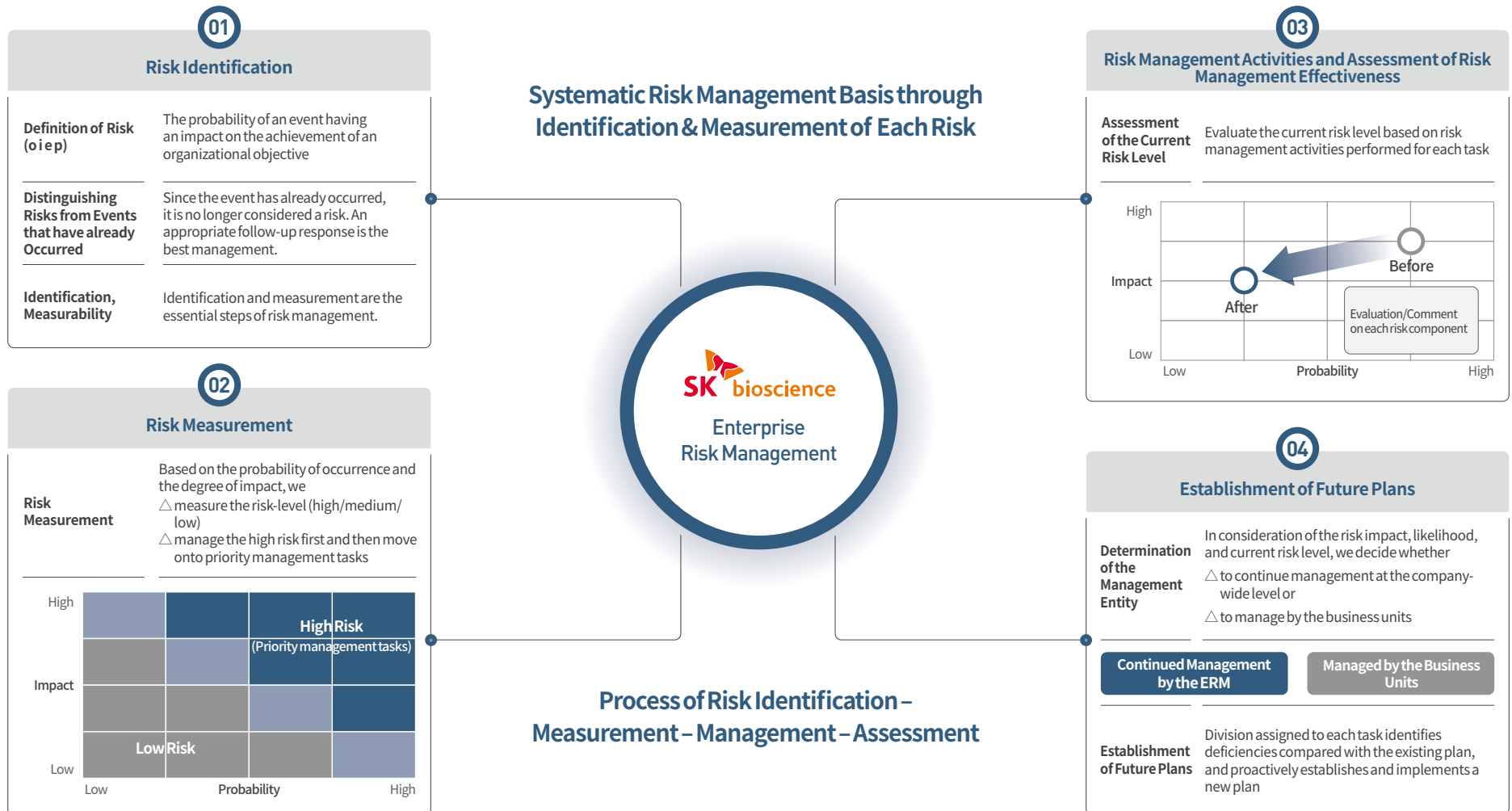
SK bioscience has established a plan to centralize and specialize risk management by reorganizing the management system of priority management tasks in 2022. Through this, we aim to manage the risks more comprehensively and efficiently by upgrading the ERM.

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>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>Six tasks that require company-wide management are reorganized to enable organic collaboration between divisions in charge and consolidated based on similarities.</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>
<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>	

Risk Management Activities

SK bioscience will establish a risk management framework based on the ISO 31000 Risk Framework and the COSO Framework. We will take an integrated approach to risk management by including identification, measurement, and assessment of the risks for existing priority management tasks and new tasks that may be identified in the future.



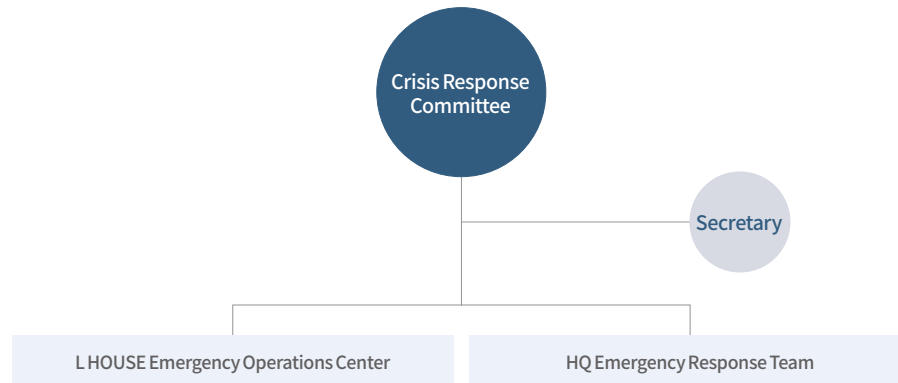
Operation of Business Continuity Plan(BCP)

● Emergency Response Management Procedure

SK bioscience has established an emergency response plan to minimize human, material, and environmental damage caused by all accidents such as personal injury, property loss, and environmental accidents in an emergency including a disaster or calamity. Our emergency response plan consists of a series of actions that enable us to respond to crises quickly and systematically. Actions include reporting, organizing an emergency response team, convening, disseminating information about the situation, and carrying out disaster prevention and business recovery activities.

Responsibilities, authorities, and response policies for each division are defined as per the internal emergency response management regulations. Meanwhile, the operation of the Emergency Response Committee is determined by the gravity of the situation. We have created a Business Continuity Plan(BCP) that allows us to follow the unified reporting system in case of an emergency in the workplace. Similarly, we prepared a procedure to utilize our communication channels with affiliates, internal and external stakeholders in order to minimize damage and a response scenario for hypothetical emergencies.

Organizational Chart for Crisis/Emergency Response Committee



SK bioscience regularly conducts emergency response drills so that it can immediately respond to risks that may occur in the workplace. We have systematically identified deficiencies and made improvements through training. In 2022, we will continue to make improvements by subdividing emergency response training types and investing in facilities for emergency response, etc.

● Establishment of Emergency Response System

An emergency response system is at the heart of SK bioscience's workplace emergency preparedness. With its emergency action plans and response procedures, SK bioscience minimizes extensive damages to human and material resources, the environment, and corporate image.

We established 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 expansion. We have also defined the roles and responsibilities of divisions in charge of on-site response, support, and emergency contacts.

Under the direction of the SHE Division, joint training between sites is conducted at least once a quarter. We raise our employees' awareness of the emergency response system through training and developing improvement plans for issues that have been identified.

Altogether, SK bioscience strives to minimize damage through prevention by consistently prioritizing human life and managing all risks in advance rather than afterward.

Emergency Response Policy: Operational Principles

1 Protection of Human Life 	2 Protection of the Environment 	3 Protection of Company Assets and Image 
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Types of Emergency

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

Shareholders' Rights

Status of Major Shareholders

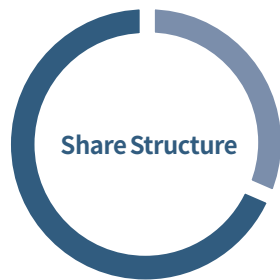
● Shares Held by Major Shareholders

All stocks of SK bioscience are common stock, and our largest shareholder is SK chemicals, which owns 68.34% of the shares as of March 31, 2022.

