

SK bioscience

E S G

R e p o r t



O U R E S G





CEO Message

We extend our deepest gratitude to everyone who has consistently encouraged and supported SK bioscience's continuous growth. Since the publication of our first ESG report in 2022, SK bioscience has achieved significant milestones, including being the only company in the domestic bio industry to receive an MSCI A rating in 2023.



Our efforts toward a sustainable future continue this year. We have launched a dedicated website to share various ESG activities, growing as a company that simultaneously practices economic value (EV) and social value (SV).

Under the vision of becoming a "Global Innovative Partner of Vaccine and Biotech," SK bioscience will focus on the following three areas in 2024.

First, we will create both economic value (EV) and social value (SV) through our business.

SK bioscience, committed to contributing to human health through our core operations, is advancing our mid- to long-term business strategy called 'SKBS 3.0'. To realize our unique business model of simultaneous SV-EV creation, we continue to discuss new SV initiatives with global entities such as CEPI (Coalition for Epidemic Preparedness Innovations) and the Gates Foundation to enhance public health, and we are concretizing business models that link these initiatives to EV creation. Specifically, through the CEPI mRNA projects, we are securing an independent mRNA platform while preparing means to respond to emerging infectious diseases.

Additionally, our next-generation pneumococcal vaccine, co-developed with Sanofi, has successfully completed Phase 2 clinical trials in the US and is now preparing for global Phase 3 trials. Our SKYShield strategy, which builds vaccine production infrastructure in developing countries, is expanding its target countries beyond Thailand. The influenza vaccine, whose production was temporarily halted for the COVID-19 vaccine, has successfully returned to the market, and our SKYVAX products are opening up export paths with consecutive global approvals. Furthermore, we have signed a next-generation Ebola vaccine CDMO contract with MSD, and we are solidifying new research and production collaborations with numerous international partner organizations.

Simultaneously, we are expanding our infrastructure. Aiming to secure a production facility that meets U.S. cGMP requirements, we have begun expansion work on the Andong L House, and the construction of the Songdo Global R&PD (Research & Process Development) Center, which will become SK bioscience's new base, is proceeding as planned.

Second, we will further strengthen the execution of our ESG management.

2023 was the year we established the foundation for SK bioscience's ESG management. We published our second ESG report, ensuring our disclosure level meets international standards, and established a human rights management policy and due diligence system to elevate our human rights risk management to a global level. Additionally, to fulfill our RE100 commitment, we participated in a renewable Power Purchase Agreement(PPA) with the SK Group, and we proactively developed capabilities to respond to global regulations by diagnosing and managing our supply chain ESG management.

In 2024, we will focus on enhancing substantiality of ESG management. Our dedicated ESG and related departments will improve ESG information disclosure based on data systems to prepare thoroughly for upcoming non-financial information disclosures and external ratings. Moreover, we aim to expand the scope of the human rights impact assessments and supply chain management initiated in 2023 to encompass a broader range of stakeholders.

Third, we will establish a foundation for embedding ESG within our workforce.

In 2023, SK bioscience invited employees to submit new corporate philanthropy ideas and launched education programs on infectious disease prevention related to our business. We also began activities to share information and raise awareness about ESG management among our employees.

In 2024, to embed ESG more deeply, we plan to increase the participation of management in ESG activities and expand capacity-building programs for employees throughout the Company. Additionally, we will incorporate ESG-related KPIs more extensively within the departments responsible for these tasks and conduct regular reviews of their implementation, encouraging employees to take ownership of ESG management.

SK bioscience aims to become a partner in safeguarding global public health globally by accelerating the global reach of our self-developed vaccines, expanding our vaccine portfolio, strengthening our manufacturing and R&D infrastructure, implementing the SKYShield strategy, preparing for the next pandemic, and expanding into new bio businesses.

Furthermore, with all employees genuinely practicing ESG management, we will realize our vision of a "Healthier Life, Sustainable Future." We ask for your continued interest and support as SK bioscience strides toward a sustainable and healthy future.

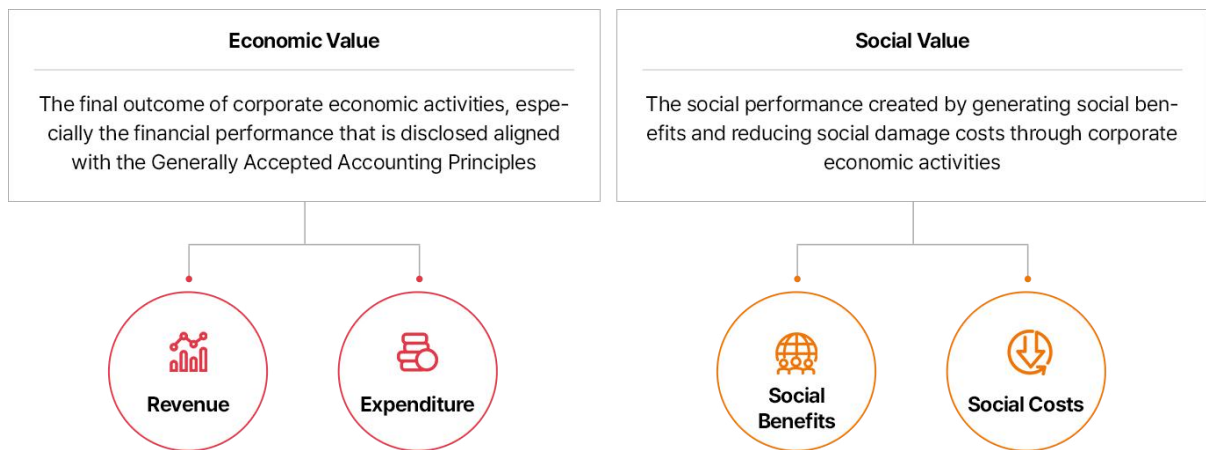
Jaeyong Ahn

President and Chief Executive Officer



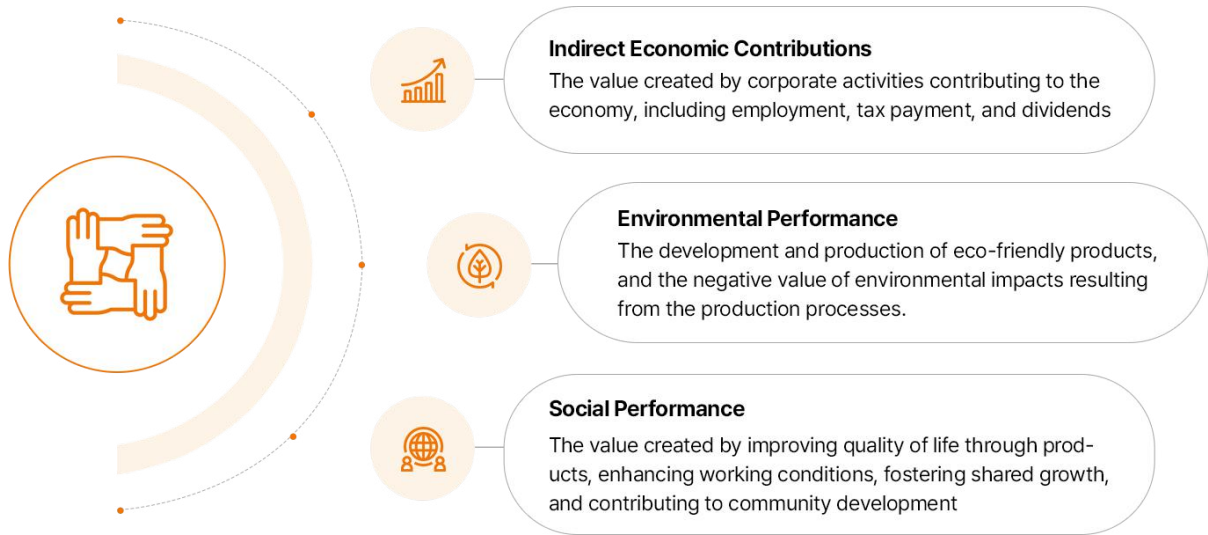
SK DBL Introduction

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



DBL Implementation Strategy & Framework

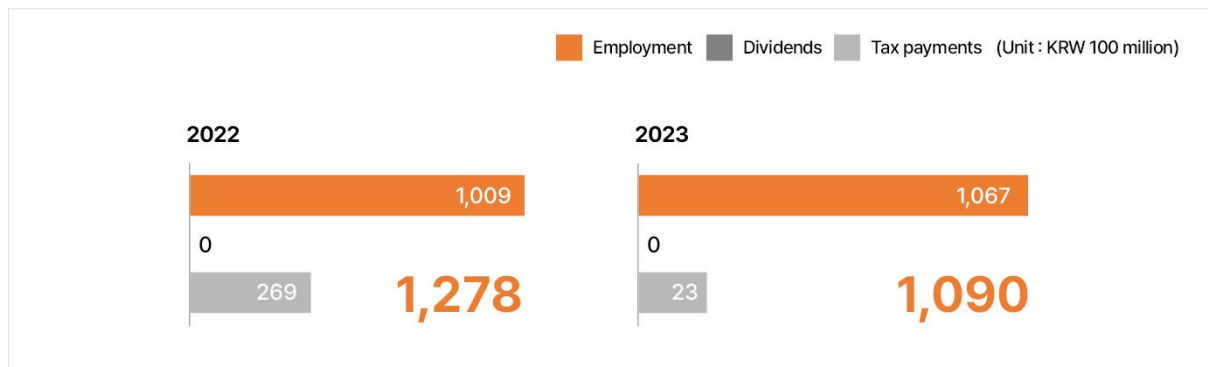
SK bioscience provides visible metrics and benchmarks to measure the social value we create. The main measurement areas are indirect economic contributions, environmental performance, and social performance. We embed social value into every process of creating and delivering our products and services. We objectively measure and manage the positive impacts of this value on our society. Additionally, by disclosing our social value measurement formulas, we aim to communicate with various stakeholders and continually improve and refine our performance.



Indirect Economic Contribution



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



Environmental Performance



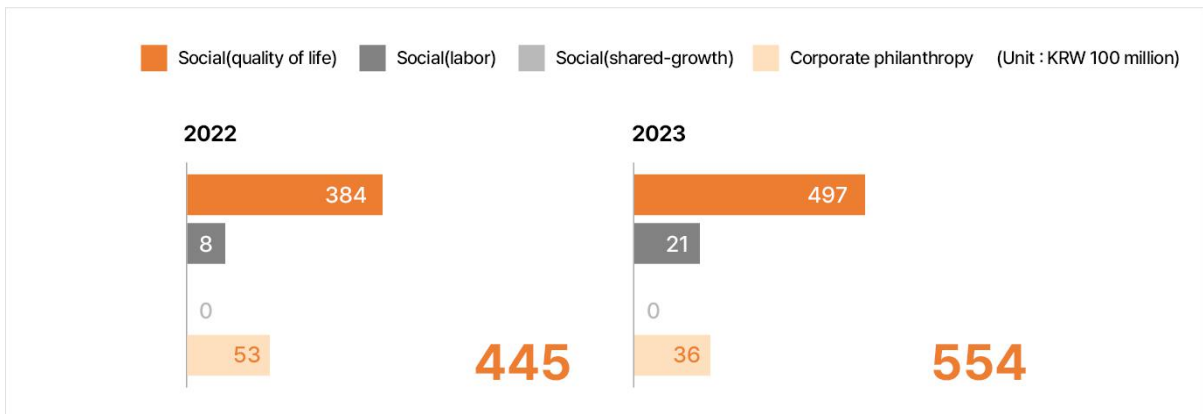
SK bioscience strives to minimize the environmental impacts of the vaccines throughout the entire process of R&D, production, and distribution. We will regularly measure and monitor our environmental performance to continually improve it.



Social Performance



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





ESG Implementation Framework

ESG Management Vision & Strategies



Under SK bioscience's mission of 'Promoting human health, from prevention to cure', we established an ESG implementation framework and specific tasks for each area centered around our ESG vision of 'Healthier Life, Sustainable Future'. We will secure the momentum for sustainable growth by managing environmental and social risks and realizing transparency in governance.

SKBS ESG Management Process



ESG Vision

Healthier Life, Sustainable Future

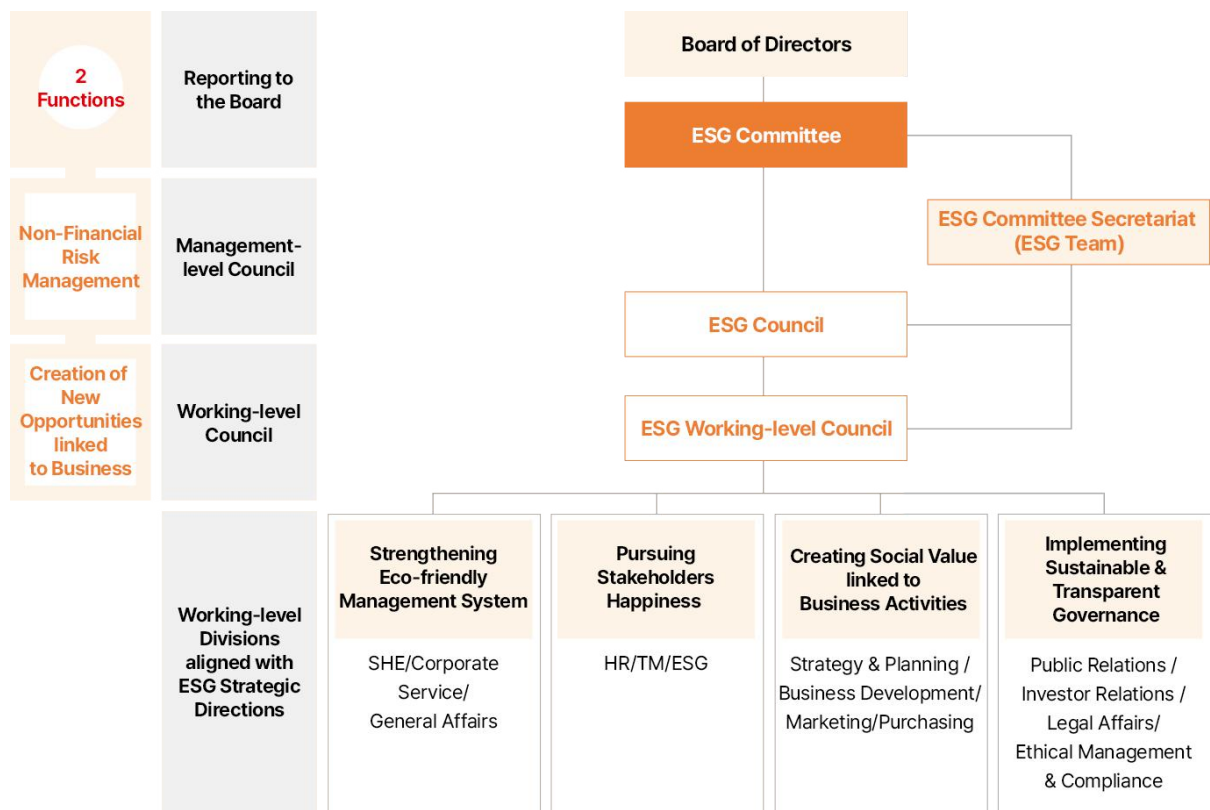
Category	ESG Strategic Direction	ESG Strategic Goals	Key Achievements (2021~2023)	Short-term Goals (2024)	Mid- to Long-term Goals (~ 2035*)
E	 <p>Strengthening Eco-friendly Management Systems</p>	<ul style="list-style-type: none"> Addressing climate change and achieving net zero 	<ul style="list-style-type: none"> Developing a greenhouse gas reduction roadmap Publishing TCFD report 	<ul style="list-style-type: none"> Signing PPA contracts to implement RE100 Redefining/publicizing net zero roadmap 	<ul style="list-style-type: none"> Achieving RE100 and net zero goals
		<ul style="list-style-type: none"> Advancing Environmental Management System(EMS) 	<ul style="list-style-type: none"> Establishing company-wide environmental management policies Obtaining ISO 14001 certification Conducting company-wide environmental training 	<ul style="list-style-type: none"> Developing company-wide environmental management strategies and monitoring the performance Submitting CDP(Carbon Disclosure Project) questionnaires 	<ul style="list-style-type: none"> Responding to TNFD Optimizing reduction of waste & hazardous chemical emissions
S	<p>pursuing stakeholder happiness</p>  <p>Creating SV Linked to Business Activities</p>	<ul style="list-style-type: none"> Enhancing employee competencies & happiness 	<ul style="list-style-type: none"> Developing/implementing strategies for talent acquisition & professionals development Announcing human rights management policies Establishing a human rights impact assessment and due diligence system 	<ul style="list-style-type: none"> Developing policies & frameworks for employee diversity Operating programs to improve employee happiness Expanding the scope of human rights impact assessments & implementing follow-up measures 	<ul style="list-style-type: none"> Enhancing Diversity, Equity, & Inclusion (DE&I) among employees
		<ul style="list-style-type: none"> Generating Social Value(SV) in local communities 	<ul style="list-style-type: none"> Formulating/implementing strategies and mid- to long-term plans for Corporate Social Responsibility (CSR) Expanding CSR activities & managing outcomes 	<ul style="list-style-type: none"> Increasing employee engagement in CSR activities 	<ul style="list-style-type: none"> Strengthening community engagement channels
		<ul style="list-style-type: none"> Building a global bio ecosystem 	<ul style="list-style-type: none"> Supporting the development of domestic bio talent Establishing/awarding the Park MahnHoon Prize 	<ul style="list-style-type: none"> Fostering global vaccine experts Supporting Research & Development projects 	<ul style="list-style-type: none"> Operating Open Lab in Global R&D Center Investing in vaccine funds
		<ul style="list-style-type: none"> Generating Social Value (SV) through business 	<ul style="list-style-type: none"> Unveiling plans to expand into emerging & developing markets Supporting healthcare worker training 	<ul style="list-style-type: none"> Enhancing public health capabilities in developing countries 	<ul style="list-style-type: none"> Increasing affordability & access to medicines