 [Shareholder Equity Status](#)

Major Shareholders and Related Parties

SK chemicals Others
68.34% **31.66%**



Category	Shareholder Name	Number of Shares Owned	Share Ratio
5% or more Shareholders	SK chemicals	52,350,000	68.34%
Others		24,250,000	31.66%
Total		76,600,000	100%



Shareholders' Rights Protection

● Shareholders' Rights Protection System

SK bioscience protects the rights and interests of shareholders by listening to and collecting opinions of shareholders on corporate management. We immediately disclose material matters that have been resolved by the Board and we decided to introduce an electronic voting system on June 24, 2021, in order to enhance the convenience of shareholders in exercising their voting rights. The electronic voting system was adopted at the fourth annual general meeting held on March 24, 2022, and shareholders exercised their voting rights electronically without attending the meeting. In addition, information necessary for shareholders, such as the status of major shareholders and stock issuance details, is provided through various channels such as our website.

● Annual General Meetings

By presenting the business performance at the annual general meeting, SK bioscience collects shareholder feedback on strategic direction and management while also protecting shareholders' rights and interests. 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.

Resolutions passed at the meeting are immediately disclosed and communicated to stakeholders such as shareholders. Major agenda items that are closely related to investors' interests are disclosed on the Data Analysis, Retrieval, and Transfer System (DART), Korea Exchange, and SK bioscience's website.

● Efforts to Communicate with Shareholders

At SK bioscience, shareholders are kept up to date on corporate management performance through annual general meetings, performance presentations, domestic & global non-deal roadshows (NDRs), and IR meetings. Besides, they have full access to critical information, such as share ownership structure, stock issuance history, investor briefings, performance announcements, and analyst reports, via our website.

SK bioscience has established a plan for more active communication with shareholders in 2022. We will expand regular and irregular company briefing sessions to strengthen IR activities and broaden the investor structure. Meanwhile, in order to attract more overseas investors, we will actively hold offline company briefings and participate in major international conferences.

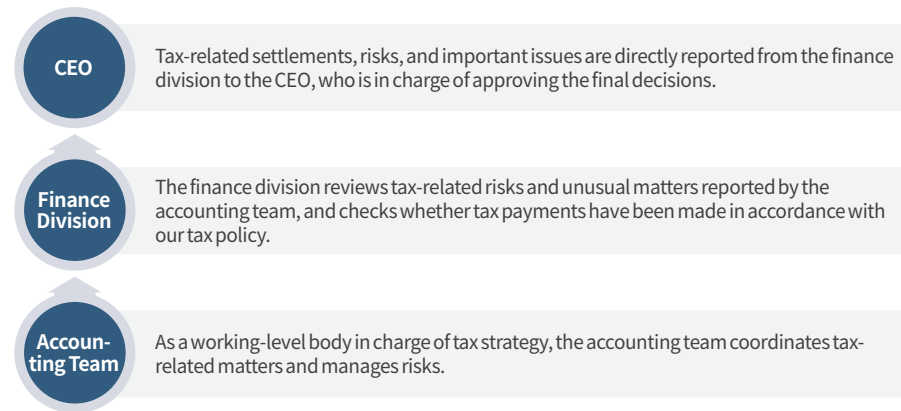
We will also continue to work with investment analysts to address the asymmetry of investment-related information. In order to make informed management decisions, we will analyze the performance and IR activities of our competitors in the bio-industry.

Tax Strategy

Fulfilling tax obligations through tax compliance and risk management is an important factor in creating economic and social value, as well as an essential component of ESG management. Therefore, we constantly review the appropriateness of the application of tax laws with the advice of external experts in order to improve the credibility of our tax strategy.

[ESG > Social > Tax Policy](#)

Tax-related Decision-making System



Tax Risk

● Tax Risk Management Activities

SK bioscience faithfully reports and pays taxes in accordance with laws and regulations, and maintains a transparent relationship with tax authority. To actively manage tax risks, we seek advice on tax payment plans from a group of external tax experts. On major tax issues, we consult with experts and tax authority in advance and carry out tax-related activities based on authoritative interpretation obtained during the queries.

● Tax Risk Assessment

SK bioscience complies with domestic and foreign laws by evaluating and managing tax risks that may arise in the course of business activities such as strengthening business competitiveness and investing in new growth strategies. However, we recognize that all tax risks cannot be completely eliminated due to the complexity and differences in interpretation of the tax law. Therefore, we focus our risk management activities on the early identification of uncertain tax issues, and work with tax experts to communicate with tax authority.

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.

Contribution to National Finance and Community Development

SK bioscience contributes to the national finance and development of local communities by faithfully fulfilling its tax obligations. In 2021, we paid KRW 116 billion in taxes, believing that our contribution to the national finance is expected to increase as our business expands further.



APPENDIX

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ESG Data

Economic Performance¹⁾

Statement of Financial Position

(Unit: KRW 1 million)

	2019	2020	2021
Assets			
I. Current assets	170,741	333,902	1,837,804
1. Cash and cash equivalents	14,380	24,972	98,028
2. Short-term financial instruments	80,088	190,926	1,547,635
3. Receivables	32,429	45,838	48,135
4. Derivatives financial assets	0	128	451
5. Inventory assets	36,378	70,275	135,046
6. Contract assets	0	980	0
7. Other current assets	7,465	782	8,508
II. Non-current assets	233,239	228,330	272,318
1. Long-term financial instruments	10,597	0	21,610
2. Deposits	348	455	691
3. Tangible assets	182,477	180,992	210,265
4. Right-of-use assets	8,293	8,487	10,718
5. Intangible assets	19,479	17,858	17,061
6. Derivatives financial assets	65	0	1,640
7. Other non-current assets	86	95	92
8. Deferred tax assets	11,895	20,443	10,242
Total	403,980	562,232	2,110,123
Liabilities	0	0	0
I. Current liabilities	45,509	180,639	459,952
1. Trade and other current payables	31,613	39,153	102,185
2. Derivatives financial liabilities	0	75	895
3. Short-term borrowings	0	0	11,671
4. Current portion of bonds	0	10,994	47,978
5. Current lease liabilities	1,351	1,614	2,309
6. Other current liabilities	7,781	28,640	94,639
7. Contract liabilities	4,687	94,899	98,789
8. Current tax liabilities	78	5,264	101,486
II. Non-current liabilities	125,737	117,802	48,859
1. Debentures	93,472	80,473	35,503
2. Long-term borrowings	23,156	21,760	0
3. Lease liabilities	7,093	7,126	8,775
4. Defined benefit liabilities	2,015	4,358	4,246
5. Derivatives financial liabilities	0	3,617	0
6. Other non-current liabilities	0	468	335
Total	171,246	298,442	508,811
Equity	0	0	0
1. Share capital	10,200	30,600	38,250
2. Capital surplus	201,219	180,518	1,157,064
3. Other capital	325	901	901
4. Accumulated other comprehensive income	-1,319	-1,465	-208
5. Retained earnings(loss)	22,308	53,236	405,305
Total	232,734	263,790	1,601,312
Total equity and liabilities	403,980	562,232	2,110,123

1) As of the end of December

Comprehensive Income Statement

(Unit: KRW 1 million)

	2019	2020	2021
Sales	183,938	225,611	929,001
Cost of sales	106,078	130,269	358,718
Gross profit	77,860	95,342	570,283
Selling, general and administration	55,063	57,632	96,063
Operating profit(loss)	22,797	37,710	474,220
Other income	144	3,742	5,159
Other expenses	1,934	1,909	2,849
Financial income	5,185	7,903	26,241
Financial cost	7,706	10,154	31,643
Net income before income tax expense	18,485	37,293	471,128
Corporate tax expense	3,808	4,404	115,989
Net profit	14,677	32,890	355,139
Other comprehensive income	-1,489	-2,108	-1,813
Items subsequently reclassified as profit or loss	0	0	0
Derivatives valuation gain(loss)	-77	-146	1,257
Items not subsequently reclassified as profit or loss	0	0	0
Remeasurement of the net defined benefit liability	-1,412	-1,962	-3,070
Total comprehensive income	13,188	30,782	353,326
Basic earnings per share			
Earnings per share(loss) (unit: KRW)	240	537	4,844
Diluted net income(loss) per share (unit: KRW)			
		533	4,810

Economic Performance

Statement of Changes in Equity

(Unit: KRW 1 million)