		<ul style="list-style-type: none"> • Managing sustainable supply chain 	<ul style="list-style-type: none"> • Establishing/enforcing a code of conduct for business partners • Managing ESG risks for key business partners 	<ul style="list-style-type: none"> • Expanding/supporting ESG risk management in supply chain 	<ul style="list-style-type: none"> • Strengthening support for the shared growth of business partners
<p>G</p>	 <p>Implementing Sustainable & Transparent Governance</p>	<ul style="list-style-type: none"> • Strengthening the Board-level governance 	<ul style="list-style-type: none"> • Establishing ESG Committee and holding meetings • Enacting the Corporate Governance Charter • Implementing the Board performance evaluation process 	<ul style="list-style-type: none"> • Enhancing Enterprise Risk Management (ERM) and board oversight of the process 	<ul style="list-style-type: none"> • Increasing board independence & diversity
		<ul style="list-style-type: none"> • Embedding ESG management 	<ul style="list-style-type: none"> • Formulating/disclosing ESG management strategies • Supporting/joining ESG initiatives 	<ul style="list-style-type: none"> • Extending ESG into executive KPIs • Planning/implementing ESG activities for employees 	<ul style="list-style-type: none"> • Extending ESG into related department KPIs • Strengthening ESG activities for employees

* The goals are based on the Company's mid- to long-term business plan

ESG Implementation Structure

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



ESG Committee

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

Major Roles of ESG Committee

- Establishment of Mid- and Long-term Directions and Goals for ESG Management & Monitoring of the Improvement Tasks Implementation
- Review and Advise on Business Strategies and Non-financial Risks
- Review of Various other ESG-related Decisions

Attendance Status of ESG Committee

(as of end-December 2023)

Name	Category	Attendance Rate
Chang-Jin Moon	Outside directors	100%
Jeong-Wook Choi	Outside directors	100%
Jaeyong Ahn	Executive Director	100%

ESG Committee Meetings, Attendance and Key Agenda

Session	Date	Attendance Rate	Key Agenda
1	2023.01.19	100%	<ul style="list-style-type: none"> • Report on 2023 ESG Ratings Preparation Plan
2	2023.02.06	100%	<ul style="list-style-type: none"> • Establishment of Songdo Global R&PD Center
3	2023.03.27	100%	<ul style="list-style-type: none"> • Selection of ESG Committee Chairperson
4	2023.04.17	100%	<ul style="list-style-type: none"> • Implementation of RE100 • Publication of ESG Report
5	2023.07.17	100%	<ul style="list-style-type: none"> • Report on the 2nd ESG Report Publication • Report on Human Rights Impact Assessment and Due Diligence System Enhancement Project • Report on ESG Supply Chain Management Plan (Click ESG)
6	2023.08.07	100%	<ul style="list-style-type: none"> • Acquisition of N Corporation Shares
7	2023.09.11	100%	<ul style="list-style-type: none"> • Final Report on Human Rights Impact Assessment and Due Diligence System Enhancement Project • Report on 2023 KCGS ESG Ratings Evidential Materials Submission • Report on fostering Global Bio Ecosystem
8	2023.11.15	100%	<ul style="list-style-type: none"> • Report on 2023 KCGS Ratings Result



Materiality Assessment

Materiality Assessment Process

SK bioscience conducted a Double Materiality Assessment to evaluate the impact of corporate sustainability issues on society and the environment. Additionally, the assessment aimed to evaluate the impact of external risks on the business and financial environments in which the Company operates. The assessment involved a comprehensive analysis of international standards and ESG ratings indicators specific to the bio industry. It also included benchmarking of companies in the same line of business, media research, and stakeholder surveys, deriving a pool of 26 topics. By analyzing the materiality and impact of these topics from both financial and social/environmental perspectives, 11 material topics were selected as priorities.



Material Topics Analysis

SK bioscience annually selects and manages material topics. Each year, the Company publishes the management systems and activities for 11 key material topics on the ESG website. Analyzing the material topics over the past three years shows an upward trend in the ranking of "Embedding ESG into the Organization" aimed at enhancing ESG management. "Securing Mid- to Long-term Growth Engines" has consistently ranked among the top priorities for three consecutive years. Additionally, "Talent Acquisition and Professionals Development" has changed its ranking due to the establishment and operation of the industry-leading systems, earning external recognition.

2022 Material Topics

Rank	Area	Topics
1	B	Securing Mid- to Long-term Growth Engines
2	S	Enhancing Product Safety & Quality
3	S	Talent Acquisition & Professionals Development
4	G	Implementing Ethical & Compliance Management
5	E	Expanding Business-related Social Value(SV) Creation
6	E	Hazardous Chemical Waste Management
7	S	Practicing Human Rights Management
8	S	Transparent/Responsible Management centered on the Board
9	G	Responding to Climate Change
10	S	Expanding Corporate Philanthropic Activities & Community Participation

2023 Material Topics

Rank	Area	Topics
1	S	Talent Acquisition & Professionals Development
2	B	Securing Mid-to Long-term Growth Engines
3	S	Enhancing Product Safety & Quality
4	G	Implementing Ethical & Compliance Management
5	S	Enhancing Affordability & Accessto Vaccines
6	E	Responding to Climate Change
7	S	Practicing Human Rights Management
8	S	Embedding ESG into the Organization
9	E	Hazardous Chemical Waste Management
10	S	Building a Sustainable Supply Chain
11	G	Transparent/Responsible Management centered on the Board

2024 Material Topics

Rank	Area	Topics
1	B	Securing Mid- to Long-term Growth Engines
2	S	Embedding ESG into the Organization
3	S	Enhancing Product Safety & Quality
4	G	Implementing Ethical & Compliance Management
5	E	Responding to Climate Change
6	E	Hazardous Chemical Waste Management
7	S	Practicing Human Rights Management
8	S	Building a Sustainable Supply Chain
9	G	Transparent/Responsible Management centered on the Board
10	S	Talent Acquisition & Professionals Development
11	E	Minimizing Environmental Impact through SHE

Rank	Area	Topics
11	E	Embedding ESG into the Organization
12	S	Promoting Workplace Safety and Health & Employee Health
13	E	Establishing/Advancing Environmental Management System
14	S	Promoting Employee Happiness
15	B	Securing/Promoting New Growth Engines
16	S	Building a Sustainable SupplyChain
17	G	Strengthening Stakeholders Communication & Disclosure
18	S	Information Security Management
19	S	Implementing Customer-centered Management
20	B	Transparent Tax Management & Payment
21	S	Voluntary Compliance with FairTrade Laws & Regulations
22	G	Protecting Shareholders Rights

Rank	Area	Topics
12	E	Minimizing Environmental Impact through SHE Management
13	G	Voluntary Compliance with FairTrade Laws & Regulations
14	S	Promoting Workplace Safety and Health & Employee Health
15	S	Information Security Management
16	S	Expanding Community Participation
17	E	Establishing a Circular EconomySystem
18	G	Company-wide Integrated Risk Management
19	G	Strengthening Stakeholders Communication & Disclosure
20	G	Expanding ESG Management Activities
21	B	Expanding Business-related Social Value(SV) Creation
22	B	Transparent Tax Management &Payment
23	G	Protecting Shareholders Rights
24	S	Implementing Customer-centered Management

Rank	Area	Topics
		Management
12	S	Promoting Employee Happiness
13	S	Enhancing Affordability & Access to Vaccines
14	G	Transparent Tax Management & Payment
15	G	Protecting Shareholders Rights
16	G	Integrated Management of Financial & Non-financial risks
17	E	Establishing a Circular Economy System
18	B	Managing Brand & Leading the Market
19	E	Products Management based on Life Cycle Assessment(LCA)
20	S	Promoting Workplace Safety and Health & Employee Health
21	G	Voluntary Compliance with Fair Trade Laws & Regulations
22	G	Strengthening Stakeholders Communication & Disclosure
23	E	Analyzing Biodiversity & Conducting Conservation Activities
24	S	Implementing Customer-centered Management
25	S	Expanding Business-related Social Value(SV) Creation
26	S	Information Security Management