	Equity					Total equity
	Share capital	Capital surplus	Other capital	Other accumulated comprehensive income	Retained earnings	
January 1, 2019 (basic capital)	10,200	201,219	25	-1,242	9,043	219,246
Net Income	0	0	0	0	14,677	14,677
Remeasurements of the net defined benefit liability	0	0	0	0	-1,412	-1,412
Valuation Gain/Loss of Derivatives	0	0	0	-77	0	-77
Capital increase	0	0	0	0	0	0
Stock options	0	0	300	0	0	300
Free capital increase	0	0	0	0	0	0
2019.12.31 (end-of-year capital)	10,200	201,219	325	-1,319	22,308	232,734
2020.01.01 (basic capital)	10,200	201,219	325	-1,319	22,308	232,734
Net income	0	0	0	0	32,890	32,890
Remeasurements of the net defined benefit liability	0	0	0	0	-1,962	-1,962
Valuation Gain/Loss of Derivatives	0	0	0	-146	0	-146
Capital increase	0	0	0	0	0	0
Stock options	0	0	575	0	0	575
Free capital increase	20,400	-20,701	0	0	0	-301
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	0	0	0	0	355,139	355,139
Remeasurements of the net defined benefit liability	0	0	0	0	-3,070	-3,070
Valuation Gain/Loss of Derivatives	0	0	0	1,257	0	1,257
Capital increase	7,650	976,546	0	0	0	984,196
Stock options	0	0	0	0	0	0
Free capital increase	0	0	0	0	0	0
2021.12.31 (end-of-year capital)	38,250	1,157,064	901	-208	405,305	1,601,312

Statement of Cash Flow

(Unit: KRW 1 million)

	2019	2020	2021
Operating cash flow	35,973	120,224	536,594
Net income	14,677	32,890	355,139
Adjustment	25,131	25,139	149,394
Changes in assets and liabilities due to business activities	8,061	66,408	44,001
Receipt of interest	192	91	453
Payment of interest	-4,508	-4,055	-3,407
Payment of corporate tax	-7,581	-249	-8,987
Investment activity cash flow	-2,646	-108,093	-1,421,940
Collection of guarantee	54	176	149
Decrease in long-term/short-term loans	388	3,262	7,335
Decrease in long-term financial instruments	0	0	990
Disposal of tangible assets	100	0	47
Disposal of intangible assets	6	469	0
Receipt of government subsidies	189	877	0
Increase in deposit	-46	-283	-385
Net increase in short-term financial instruments	0	-102,397	-1,363,007
Increase in long-term financial instruments	0	0	-22,600
Acquisition of tangible assets	-23,094	-9,735	-42,763
Acquisition of tangible assets due to capitalization of borrowing costs	-604	-191	-144
Acquisition of intangible assets	-271	-271	-1,562
Decrease in short-term investment assets	20,632	0	0
Financial activity cash flow	-23,435	-1,539	958,380
Issuance of common stock	0	0	983,256
Increase in short-term borrowings	0	0	11,324
Repayment of short-term borrowings	0	0	-50
Repayment of current long-term liabilities	-11,250	0	-11,000
Repayment of liquidity lease liabilities	-935	-1,237	-1,837
Repayment of long-term borrowings	-11,250	0	-22,684
Settlement of transactions of derivatives	0	0	-628
Stock issuance cost	0	-301	0
Net increase or decrease in cash and cash equivalents	9,891	10,592	73,034
Cash and cash equivalents at the beginning of the year	4,489	14,380	24,972
Effect of exchange rate fluctuation of foreign currency denominated cash, etc.	0	0	22
Cash and cash equivalents at the end of the year	14,380	24,972	98,028

Economic Performance

Corporate Tax

Category	Unit	2019	2020	2021
Pre-tax profit	KRW 1 million	18,485	37,293	471,128
Nominal tax amount	KRW 1 million	4,045	8,563	119,198
Nominal tax rate	%	21.9	23.0	25.3
Real tax amount	KRW 1 million	3,808	4,404	115,989
Real tax rate	%	20.6	11.8	24.6
Difference between nominal tax and real tax	KRW 1 million	237	4,159	3,209
Effect due to difference in attribution period	KRW 1 million	2,615	870	5,094
Effect of permanent difference	KRW 1 million	176	132	187
Effect of the difference between tax credits and reductions	KRW 1 million	-2,789	-5,054	-8,614
Other differences	KRW 1 million	-239	-108	124

Creation and Distribution of Economic Value

Category	Unit	2019	2020	2021
Sales	KRW 1 million	183,938	225,611	929,001
Operating expenses	KRW 1 million	161,141	187,900	454,781
Salary and benefits(employees)	KRW 1 million	28,313	47,287	83,852
Shareholder and investor payments (separate basis)	Total dividend	0	0	0
	Interest expense	4,185	4,151	3,427
Corporate tax(government)	KRW 1 million	3,808	4,404	115,989
Raw material cost(suppliers)	KRW 1 million	23,673	37,695	85,836
Donations(local communities)	KRW 1 million	1,120	1,248	2,507
Total	KRW 1 million	406,178	503,892	1,675,939
Government R&D subsidies	KRW 1 million	1,069	3,378	590

Protection of Shareholders' Rights

Category	Unit	2019	2020	2021
Number of IR(Briefings)	No.	-	-	20
Number of voluntary disclosures	No.	-	-	2

Participation in Associations and Contributions

Category	Unit	2019	2020	2021
Major contributions ¹⁾	KRW 1 million	199	224	323
Other contributions ²⁾	KRW 1 million	1	2	5
Total annual contributions	KRW 1 million	200	226	328

1) Where each membership fee or contribution is significant

2) Where the membership fee is relatively small or of low significance

R&D Investments

Category	Unit	2019	2020	2021	
R&D investment	Investment cost	KRW 1 million	27,720	25,987	47,250
	R&D intensity ³⁾	%	16.5	14.4	10.7
R&D achievements	Portfolio	No.	8	11	11
	Products under clinical trials	No.	4	7	7

3) R&D investment per sales revenue

Intellectual Property Rights

Category	Unit	2019	2020	2021	
Domestic	Patent	Application	11	18	37
		Registration	2	0	3
	Brand	Application	0	1	13
		Registration	18	0	1
Overseas	Patent	Application	51	71	24
		Registration	8	7	25
	Brand	Application	0	36	88
		Registration	1	12	16
Total	Patent	Application	62	89	61
		Registration	10	7	28
	Brand	Application	0	37	101
		Registration	19	12	17

Environmental Performance¹⁾

Greenhouse Gas Emissions

Category	Unit	2019 ²⁾	2020 ²⁾	2021	
HQ	Scope 1	-	-	29	
	Scope 2	-	-	326	
R&D Center	Scope 1	-	-	107	
	Scope 2	-	-	191	
L HOUSE	Scope 1	3,661	4,013	4,734	
	Scope 2	9,016	9,402	11,542	
Total scope 1 & 2 emissions		tCO₂e	12,677	13,415	16,927
Scope 1 & 2 intensity		tCO₂e/KRW 1 million	0.069	0.059	0.018

2) Data before corporate spin-off. SK chemicals GHG data, which completed verification, were included.

Energy Consumption

Category	Unit	2019	2020	2021	
HQ	Direct	LNG	-	-	0.4
		Gasoline	-	-	-
		Diesel	-	-	0.0
	Indirect	LPG	-	-	0.1
		Electricity	-	-	5.6
		Steam	-	-	1.5
R&D Center	Direct	LNG	-	-	0.1
		Gasoline	-	-	1.3
		Diesel	-	-	0.2
	Indirect	LPG	-	-	-
		Electricity	-	-	3.4
		Steam	-	-	0.7
L HOUSE	Direct	LNG	78	85	92.5
		Gasoline	N/A	N/A	0.4
		Diesel	N/A	N/A	0.0
	Indirect	LPG	-	-	0.3
		Electricity	193	208	241
		Total energy consumption	TJ	271	293
Energy Intensity		TJ/KRW 1 million	0.00147	0.00129	0.00037

1) As of the end of December; Scope of reporting: all domestic sites

Total Water Withdrawal by Source

Category	Unit	2019	2020	2021	
L HOUSE	Industrial water	t	49,398	45,828	46,135
	Domestic water	t	55,038	72,876	92,585
	Groundwater	t	-	-	-
	Wastewater	t	-	-	-
	Total	t	104,436	118,704	138,720
HQ and R&D Center	Industrial water	t	4,748	4,974	8,084
	Domestic water	t	12,989	13,785	12,713
	Groundwater	t	-	-	-
	Wastewater	t	-	-	-
	Total	t	17,737	18,759	20,797

Water Consumption

Category	Unit	2019	2020	2021	
L HOUSE	Surface water	t	104,436	118,704	138,720
	Groundwater	t	-	-	-
	Total	t	104,436	118,704	138,720
Data Coverage		%	100	100	100
HQ and R&D Center	Surface water	t	17,272	18,419	21,555
	Groundwater	t	465	340	499
	Total	t	17,737	18,759	22,054
Data Coverage		%	100	100	100

Water Reuse

Category	Unit	2019	2020	2021	
L HOUSE	Wastewater	t	9,504	9,504	9,504
	Sewage water	t	-	-	-
	Total	t	9,504	9,504	9,504
Percentage of Water Reused ^{3),4)}		%	9%	8%	7%

3) Calculation standard: reused water usage rate = (wastewater reused + sewage water) / (industrial water + domestic water + groundwater + sewage water) x 100

4) Calculated from the flow meter indicator value, on the assumption of 24 hour operation per day, 365 days per year.

Environmental Performance

Waste Disposal and Recycling Rate

Category		Unit	2019	2020	2021	
LHOUSE ¹⁾	Hazardous waste	Processing	t	93	54	42
		Incineration (consignment)	t	65	138	203
	General waste	Landfill	t	-	-	-
		Recycling	t	118	161	232
	Total		t	275	353	477
	Intensity		t/KRW 1 million	0.00149	0.00156	0.00051
	Recycling rate		%	64.4	53.8	53.4
HQ and R&D Center ¹⁾	Hazardous waste	Processing	t	19.04	20.30	4.94
		Incineration (consignment)	t	3.63	4.12	5.05
	General waste	Landfill	t	-	-	-
		Recycling	t	3.69	3.85	39.01
	Total		t	26.36	28.28	49.00
	Intensity		t/KRW 1 million	0.00031	0.00012	0.00005
	Recycling rate		%	50.35	48.3	88.54

1) Waste from the HQ, R&D Center, and L HOUSE are entirely consigned

Emission of Hazardous Chemicals

Category		Unit	2019	2020	2021
LHOUSE	Total emissions	t	3.5	0.4	0.5

Concentration and Emissions of Air Pollutants

Category		Unit	2019	2020	2021
LHOUSE	NOx	ppm			38
		t/year	NA	NA	1.9
	SOx	ppm			11
		t/year	NA	NA	0.5
	Dust	mg/Sm ³			3
t/year		NA	NA	0.1	

Concentration of Water Pollutants

Category		Unit	2019	2020	2021
LHOUSE	BOD	mg/L(ppm)	107.4	223.6	317.9
	COD	mg/L(ppm)	79.4	110.5	173.0
	SS	mg/L(ppm)	36.4	46.4	74.0
	T-N	mg/L(ppm)	16.0	18.7	24.7
	T-P	mg/L(ppm)	3.7	5.2	5.6
	Total	mg/L(ppm)	242.9	404.4	595.2

Environmental Investment and Management

Category		Unit	2019	2020	2021
Environmental investment ²⁾	Plan	KRW 100 million	2.6	2.5	3.2
	Execution	KRW 100 million	2.6	2.5	3.2
	Investment execution rate	%	100%	100%	100%

2) Amount limited to LHOUSE

Violation of Environmental Laws

Category		Unit	2019	2020	2021
Fine amount	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

Social Performance¹⁾

Employees²⁾

Category	Unit	2019	2020	2021		
By age	Under 30	Persons	153	401	546	
	30s and 40s	Persons	297	397	422	
	50 and above	Persons	22	34	39	
	Total	Persons	472	832	1,007	
By gender	Male	Persons	331	556	636	
	Female	Persons	141	276	371	
By site	HQ	Persons	264	358	444	
	LHOUSE	Persons	208	474	563	
	Total	Persons	472	832	1,007	
By employment	Regular worker	Male	Persons	303	391	415
		Female	Persons	129	184	260
		Sub-total	Persons	432	575	675
	Contract worker	Male	Persons	28	165	221
		Female	Persons	12	92	111
		Sub-total	Persons	40	257	332
By occupation	Executives	Persons	15	21	31	
	Research	Persons	121	146	208	
	Office job	Persons	26	90	166	
	Technical/production/maintenance	Persons	195	457	525	
	Sales	Persons	104	101	40	
	Other jobs	Persons	11	17	37	
	Total	Persons	472	832	1,007	
Manager	Total number of managers	Persons	50	72	94	
	Total number of middle management positions	Persons	35	51	63	
	Total number of executives	Persons	15	21	31	

2) All directly hired employees except for short-term part-time jobs (interns). The difference from the 1,001 employees in the annual report is due to the inclusion of six standing executives.

R&D Personnel³⁾

Category	Unit	2019	2020	2021
PhD	Persons	12	16	17
Master	Persons	69	89	143
Other	Persons	43	49	51
Total	Persons	124	154	211

1) As of the end of December; Scope of reporting: all domestic sites

3) Based on annual report

Employee Diversity

Category	Unit	2019	2020	2021		
Female employees	Female employees	Persons	138	272	365	
	Female executives	Persons	3	4	6	
	Ratio of female employees	%	30	33	37	
	Total number of managers	Persons	50	72	94	
Female managers	Female managers	Persons	8	12	20	
	Working-level (G2-G3)	Total	Persons	35	51	63
		Female	Persons	5	8	14
	Executive-level	Total	Persons	15	21	31
		Female	Persons	3	4	6
	Female managers by division	Revenue-generating division/position	Total	Persons	15	16
Female			Persons	3	3	3
STEM position		Total	Persons	15	19	29
		Female	Persons	5	5	9
Disabled	Personnel	Persons	10	21	43	
	Ratio	%	2.1	2.5	3.9	
Veterans	Personnel	Persons	0	0	1	
	Ratio	%	0.0	0.0	0.4	

New Hires

Category	Unit	2019	2020	2021	
By age	Under 30	Persons	18	55	272
	30s and 40s	Persons	65	91	310
	50 and above	Persons	6	11	21
	Total	Persons	89	157	603
By gender	Male	Persons	59	90	363
	Female	Persons	30	67	240
	Total	Persons	89	157	603
By site	HQ	Persons	61	91	320
	LHOUSE	Persons	28	66	283
	Total	Persons	89	157	603

Social Performance

Compensation System

Category	Unit	2019	2020	2021		
Gender ¹⁾	Female	KRW 1 million	55	33	43	
	Male	KRW 1 million	70	49	56	
	Female to male ratio	%	78	69	77	
Position/gender	Executives	Male	KRW 1 million	203	215	238
		Female	KRW 1 million	190	195	218
	Managers	Male	KRW 1 million	78.8	80.9	92.8
		Female	KRW 1 million	79.6	77.7	94.7
	Non-managerial staff	Male	KRW 1 million	48.2	49.1	55.9
		Female	KRW 1 million	45.2	45.6	55.1
Number of people enrolled in pension support	Defined benefit(DB)	Persons	379	406	301	
	Defined contribution(DC)	Persons	2	2	-	
	Number of shares owned	Share	38,925	811,990	2,288,008	
Employee Stock Ownership Plan(ESOP) status	Share ratio	%	1.9	1.3	3.0	
	Depository		Korea Securities Finance Corporation	Korea Securities Finance Corporation	Korea Securities Finance Corporation	

1) Calculated based on the total salary of employees, including registered executives, thus differs from the annual report

Expenses for Fringe Benefits

Category	Unit	2019	2020	2021
Total expenses for fringe benefits	KRW 1 million	2,192	2,805	3,745
Expenses for fringe benefits per capita	KRW 1 million	4.64	3.37	3.72

Labor Practices

Category	Unit	2019	2020	2021	
Employees covered by collective bargaining agreements	Number of registered employees	Persons	99	112	67
	Number of employees covered	Persons	99	112	69
	Group membership rate	%	100.0	100.0	97.1
Strikes/closures perceived by the company	No.	0	0	0	

Employee Satisfaction (Degree of Immersion)

Category	Unit	2019	2020	2021
Participation rate	%	-	59.1	61.3
Number of participants	Persons	-	204	328
Total score	Score	63.3	66.8	65.3

Childcare Leave

Category	Unit	2019	2020	2021		
Users of Childcare Leave	User	Male	Persons	1	-	4
		Female	Persons	5	6	11
	Sub-total	Persons	6	6	15	
Employees who have returned after childcare leave	Number of employees	Male	Persons	1	-	2
		Female	Persons	5	6	5
	Sub-total	Persons	6	6	7	
Employees who have served more than one year after reinstatement	Number of employees	Male	Persons	-	1	1
		Female	Persons	-	5	8
	Sub-total	Persons	-	6	9	
Average days of use	Day	282	326	188		