Key Material Topics Analysis

Material Topic	Governance (Management System)	Strategy & Risk Management	Activity & Performance
Securing Mid- to Long-term Growth Engines	<ul style="list-style-type: none"> Operating dedicated teams for innovative R&D of vaccines and biopharmaceuticals & improving vaccine manufacturing technology 	<ul style="list-style-type: none"> Expanding products portfolio, strengthening 'manufacturing/R&D infrastructure', & establishing a global vaccine supply chain under the 'SKYShield initiative' Pursuing 'expansion of new bio businesses' such as CGT (Cell-Gene Therapy) and 'preparation for the next pandemics' 	<ul style="list-style-type: none"> Developed 20+ vaccine pipeline, including next-generation pneumococcal and RSV vaccines Invested approximately KRW 85.7 billion in R&D under the SKBS 3.0 Strategy
Embedding ESG into the Organization	<ul style="list-style-type: none"> Establishing ESG management system, including the ESG Committee under the Board and the ESG working-level council 	<ul style="list-style-type: none"> Setting mid- to long-term ESG management directions & goals Implementing company-wide ESG management through non-financial Risk management. Executing corporate philanthropic activities & various training programs for embedding ESG among employees 	<ul style="list-style-type: none"> Created social value (SV) of KRW 164.2 billion according to SK DBL Achieved 100% attendance rate of ESG Committee meetings Conducted employee corporate philanthropic activities related to business (infectious disease prevention campaigns)
Enhancing Product Safety & Quality	<ul style="list-style-type: none"> Guaranteeing pharmaceutical quality by obtaining certifications such as K-GMP, EU-GMP, UK MHRA, and WHO PQ Operating a quality assurance system optimized for GMP standards 	<ul style="list-style-type: none"> Operating quality management processes for quality assurance across the entire value chain Protecting clinical trial participants' safety & rights through DSMB(Data Safety Monitoring Boards) Verifying the reliability and effectiveness of clinical research through independent clinical audits & ensuring compliance with research ethics principles and domestic/international regulations 	<ul style="list-style-type: none"> Achieved quality assurance through K-GMP, EU-GMP, UK MHRA, and WHO PQ certifications Operated the Quality Management System (QMS) & applied the Electronic Quality Assurance System (eQMS). Conducted regular training to enhance GMP capabilities Conducted 83 quality inspections by customers & health authorities and on business partners
Implementing Ethical & Compliance Management	<ul style="list-style-type: none"> Operating a dedicated compliance team (Ethical Management Team) Overseeing the entire process of the Compliance Team 	<ul style="list-style-type: none"> Imposing disciplinary actions for unethical and unfair practices within the Company through an ethics reporting system Encouraging voluntary compliance with laws and regulations among employees by operating a fair trade compliance program & a compliance officer system Enhancing transparency in corporate management through an Internal Accounting Control System(IACS) 	<ul style="list-style-type: none"> Achieved 99% completion of employees training for practicing the code of ethics Reached a 100% processing rate for ethics-related reports Published & distributed a fair trade compliance handbook Recorded zero violations of compliance-related regulations

Material Topic	Governance (Management System)	Strategy & Risk Management	Activity & Performance
<p>Responding to Climate Change</p>	<ul style="list-style-type: none"> Making decisions on climate change strategies & activities at the ESG Committee level 	<ul style="list-style-type: none"> Establishing a mid- to long-term climate change roadmap based on SBTi Identifying/assessing the impact of potential climate change risk, considering time frames(short-term/mid-term/long-term), financial impact, and materiality 	<ul style="list-style-type: none"> Disclosed strategies & activities related to climate change actions Calculated & managing Scope 3 greenhouse gas emissions
<p>Hazardous Chemical Waste Management</p>	<ul style="list-style-type: none"> Establishing a chemical inventory for systematic management of hazardous chemicals 	<ul style="list-style-type: none"> Conducting preliminary hazard reviews before introducing new chemicals Applying the SHE IT system for computerized updates of Material Safety Data Sheets (MSDS) for new chemicals Establishing a Chemical Management System(CMS) for life-cycle management of chemicals Conducting annual self-inspections of waste disposal contractors 	<ul style="list-style-type: none"> Planned/conducted risk assessments for chemicals handled on-site Provided safety training on hazardous chemicals to employees
<p>Practicing Human Rights Management</p>	<ul style="list-style-type: none"> Operating a Human Rights Management Committee & a dedicated Team to promote effective human rights management 	<ul style="list-style-type: none"> Minimizing human rights risks by introducing an external grievance channel for human rights concerns Identifying actual/potential human rights risks & deriving countermeasures/improvements through human rights impact assessments 	<ul style="list-style-type: none"> Conducted human rights impact assessment for employees & expanded targets to business partners and local communities Ensured 100% completion of sexual harassment prevention & disability awareness education
<p>Building a Sustainable Supply Chain</p>	<ul style="list-style-type: none"> Establishing a supply chain management system for ESG capacity-building 	<ul style="list-style-type: none"> Identifying ESG risks in the supply chain & deriving improvements Supporting business partners in strengthening ESG management capacity Reducing the burden on business partners regarding ESG ratings 	<ul style="list-style-type: none"> Introduced 'Click ESG', a supply chain ESG assessment platform Diagnosed ESG risks & derived improvement measures for 41 business partners Distributed the supply chain ESG evaluation guidebook
<p>Transparent/Responsible Management Centered on the Board</p>	<ul style="list-style-type: none"> Realizing transparent management by appointing board members according to the guidelines for outside directors independence & board diversity. 	<ul style="list-style-type: none"> Promoting board-centered management through five committees under the Board Conducting regular self-evaluations of the board and disclosing the results Conducting objective individual evaluations of outside directors annually 	<ul style="list-style-type: none"> Maintained an A grade in governance in the Korea Institute of Corporate Governance and Sustainability(KCGS) ESG ratings from 2022 to 2023 14 Board meetings during 2023

Material Topic	Governance (Management System)	Strategy & Risk Management	Activity & Performance
<p>Talent Acquisition & Professionals Development</p>	<ul style="list-style-type: none"> Operating HR systems that support the growth of employee capacity & secure global bio professionals 	<ul style="list-style-type: none"> Operating global talent recruitment programs to secure talent with global capability and key experience Supporting the next-generation talent development through education/on-site visits as a Global Training Hub for Biomanufacturing(GTH-B) Encouraging employees to set their own goals through KPI-based performance evaluations Enhancing work performance & employee motivation by establishing a regular performance management system 	<ul style="list-style-type: none"> Supported bio talent development through Park MahnHoon scholarship Provided vaccine manufacturing process education to trainees of the global training program for biomanufacturing Selected/awarded winners of the Park MahnHoon Prize in collaboration with the International Vaccine Institute (IVI) (held three times until 2024) Supported employees' studies(graduate), leadership, and job competency enhancement
<p>Minimizing Environmental Impact through SHE Management</p>	<ul style="list-style-type: none"> Operating business sites based on an Environmental Management System(EMS) & minimizing product environmental impact 	<ul style="list-style-type: none"> Establishing monitoring and classification processes to manage wastes generated within business sites Strengthening environmental impact analysis through the adoption of the Environmental Management System(EMS) 	<ul style="list-style-type: none"> Reduced air pollutants by replacing industrial boiler fuel with LNG Conducted water pollution reduction using the bio-kill system

ENVIRONMENTAL





Environmental Management

Environmental Management Framework

Environmental Management System

SK bioscience implements and operates an Environmental Management System (EMS) and establishes SHE (Safety, Health, Environment) management policies to enforce environmental management. We comply with environmental regulations according to international environmental management standards and perform regular monitoring and audits. As a result, SK bioscience obtained ISO 14001 certification in 2022 and has maintained it continuously. In accordance with the ISO 14001 standards, SK bioscience has designed and implemented the Environmental Management System(EMS) of the headquarters and this will be applicable to our Songdo Global R&PD Center in the same manner.