Employee Training

Category	Unit	2019	2020	2021	
Total training hours	Total training hours	Hour	14,372	8,498	5,537
	Average training hours per employee	Hour	30	10	6
Total training cost	Total training cost	KRW 1 million	530.2	654.8	982.9
	Average cost of training per employee	KRW 1 million	1.11	0.78	1.05
Human rights training	Training hours	Hour	826	974	1,590
	Number of employees participating in training	Persons	413	471	795
Pharmacovigilance training ²⁾	Target employees	Persons	472	832	1,007
	Number of participants	Persons	472	832	1,007
Training relating to responsible marketing	Target employees	Persons	112	112	113
	Number of participants	Persons	103	112	113

2) Pharmacovigilance training: once-a-year online training for all employees (including contract workers), introductory training for new hires, and face-to-face training for marketing staff once a year

Social Performance

Occupational Accident

Category	Unit	2019	2020	2021	
Occupational accident	Number of accident	No.	1	0	1
	Accident rate	%	0.21	0	0.16
Lost-Time Injuries Frequency Rate(LTIFR) (employees)	Case/ million working hours	0.21	0	0.16	
Total Recordable Injury Frequency Rate(TRIFR) (employees)	Case/ million working hours	1.05	0	0.50	
Total working hours	Hour	948,000	1,664,000	2,014,000	
Loss	Lost workday	Day	14	0	29
	Rate	%	0.015	0	0.014
Number of work-related deaths	Employees	Persons	0	0	0
	Business partners	Persons	0	0	0
	Ratio	%	-	-	-

Safety Training

Category	Unit	2019	2020	2021	
Safety training	Total training hours	Hour	9,340	11,488	16,872
	Employees who received training	Persons	474	617	939
	Total training hours per employee	Hour	HQ:12 office workers, 24 non-office workers/ L-House: 16	HQ:12 office workers, 24 non-office workers/ L-House: 16	HQ:12 office workers, 24 non-office workers/ L-House: 16

Quality Inspection

Category	Unit	2019	2020	2021	
Client company	Due diligence	No.	2	2	2
Business partners	Due diligence	No.	23	43	103
Health authorities	Quality inspection	No.	4	1	5
Total	No.	29	46	110	

Drug Safety

Category	Unit	2019	2020	2021
Number of recalls	No.	0	0	0
Total number of units of recalled products	Pcs.	0	0	0
Total amount of products approved for recovery, use, or disposal	Pcs.	0	0	0

Information Security/Cybersecurity

Category	Unit	2019	2020	2021	
Information Security Training	Training hours	Hour	1	1	2
	Number of participants in the training ¹⁾	Persons	171	244	686
Information security violations and accidents related to customers' personal information	No.	0	0	0	
Customers affected by data breach	Persons	0	0	0	
Total amount of fines or fines paid for information security breaches or cybersecurity incidents	KRW	0	0	0	
Complaints related to infringement of customer privacy or personal information	Number of complaints received from outside parties and verified by the agency	No.	0	0	0
	Number of complaints by regulatory body	No.	0	0	0

1) Training completion rate is above 99%

Corporate Philanthropy

Category	Unit	2019	2020	2021	
Corporate philanthropic activities	Annual participation	Persons	97	83	79
	Total participation time	Hour	303	318	221
	Participation time per person	Hour	3	4	3
Contribution amount per sales	%	0.47	0.31	0.27	
Resources for corporate philanthropy	Total expense ²⁾	KRW1 million	1,120	1,248	2,507
	Volunteering hours	Hour	303	318	219

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

Business Partners

Category	Unit	2019	2020	2021	
Number of business partners	Major partners	No.	10	22	32
	Other partners	No.	158	234	334
	Total	No.	168	256	366

Governance Performance¹⁾

Composition of the Board of Directors

Category	Unit	2019	2020	2021	
Composition of the Board	Executive director(standing)	Persons	2	2	2
	Outside director	Persons	2	3	4
	Total	Persons	4	5	6
Diversity	Male	Persons	4	4	5
	Female	Persons	0	1	1
	Number of executives aged 30-50	Persons	0	0	0
	Number of executives over 50	Persons	4	5	6
Efficiency of the Board	Average attendance	%	100	100	100
	Minimum attendance	%	100	100	100
	Average attendance rate of outside directors	%	100	100	100
The Board's Expertise	Number of outside directors/ other non-executive directors with industry experience	Persons	2	0	0
	Number of members with accounting/financial expertise within the Audit Committee (CFA, CPA, accounting, and finance-related experience, etc.)	Persons	0	0	1

Activities of the Board of Directors²⁾

Category	Unit	2019	2020	2021	
Board meetings held	No.	3	8	17	
Activities of outside directors	Agenda items in which outside directors objected or presented revision opinions	No.	0	0	1
Number of Subcommittee meetings held	Outside Director Candidate Recommendation Committee	No.	-	2	2
	Nomination and Compensation Committee	No.	-	-	5
	Audit Committee	No.	-	3 ³⁾	7
	ESG Committee	No.	-	-	4
	Internal Transactions Committee	No.	-	2	2
ESG-related issues reviewed	No.	-	-	7	

Remuneration

Category	Unit	2019	2020	2021	
CEO's remuneration	Total annual compensation	KRW 1 million	541	668	1,000
	Year-on-year change	%	-	23	50
	Total annual compensation	%	1.8	1.8	1.4
Employee remuneration	Total annual compensation rate of change	%	-	1	-21
	All employees' remuneration excluding the CEO(or equivalent position)	KRW 1 million	65	44	51
	CEO's remuneration ratio to the average annual salary of all employees excluding the CEO(or equivalent position)	%	-	-33	18
	CEO's remuneration ratio to the average annual salary of all employees excluding the CEO(or equivalent position)	%	833	1,532	1,950

Remuneration for Directors and Auditors of the Board

Category	Unit	2019	2020	2021	
Composition	Executive director	Persons	2	2	2
	Other non-executive directors	Persons	2	-	-
	Outside directors	Persons	-	3	4
	Total	Persons	4	5	6
Total amount paid	Executive director	KRW 1 million	1,052	1,205	2,029
	Other Non-executive director	KRW 1 million	-	-	-
	Outside Director	KRW 1 million	-	38	294
	Total	KRW 1 million	1,052	1,243	2,324
Average pay per person	Executive director	KRW 1 million	526	603	1,015
	Other Non-executive director	KRW 1 million	-	-	-
	Outside Director	KRW 1 million	-	13	74
	Total	KRW 1 million	263	249	387

1) As of end of December 2021

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

3) An activity prior to the establishment of the Audit Committee (2020.03.09) is not included

Governance Performance

Ethics report/Consultation/Violation/Discipline

Category	Unit	2019	2020	2021	
Report (bystakeholder)	Client	No.	1	1	2
	Business partner	No.	0	0	0
	Employee	No.	-	2	5
	Other	No.	2	1	-
	Total	No.	3	4	7
By treatment method	Investigation(audit)	No.	1	1	2
	Transfer to the relevant division	No.	-	2	4
	Others(unconfirmed, rejected)	No.	2	1	1
	Total	No.	3	4	7
Disciplinary actions taken	Sexual harassment	No.	1	1	1
	Neglect of duty	No.	5	19	1
	Total	No.	6	20	2

Business Ethics/Compliance Training

Category	Unit	2019	2020	2021	
Percentage participants that completed training	%	100	100	100	
Number of participants	Online training on business ethics ¹⁾	Persons	1,217	417	1,446
	Business ethics workshop	Persons	323	465	719
Training hours per employee	Online training on business ethics	Hour	1	1	1
	Business ethics workshop	Hour	1	1	1

1) Participants in 2019 and 2021 include employees of SK chemicals and SK plasma as trainings were jointly conducted in those years.

Violation of Laws/Regulations

Category	Unit	2019	2020	2021	
Unfair business practices prohibited by competition and antitrust laws (including corruption and bribery)	Fine	KRW	0	0	0
	Number of violations	No.	0	0	0
Violation of domestic marketing activities	Fine	KRW	0	0	0
	Number of violations	No.	0	0	0
Violation of customer data protection	Fine	KRW	0	0	0
	Number of violations	No.	0	0	0
Violations of laws and regulations and fines imposed	Fine	KRW	0	0	0
	Number of violations	No.	0	0	0
Violation of regulations regarding counterfeit products	Fine	KRW	0	0	0
	Number of violations	No.	0	0	0
Violation of regulations relating to clinical trials in developing countries	Fine	KRW	0	0	0
	Number of violations	No.	0	0	0
Violation of acts and voluntary regulations on the health and safety impact of products and services	Cases in which fines or penalties were imposed	No.	0	0	0
	Cases of receiving warnings	No.	0	0	0
	Cases of violating self-regulations	No.	0	0	0

Stakeholder Engagement

SK bioscience actively communicates with its internal and external stakeholders through various channels, and the results of communication are reflected in our efforts for 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, 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

Global Initiatives and Memberships

SK bioscience's membership in associations and global initiatives is as follows.

- Korea Pharmaceutical and Bio-Pharma Manufacturers Association
- Korea Biotechnology Industry Organization
- Korea Biomedicine Industry Organization
- International Vaccine Institute (IVI)
- Developing Countries Vaccine Manufactures Network (DCVMN)

Awards and Certifications



EU-GMP
Obtained COVID-19 vaccine manufacturing and quality certification in 2021--2022



Local Government Award
Awarded by Andong City in recognition of social value realization in connection with the region in 2019



Medical Korea Grand Prize
Received a total of six awards in recognition of vaccine development from 2012 to 2019



ISO 45001
Acquired ISO 45001, the international standard for L HOUSE safety and health in 2018



Osong New Drug Award/Minister of Food and Drug Safety Prize
Recognized for the development of the world's first cell-culture quadrivalent inactivated influenza vaccine, "SKY Cellflu Quadrivalent Prefilled Syringe" in 2016
Received a total of two awards in recognition of its contribution to localization of vaccines in 2018



Gold Rating Certified by LEED in the U.S.
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 in 2013.

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 operate a system to protect the safety and rights of clinical test participants	We operate a system to protect the safety and rights of clinical test participants	58-59
	HC-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries.	Violations of regulations related to clinical trials in developing countries: 0, monetary losses(fines): 0	90
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	9
Drug safety	HC-BP-250a.3	Number of recalls issued, total units recalled.	The number of recalls: 0, Total number of units recalled: 0	88
	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: 0	88
Ethical marketing	HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims.	The number of violations related to domestic marketing activities: 0, total amount of monetary losses(fines): 0.	90
	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.	66
Recruiting, nurturing, and retaining human resources	HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel.	- By defining core competencies for our future business, we expanded target recruitment to attract qualified candidates, and operate HR system for employee growth. - The number of our researchers continues to grow from 121 in 2019, to 146 in 2020, and 208 in 2021.	27-28, 37-39, 86
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 as a result of violation of competition and antitrust laws (including corruption and bribery): 0	90
	HC-BP-510a.2	Description of code of ethics governing interactions with health care professionals	- We apply compliance regulations for responsible marketing activities. - We have separate procedures for pre-inspection and post-evaluation of compliance regulations during marketing activities.	66, 74

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	Support for the vulnerable in the region through corporate philanthropy activities	50,52
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	10-12,22-24
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	39,51
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	38
Goal 6 Ensure availability and sustainable management of water and sanitation for all	Management of water resources and water pollutants	33
Goal 7 Ensure access to affordable, reliable, sustainable, and modern energy for all	Energy consumption management and reduction activities	32
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, and improvement of employee happiness	38,40,43-46
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	9-13,17-19,22-24
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	12,23,28,38
Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable	Activities for urban infrastructure reorganization and co-prosperity in local communities, such as delivery of restoration subsidies to areas affected by forest fires	52
Goal 12 Ensure sustainable consumption and production patterns	Minimization of environmental impact in the entire business operation process (minimize emission of harmful pollutants, reduce waste through recycling and reuse)	31-34
Goal 13 Take urgent action combat climate change and its impacts	Establishment of response strategies for climate change, manage and reduce greenhouse gas emissions	35
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	34
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	41,71-74
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 and build a global bio-ecosystem	8,22,53

GRI Standards Index

Universal Standards

Category	GRI Standards	Description	Reference Page	Remarks
Organizational profile	102-1	Name of the organization	7	
	102-2	Activities, brands, products and services	9	
	102-3	Location of HQ	7	
	102-4	Location of operations	7	
	102-5	Ownership and legal form	7	
	102-6	Markets served	7	
	102-7	Scale of the organization	7	
	102-8	Information on employees and workers	7,86	
	102-9	Supply chain	47-49	
	102-10	Significant changes in organizations and supply chains	8	
	102-11	Prevention principles and approaches	75-77	
	102-12	External initiatives	91	
	102-13	Membership of associations	91	
Strategy	102-14	Statement from senior decision-maker	5	
	102-15	Key impacts, risks, opportunities	75	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	71	
	102-17	Mechanisms for advice and concerns about ethics	72	
	102-18	Governance structure	68-70	
	102-20	Executive-level responsibility for economic, environmental, and social topics	19	
	102-21	Consulting stakeholders on economic, environmental, and social topics	21	
	102-22	Composition of the highest governance body and its committees	68	
	102-23	Chair of the highest governance body	68	
	102-24	Nominating and selecting the highest governance body	68	
	102-26	Role of highest governance body in setting purpose, values, and strategy	18	
	102-27	Collective knowledge of highest governance body	66	
Governance	102-28	Evaluating the highest governance body's performance	68	
	102-29	Identifying and managing economic, environmental, and social impacts	74-76	
	102-30	Highest governance body's role in sustainability reporting	89	
	102-33	Communicating critical concerns	89	
	102-34	Nature and total number of critical concerns	69	
	102-35	Remuneration policies	68	
	102-36	Process for determining remuneration	68	
	102-38	Annual total compensation ratio	87	
	102-39	Percentage increase in annual total compensation ratio	87	

Category	GRI Standards	Description	Reference Page	Remarks
Stakeholder engagement	102-40	List of stakeholder groups	91	
	102-41	Collective bargaining agreement	40,87	
	102-42	Identifying and selecting stakeholders	91	
	102-43	Approach to stakeholder engagement	91	
	102-44	Key topics and concerns raised	21	
	102-45	Entities included in the consolidated financial statements	81-82	
	102-46	Defining report content and topic boundaries	21	
	102-47	List of material topics	21	
Reporting practices	102-48	Restatements of information	-	N/A
	102-49	Changes in reporting	-	
	102-50	Reporting period	3	
	102-51	Date of most recent report	3	
	102-52	Reporting cycle	3	
	102-53	Contact point for questions regarding the report	3	
	102-54	Claims of reporting in accordance with the GRI Standards	3	
	102-55	GRI Index	94-95	
	102-56	External assurance	96-97	
	Management approach	103-1	Explanation of the material topic and its boundary	21
103-2		Management approach and its components	17-20	

Topic Specific Standards

Economic Performance (GRI 200)

Category	GRI Standards	Index name	Report Page	Remarks
Economic performance	201-1	Direct economic value generated and distributed	83	
	201-3	Defined benefit plan obligations and other retirement plans	83	
	201-4	Financial assistance received from government	83	
Indirect Economic Impacts	203-2	Significant indirect economic impacts	20-22	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	45	
	205-3	Confirmed incidents of corruption and actions taken	90	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	90	
	207-1	Approach to tax	79	
Tax	207-2	Tax governance, control and risk management	79	
	207-3	Stakeholder engagement and management of concerns related to tax	79	

Environmental Performance (GRI 300)

Category	GRI Standards	Index name	Report Page	Remarks
Energy	302-1	Energy consumption within the organization	84	
	302-3	Energy intensity	84	
	302-4	Reduction of energy consumption	32	
Water	303-2	Management of water discharge-related impacts	33	
	303-3	Water withdrawal	84	
	303-5	Water consumption	84	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	34	
	304-3	Habitats protected or restored	34	
Emission	305-1	Direct (Scope 1) GHG emissions	84	
	305-2	Energy indirect (Scope 2) GHG emissions	84	
	305-4	GHG emissions intensity	84	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	85	
Effluents and Waste	306-1	Waste generation and significant waste-related impacts	33	
	306-2	Waste by type and treatment method	85	
	306-3	Waste generated	85	
	306-5	Waste directed to disposal	33	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	85	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	44	
	308-2	Negative environmental impacts in the supply chain and actions taken	44	

Social Performance (GRI 400)

Category	GRI Standards	Index Name	Report Page	Remarks
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	40	
	401-3	Parental leave	87	
Occupational health and safety	403-9	Work-related injuries	88	
	403-10	Work-related ill health	88	
Training and education	404-1	Average hours of training per year per employee	85	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	68, 86	
	405-2	The ratio of basic salary and remuneration for women to men	87	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	N/A
Human rights assessment	412-2	Employee training on human rights policies and procedures	41	
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	50-52	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	N/A
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	90	
Marketing and labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	90	
	417-3	Incidents of non-compliance concerning marketing communications	90	
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	93	
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	90	

Independent Assurance Statement

Dear Management and Stakeholders of SK bioscience,

Introduction

The Korean Standards Association (“KSA”) was commissioned by SK bioscience (“SK bioscience”) to perform a third-party Assurance Engagement of ‘2022 SK bioscience ESG Report’ (the “Report”). KSA presents independent opinions as follows as a result of feasibility of the data contained in this Report. SK bioscience has sole responsibility for content and performance contained in this Report.