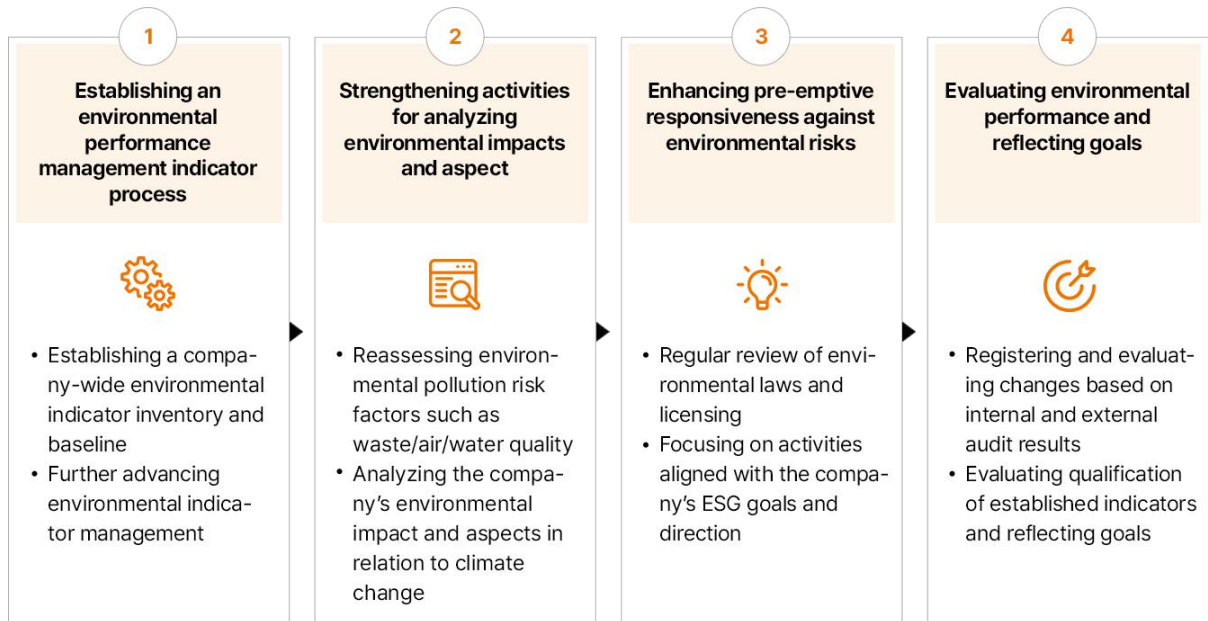
Entity	Certification Scope	Date Acquired	Certification Body
SK bioscience	100% of production facilities	2022.11.17	KSR Certification Institute

* Note: Research or office facilities are excluded from the certification scope.

Details of Certification Audits

Category	Frequency	Conducted By
Initial Audit	Once (November 2022)	KSR Certification Institute
Internal Audit	Once (December 2023)	SHE Dept.
Surveillance Audit	Once (November 2023)	KSR Certification Institute
Certification Audit	Once every 3 years (2025 scheduled)	External Audit Organization

Environmental Management Framework & Policy



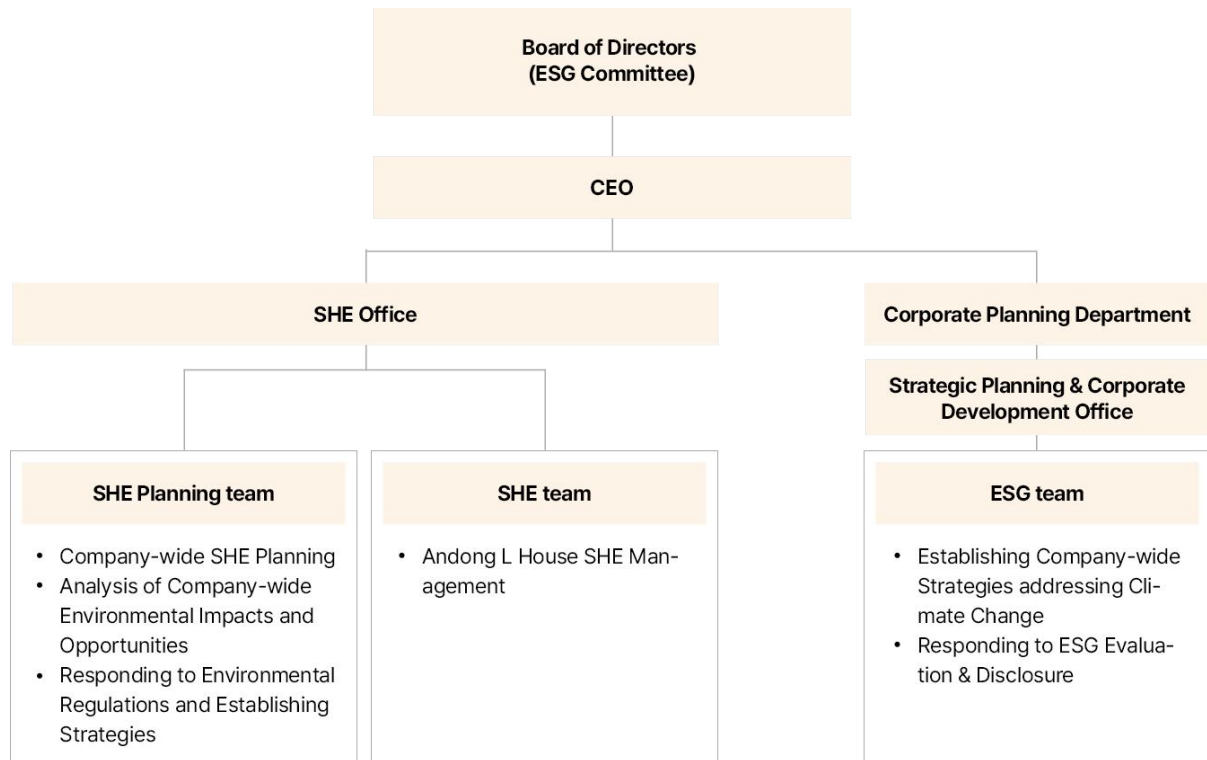
Environmental Management Policy

- Throughout the entire process of worksite design and business operations from R&D to production, distribution and disposal, we put our efforts to use resources and energy sustainably, reduce environmental pollutants and chemical emissions, and recycle waste and wastewater.
- We operate an Environmental Management System(EMS) and continuously manage improvement performance by regularly monitoring all business and partners.
- We comply with environmental laws and regulations and invest in combating global climate change and preserving local ecosystems and environment.

Environmental Management Governance

At SK bioscience, the Vice President and Head of SHE, an executive-level position, who reports directly to the CEO, oversees company-wide environmental management, and the Board of Directors and the ESG Committee deliberate and approve related agendas. In line with the Company's operational status, the SHE Planning team at the headquarters is responsible for company-wide environmental planning and environmental management tasks for Pangyo offices(R&D Center/HQ staff), while the SHE team in Andong is in charge of environmental management tasks for Andong L House. Furthermore, the ESG team under the Corporate Planning Department develops environmental goals and strategies related to ESG, regularly reporting to the ESG Committee and the Board of Directors. To drive efficient environmental management, they continuously inform the management on key environmental issues, integrating these updates into corporate policies.

In 2023, the headquarters and Andong L House reported to the management on the environmental performance related to resource circulation, including monthly waste disposal, cumulative recycling rate, and recycling rate improvement. In addition, the Board of Directors approved the 2023 environmental management performance and 2024 company-wide initiatives. These initiatives include assessing chemical substance risks, establishing processes for identifying and evaluating environmental risks and opportunities, and implementing plans for ecosystem and biodiversity conservation activities.



Environmental Goals & Performance

Environmental Management Goals

SK bioscience has established and managed areal mid- to long-term goals relating to carbon emissions, resources, and environmental impacts to fulfill the environmental management.

Carbon Emissions Minimization



- Achieving Net Zero by 2031
- Reducing fossil fuel consumption
- Expanding eco-friendly energy facilities
- Continuing activities to reduce its carbon footprint & Increasing the offset amount

Resources Recycling



- Making zero landfill waste by setting up a recycling system
- Using eco-friendly/green environment materials

Environmental Impacts Minimization



- Achieving zero environmental pollution and chemical substance leakage accidents
- Monitoring process flow constantly through the BMS¹⁾
- Minimizing environmental load by proactively reviewing environmental factors during the business planning stage

1) BMS: Building Management System

Environmental Performance Assessment

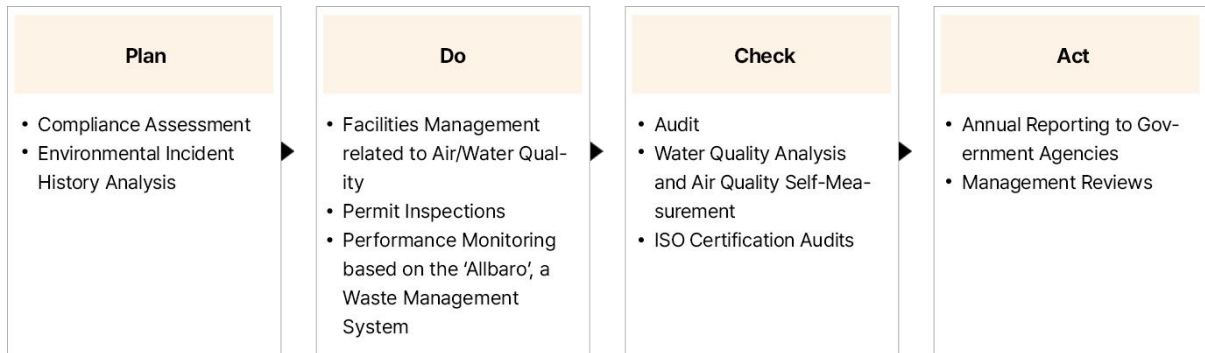


SK bioscience regularly monitors, analyzes, and assesses the Company's environmental management performance. We conduct quarterly evaluations of our environmental management system through an Environmental Management Review in accordance with ISO 14001 and report the results to key executives, including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

Compliance with Environmental Regulations

SK bioscience conducts annual compliance assessment for 12 environmental laws, including the Water Environment Conservation Act, Air Quality Conservation Act, Waste Management Act, and Chemicals Control Act to identify environmental risks and opportunities. Recognizing the dynamic nature of environmental regulations, we maintain and update a documented list of applicable laws for our facilities. Detailed compliance assessment for individual regulations help us identify and address any deficiencies early, facilitating timely corrective actions and improvements. As a result of our systematic management following the PDCA Cycle on a yearly basis, we have not been cited for any violations of environmental laws and regulations during the 2021-2023 regulatory visits.

| Regulatory Response Strategy |





2020~2023
Environmental Regulation Violations

0

case

Building Eco-friendly Worksites

Building Eco-friendly Worksites

LEED Certification Achievement



| LEED Gold-level Certification |

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

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

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

Establishment of Eco-Friendly Infrastructure at Worksites

To minimize air pollutants and greenhouse gas emissions from company vehicles, SK bioscience introduced eco-friendly vehicles in 2022. As of the end of 2023, three eco-friendly vehicles are in operation, with plans to gradually increase this number to 22% of the fleet by 2025, coinciding with the occupancy of the Songdo R&PD Center. Additionally, the Songdo R&PD Center will establish various eco-friendly support infrastructures, including the installation of 30 electric vehicle charging stations, the use of eco-friendly furniture, and the implementation of a pre-order system in the Company cafeteria to minimize food waste. These initiatives aim to concretely practice environmental management.

Eco-Friendly Facilities Expansion in Andong L House

SK bioscience has enhanced the energy efficiency of its factory equipments and expanded the adoption of renewable energy by improving the processes and efficiency of the facilities. As a result, we have achieved an annual cost saving of KRW 230 million. This significant achievement in our energy advancement efforts was recognized with the 2023 Gyeongsangbuk-do Governor's Award for Energy Excellence.

Category	Description	Annual Savings
Improving Chilled Water Supply/Return(CHS & CHR) for Refrigerators	Installing shut-off valves on the by-pass piping line to preserve and use the loss heat, reducing the required power for refrigerators and pumping start-up power.	KRW 120 million
Improving Clean Steam Generator(CSG)	Achieving stable load distribution, reducing unnecessary energy consumption, and improving efficiency by introducing additional heat exchanger package systems	KRW 110 million
Installing LED Lighting	Replacing fluorescent lighting with LEDs, introducing occupancy sensors in restrooms, and saving energy by changing temperature management standards of electrical rooms	KRW 40 million

Environmental Training for Employees

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

2023 Environmental Training Status

Category	Detail
Total Number of Completed Trainees	838 persons
Training Hours Per Person	1 Hour







[Online Poster] 2023 SK bioscience company-wide Environmental Training

Purchasing Eco-friendly Products



SK bioscience's purchasing team is dedicated to minimizing environmental risks by promoting the use of eco-friendly raw materials among major suppliers. In the future, we aim to gather data on carbon emissions and the environmental impact of these suppliers, and are committed to gradually incorporating environmental factors into our supplier selection and evaluation processes, making them crucial indicators. For our sustainable supply chain system, SK bioscience will put the continuous and arduous efforts to purchase eco-friendly raw materials.

Evaluation Criteria for Purchasing Eco-friendly Raw Materials

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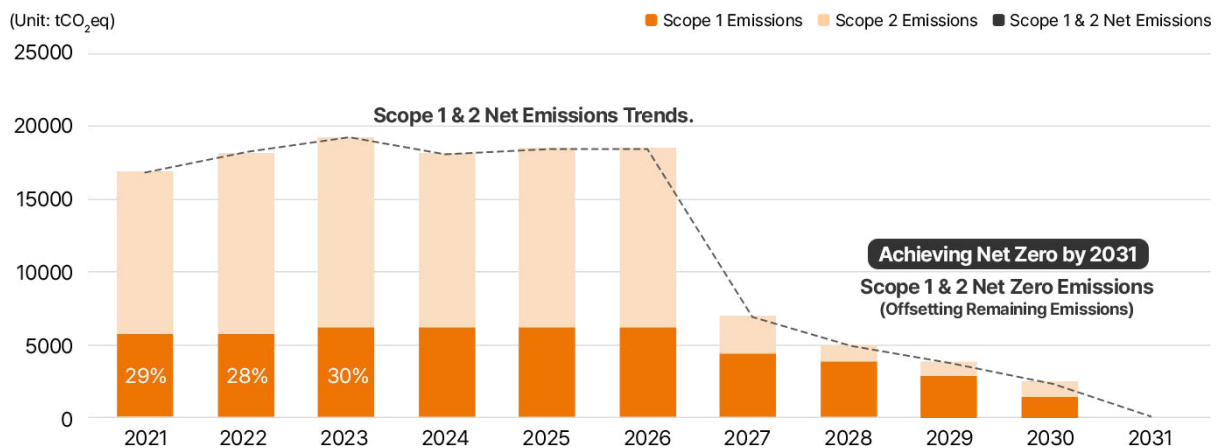


Net Zero Roadmap

Scope 1 & 2 Net Zero Roadmap

SK bioscience utilized methodologies proposed by the Science Based Targets initiative (SBTi) to analyze greenhouse gas emissions across all its facilities in 2022. Based on this analysis, we established its initial goals and implementation strategies to achieve Net Zero emissions by 2031 and updated these plans in the first half of 2024. Scope 1 emissions primarily result from the use of LNG fuel in the boilers at the Andong L House. SK bioscience aims to meet its reduction targets by leveraging government policies and expanding plans for hydrogen energy infrastructure. Scope 2 emissions mainly arise from electricity consumption. SK bioscience plans to conclude a Power Purchase Agreement (PPA¹⁾) for renewable energy in 2024, with the goal of sourcing renewable energy from 2027.

2031 Net Zero Roadmap



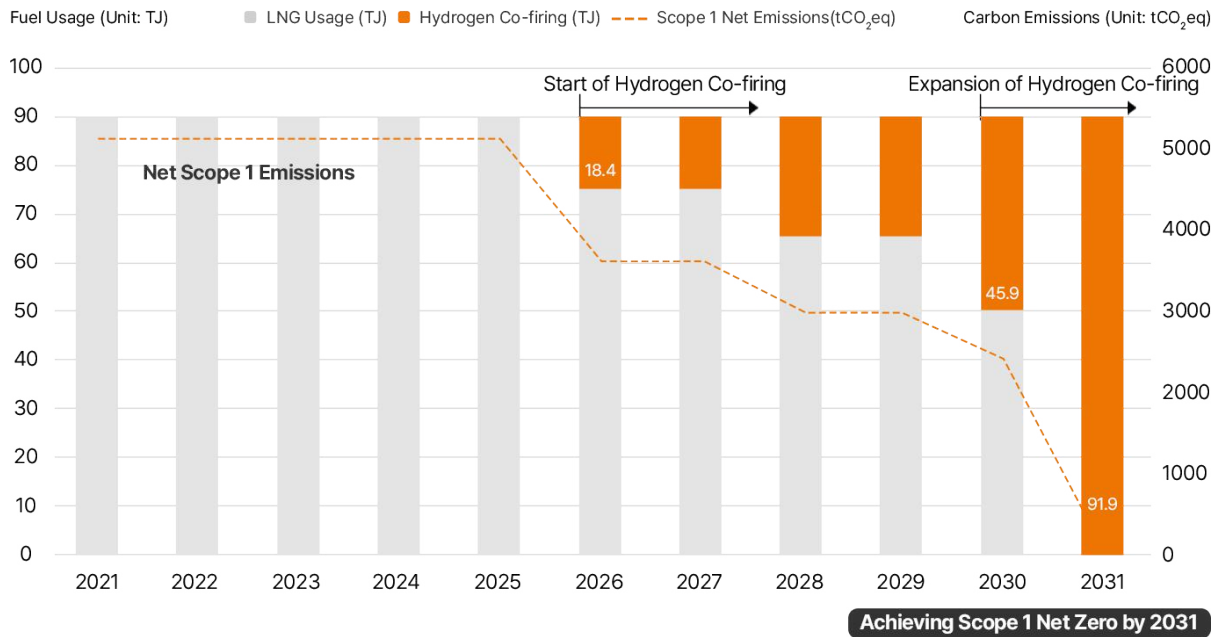
1) PPA (Power Purchase Agreement): Contract for Electricity Purchase
 Post-2025 emissions may vary depending on the operation of Andong G2+ and Songdo R&PD Center.