Independence

As an independent assurance agency, KSA does not have any kinds of commercial interest in businesses of SK bioscience apart from undertaking a third-party assurance on the Report. We have no other contract with SK bioscience that may undermine credibility and integrity as an independent assurance agency.

Assurance Standards and Level

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Moderate Level assurance. We checked the four principles of inclusivity, materiality, responsiveness and impact in combination with information credibility of the Report. We also reviewed whether the Report content was created in accordance with the GRI Standards.

Assurance Type and Scope

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Type 2 assurance, which means that the assurance assessed the accuracy and reliability of SK bioscience’s statements and performance data provided in the Report. The assurance scope is from January 1, 2021 to December 31, 2021 and the assurance focused on systems and activities including policies and goals, businesses and standards, and performances of SK bioscience’s sustainability management. While SK bioscience’s environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.

Assurance Methodology

We used the following methods to gather information, documents and evidence with respect to the assurance scope.

- Analyses of articles related to SK bioscience’s sustainability management published by media outlets
- Review of management system and process used in improving the performance of sustainability management and preparing the Report
- Review of the consistency between financial performance data in the Report and financial statements in SK bioscience’s annual report
- Examination of internal documents and basic materials

Assurance Results and Opinions [On an assurance principle/process level]

KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the Report content if deemed necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, we present our opinions of the 2022 SK bioscience ESG Report as follows.

Inclusivity

- Has SK bioscience engaged its stakeholders in strategically responding to sustainability?

KSA believes SK bioscience is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. SK bioscience has selected stakeholders including government and related associations, employees, customers, business partners, financial society, local communities and NGOs to receive diverse feedbacks and opinions.

Materiality

- Has SK bioscience included material information in the Report to help stakeholders make informed decisions?

We are not aware of any significant omissions or exclusions of data that is material to stakeholders. We verified that SK bioscience conducted materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.

Responsiveness

- Has SK bioscience appropriately responded to stakeholder needs and interest in this Report?

We verified that SK bioscience responded to stakeholders’ needs and interests by reflecting stakeholders’ opinions in the Report. We are not aware of any evidence that SK bioscience’s response to material issues of stakeholders was reported inappropriately.

Impact

- Has SK bioscience appropriately monitored its impact on the stakeholders?

We verified that SK bioscience is monitoring and assessing its impact on the stakeholders in the process of business activities. Furthermore, it has been verified that SK bioscience appropriately publishes its findings in the Report.

GRI Standards Disclosure

We confirmed that this Report was prepared in accordance with GRI Standards Core Option. Based on the data SK bioscience provided, we also confirmed the validity of the contents related to General Standard and Topic Specific Standard Disclosure.

Universal Standards

We have verified that the Report complied(s) with the requirements of the Universal Standards of the Core Option, and reviewed the following disclosures:

GRI Index

102-1 ~ 102-13(Organizational Profile), 102-14 ~ 15(Strategy), 102-16 ~ 102-17(Ethics and Integrity), 102-18, 102-20 ~ 24, 102-26 ~ 28, 102-30, 102-33 ~ 36(Governance), 102-40 ~ 102-44(Stakeholder Engagement), 102-45 ~ 102-56(Reporting Practice), 103-1~2(Management Approach)

Topic-specific Standards

We have checked specific indices to be disclosed in regard to the material topics identified from the materiality assessment and reviewed the following disclosures.

GRI Index

203-2, 302-1, 302-3, 302-4, 303-2, 303-3, 303-5, 304-1, 304-3, 305-1, 305-2, 305-4, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5, 307-1, 308-1, 308-2, 401-2, 412-2, 413-1, 416-2

Opinions and Recommendations [Performance /Issues]

We present the following recommendations to help SK bioscience establish a company-wide sustainability management strategy and respond to continuous issues of sustainability.

Economy

SK bioscience has secured additional funds required for growth by making an IPO in 2021. As SK bioscience has to comply with the monitoring procedures and the disclosure obligations on financial and major issues at a higher level than those required for non-public companies, it is expected that stakeholders will be able to access more reliable information in a timely manner. In addition, financial information and economic performance are contained in the Report to help stakeholders understand SK bioscience's sustainability management status. It is the recommendation of the assurer that SK bioscience builds development and production capability at the global highest level and continues management innovation while maintaining reliability in accounting information to sustain such capabilities.

Environment

SK bioscience publishes this Report in line with global environmental trends, recognizing the impact of business activities on the environment, society, and the economy. Collecting and disclosing environmental indicators by recognizing the importance of corporate responsibility for global climate change and environmental improvement will have a positive effect, and it is expected that current awareness and activities will contribute to the reduction of environmental pollution. SK bioscience is conducting activities to monitor and improve environmental indicators such as water and air quality, as well as energy and greenhouse gases. Relating to some quantitative indicators, SK bioscience needs to improve the accuracy and appropriateness of the data criteria based on the GRI standard, to establish standard calculation guidelines, and to strengthen the data collection system. We hope that SK bioscience will expand investment in environmental management and strengthen the process of setting specific goals, while executing, reviewing and evaluating the goals.

Society

SK bioscience has introduced and implemented ESG management in earnest after its initial public offering (IPO) in March 2021. SK bioscience has set up four ESG strategies, namely— Establishment of an eco-friendly management system; Pursuit of stakeholders' happiness; Creation of social values aligned with business; and Sustainable and transparent governance— and has been actively implementing ESG improvement tasks through the operation of a working-level ESG council consisting of relevant teams. Furthermore, SK bioscience has formed the ESG Committee under the Board of Directors(BOD) to establish ESG governance led by the Board, to review the mid/long-term ESG management direction and goals, and to monitor the implementation of ESG activities and improvement tasks, which are highly credited. Recently, regulations and standards related to social issues such as ESG in the supply chain and business and human rights are being strengthened internally and externally. This Report provides sufficient information on SK bioscience's response to ESG management issues. We expect that SK bioscience will disclose quantitative and qualitative performance data consistent with global guidelines by faithfully implementing major ESG activities.



May 2022

Myung Soo Kang KSA Chairman & CEO



The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, and UN CDM DOE (development operational entity), and as an assurance provider of the Korean government's greenhouse gas energy target management system.

Greenhouse Gas Verification Statement

Verification Statement on 2021 Greenhouse Gas & Energy Inventory Report

■ Introduction
Korean Foundation for Quality (hereinafter 'KFQ') has been engaged by 'SK Bioscience Co., Ltd.' to independently verify its 2021 Greenhouse Gas Emission & Energy Consumption Report (hereinafter 'GHG Inventory').

■ Verification Scope & Standard
KFQ's verification was conducted three business sites under operational control of 'SK Bioscience Co., Ltd.'. 'Greenhouse Gas and Energy Target Management Scheme (Notification No. 2021-278 of Ministry of Environment & IPCC Guidelines 2006)' were mainly applied in verification process but also the Company Guidelines for GHG Inventory was considered.

■ Verification Procedure
The Verification has been planned and conducted by the 'Greenhouse Gas and Energy Target Management Scheme', and to reach reasonable level of assurance.

■ Limitations of verification
Accuracy and completeness of emission data reported in the 'GHG Inventory' are subject to inherent limitations due to their nature and the methodology used in determining, calculating and estimating such data.