Scope 1 & 2 Net Zero Scenario

Direct GHG Emissions (Scope 1)

| Hydrogen Energy Transition Scenario |

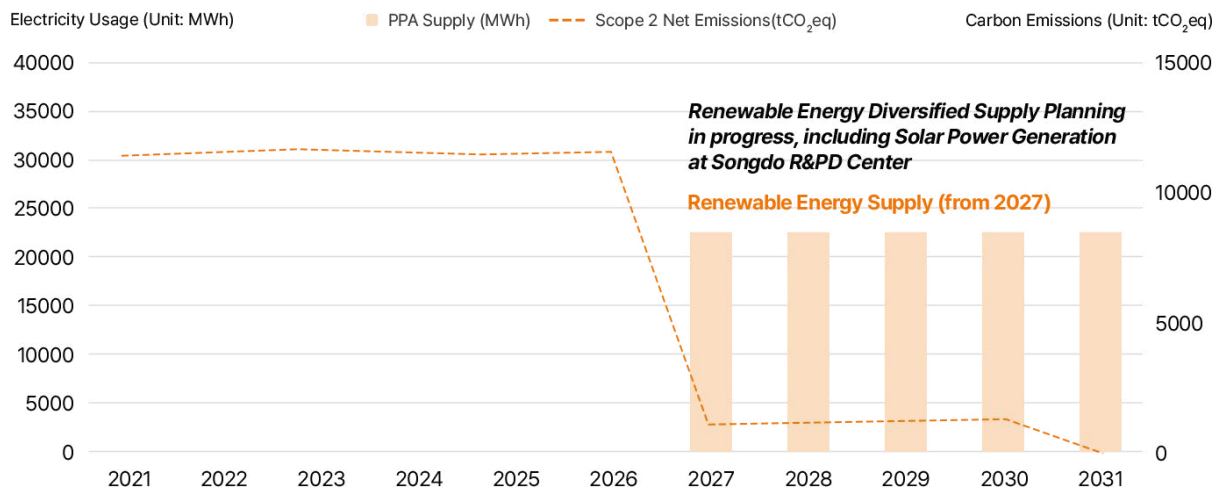
Scope 1 stationary combustion emissions account for 29% of the total Scope 1 stationary combustion emissions account for 29% of the total emissions, with over 97% originating from LNG boilers at the Andong L House. Hydrogen energy is gaining attention as a clean energy source. However, market stability in terms of supply, demand, government policies, and infrastructure will take time to achieve. SK bioscience plans to gradually begin hydrogen co-firing following government plans and policies for hydrogen infrastructure expansion. we will adjust the proportion of hydrogen co-firing based on near-future hydrogen-related regulations and prices. As the hydrogen market stabilizes, SK bioscience intends to aggressively increase the proportion of hydrogen co-firing, aiming for 100% hydrogen fuel transition by 2031 to achieve Net Zero.



Indirect GHG Emissions (Scope 2)

| Renewable Energy Transition Scenario |

Approximately 71% of SK bioscience's greenhouse gas emissions fall under Scope 2, with 98% of these emissions originating from electricity usage. Therefore, transitioning from traditional fossil fuel-based power sources to renewable energy is central to the Company's Net Zero strategy. SK bioscience plans to secure renewable energy through a PPA (Power Purchase Agreement) and will continuously monitor and adjust for anticipated emissions changes due to the operational environments of facilities such as Andong L House G2+ and Songdo Global R&PD Center. We remain committed to flexibly responding to climate change risks amid rapidly evolving domestic and international business environment.

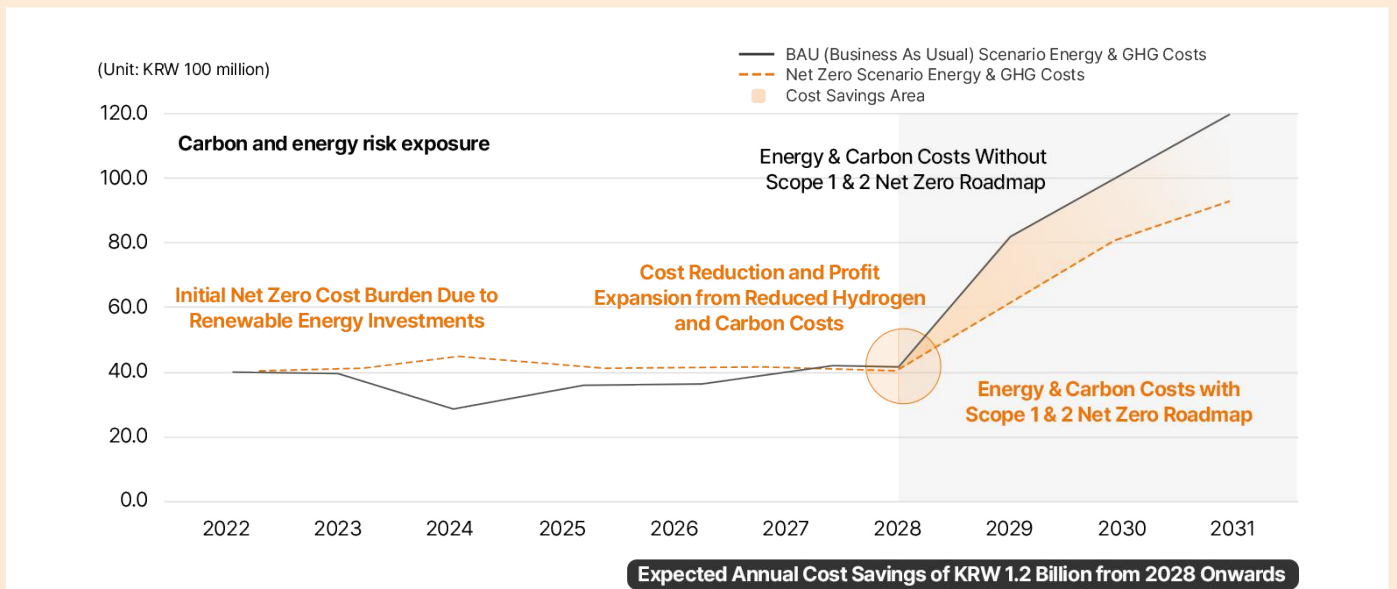


Financial Impact Analysis According to Net Zero Scenario

Based on the IEA¹⁾ Sustainable Development Scenario(SDS),²⁾ energy and carbon costs analysis shows a reduction in the mid- to long-term when we implement the 2022 Net Zero roadmap . In the short-term, the cost burden is expected to rise due to renewable energy costs increase. However, considering the introduction of carbon pricing policies and the price stabilization expected from government hydrogen infrastructure expansion under the SDS, energy and carbon costs are projected to decrease as of 2028. By the time Net Zero is achieved in 2031, an annual average cost saving of approximately KRW 1.2 billion is anticipated. SK bioscience plans to re-evaluate the detailed financial impacts under various climate scenarios, incorporating the updated renewable energy transition plan as of the first half of 2024.

- 1) IEA (International Energy Agency): Global energy policy advisor.
- 2) IEA Sustainable Development Scenario(SDS): A scenario that assumes the achievement of the sustainable energy goals recommended by the UN SDGs, consistent with the goals of the Paris Agreement

Value at Risk of Energy & Carbon Costs



- Carbon Price (KRW/tCO₂eq)¹⁾: Based on IEA SDS (Sustainable Development Scenario) data, rising from KRW 49,109 /tCO₂eq in 2021 to KRW 136,679 /tCO₂eq in 2031.
- PPA Tariff (KRW): Estimated by using historical electricity price increase data and industrial power tariff costs forecasts in Germany, assumed to range from a minimum of KRW 150 to a maximum of KRW 242.