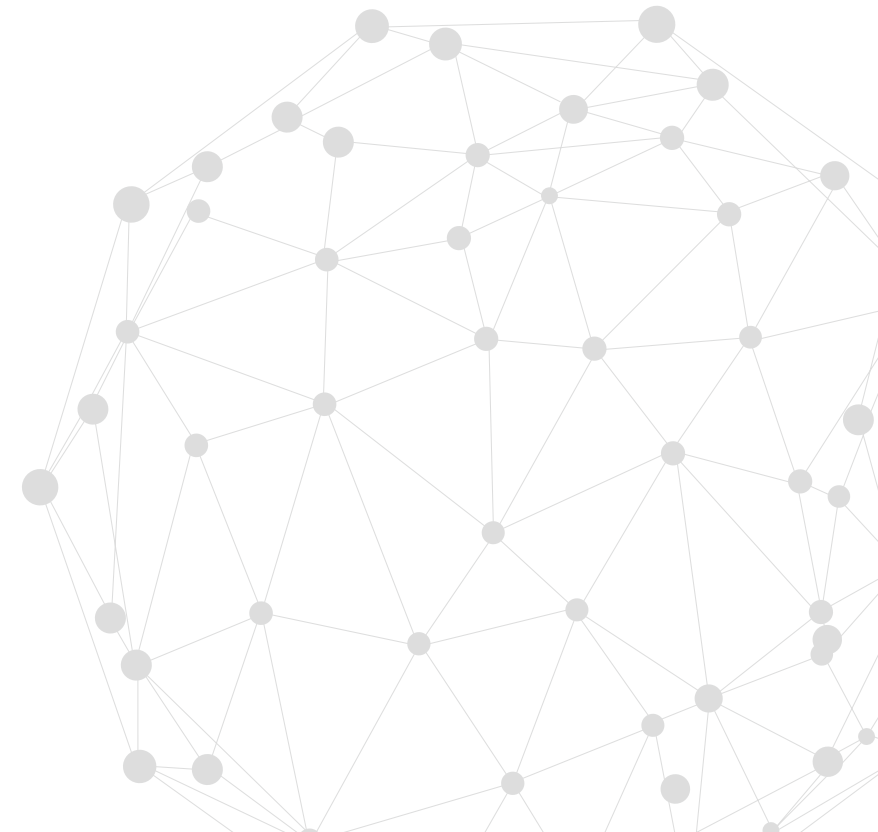
■ Conclusion/Opinion
Through verification procedures such as ISO 14064-1, ISO 14064-3, the following conclusions are presented on greenhouse gas emissions and energy usage data.

- 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 and Energy Consumption of the Company in 2021 is correctly calculated and stated in accordance with 'Rules for verification of operating the greenhouse gas emission trading scheme'.

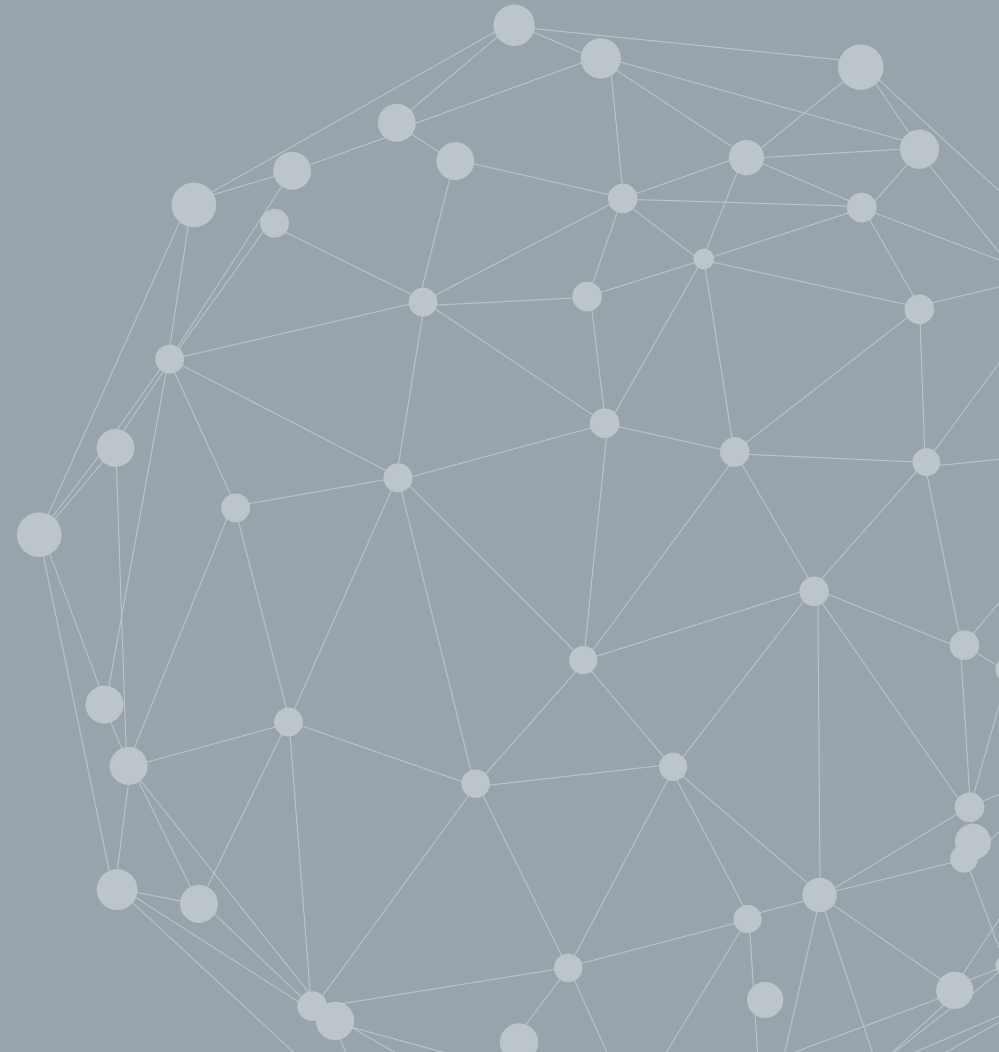
2021 Greenhouse Gas Emissions of 'SK Bioscience Corporation'			
Division	GHG Emissions (tCO ₂ -eq)		
	Direct Emissions (Scope1)	Indirect Emissions (Scope2)	Scope1 + Scope2
Andong L. House	4,733,910	11,542,195	16,276
Eco Hub	107,248	190,583	297
Eco Lab	29,302	325,680	354
Total	4,870,460	12,058,458	16,927

* The above GHG emissions are cut in units of integer for each business site, and a difference of less than ±1 tCO₂eq from the actual value of the system may occur.

May 3rd, 2022
Ji Young Song
CEO Ji-Young Song
Korean Foundation for Quality (KFQ)



Policies & Guidelines



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.

1. SK bioscience shall elect an outside director candidate who satisfies the requirement for professionalism as a director:

- A) A person who has experience and knowledge in a range of areas necessary for the performance of duties as a director; and
- B) A person who has specialized knowledge in a range of areas such as finance, economy, management, law, accounting, etc.

2. SK bioscience shall elect an outside director candidate who may ensure diversity so that diverse viewpoints and values may coexist:

- A) To reflect the principle of gender equality in order to operate the BOD based on a range of viewpoints;
- B) To consider the characteristics of Korean society, but avoid being biased towards specific backgrounds while appraising various experiences and profiles; and
- C) To consider other diversity factors such as nationality, race, religion, ethnicity, etc.

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:

1. A person who has no grounds for disqualification as a director under the law;
2. A person who has no history of damage to corporate value or infringement of shareholder rights and interests;
3. A person who has attended at least seventy-five percent (75%) of the Board meetings within the past three (3) years;
4. 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;
5. 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;
6. 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
7. 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.



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

1 SK bioscience does not enter into transactions or contracts to transfer income between countries to take advantage of differences in tax laws or loopholes in the international tax system. We ensure that taxable income is distributed consistently with the value created in each country in which we conduct business. SK bioscience does not use tax havens to unreasonably reduce our tax burden and faithfully fulfill our tax obligations in international transactions through a normal tax structure.

2 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.

3 SK bioscience complies with domestic and foreign laws by evaluating and managing tax risks that may arise in the course of business activities such as strengthening business competitiveness and investing in new growth strategies. However, we recognize that all tax risks cannot be eliminated due to the complexity and differences in interpretation of the tax law. We focus our risk management activities on the early identification of uncertain tax issues, and work with tax experts to communicate with tax authority.

4 SK bioscience tax executives and employees faithfully fulfill the tax reporting and payment obligations in accordance with relevant laws and regulations, and work under the principle of maintaining a transparent relationship with the tax authority.

 For other ESG management policy statements, please refer to the following link:
[ESG > ESG Management > ESG Management Policy](#)

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