1) IEA, 2021. WEO Scenario

Governance

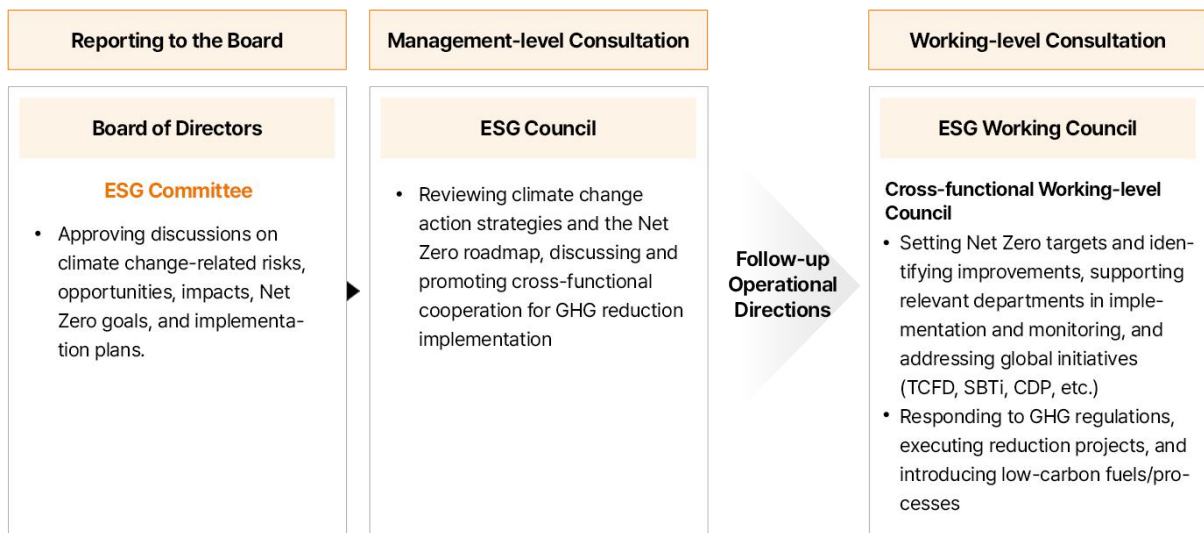
Management & Supervision of the Board of Directors

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

Roles of Executives

SK bioscience operates an ESG Council to respond to major company-wide risks. The ESG Council makes decisions on key issues such as greenhouse gas reduction measures and investment activities, in addition to management strategies to respond to climate change, and regularly monitors the activities of departments such as strategy and risk management. Furthermore, SK bioscience operates ESG Working-level Council to support the decision-making process of the Board of Directors and ESG Committee and enhance the working-level collaboration.

Climate Change Response Implementation Framework



Board Oversight of Climate Change Agenda

Category	Date	Agenda (Content)
Board of Directors	2024.04.24	Proposal for SK Group-wide renewable energy joint PPA (Power Purchase Agreement)
	2022.11.23	Report on progress in climate change response
	2022.10.26	Publication of TCFD Report
	2022.07.27	Update on progress in climate change response
ESG Committee	2024.04.17	Execution of Group Joint Purchase PPA contract
	2023.04.17	Implementation of RE100 initiative
	2022.10.13	Publication of TCFD report
	2022.07.20	Report on Progress in Climate Change Response

Strategy

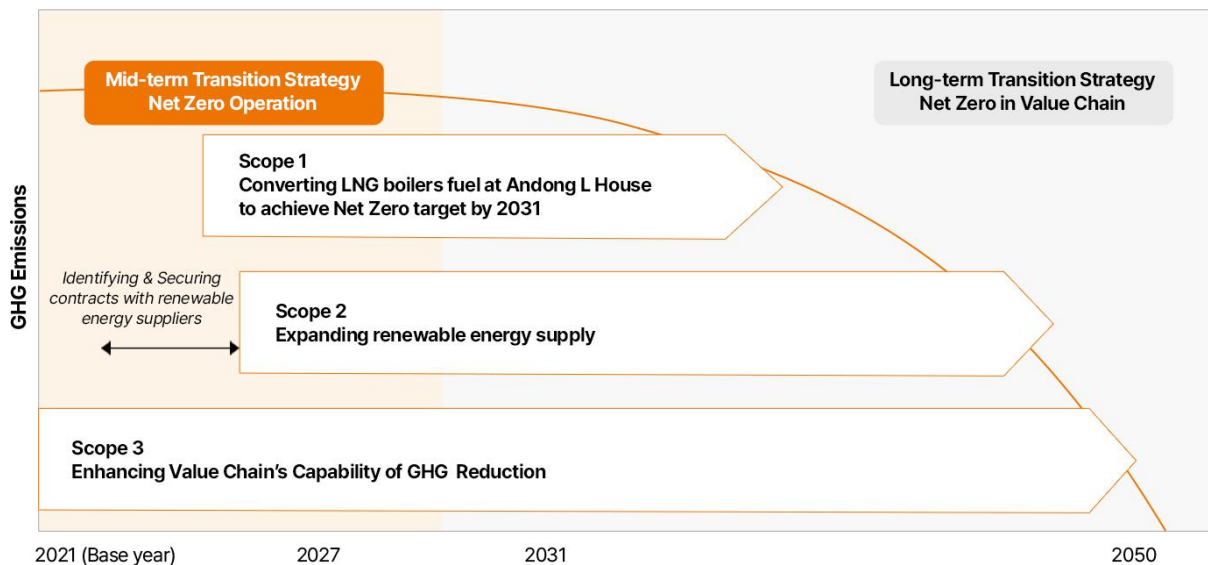
Net Zero Operation – Short- & Mid-term Strategy to Achieve Net Zero at Worksites

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

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

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

Worksite Net Zero Roadmap



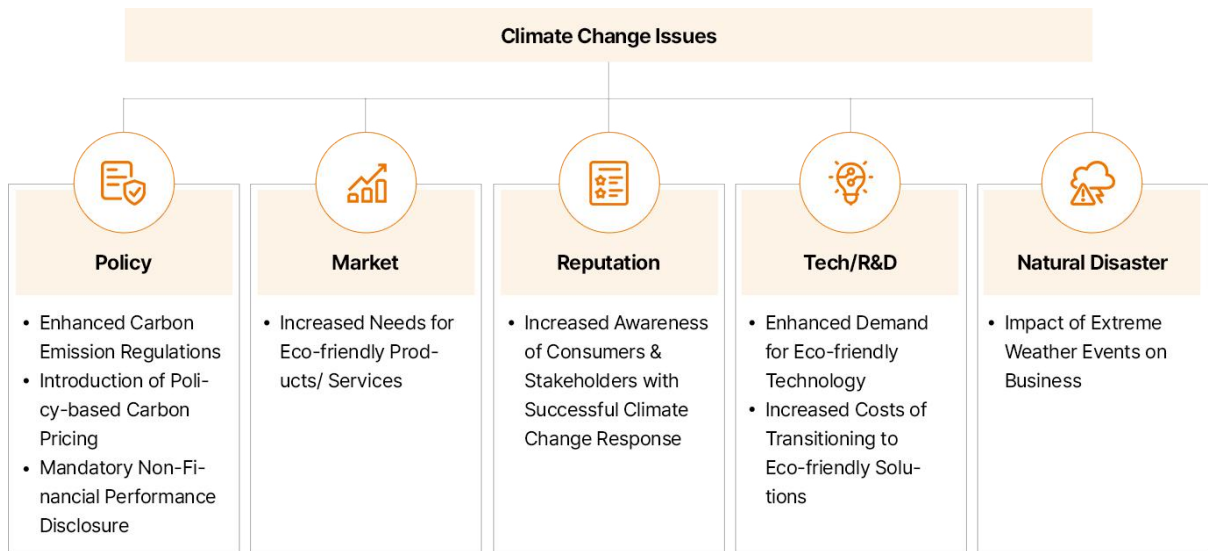
Assessment of Climate Change Risks & Opportunities



In line with the 2022 TCFD's recommendations, SK bioscience has identified risks and opportunities that affect the sustainability of its business and its future response to climate change. At the policy level, the strengthening of carbon emission regulations and the introduction of carbon pricing act as drivers to accelerate corporate carbon reduction efforts. Additionally, the trend of mandating non-financial performance disclosure is promoting transparent reporting of carbon reduction performance.

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

Climate Change Factors



Climate Change Risks & Opportunities

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

Category	Climate Change Issues	Risks	Opportunities	Our Approach		
Transition Risks & Opportunities	Policy/Law	Introduction of carbon tax/Regulations on carbon emissions	<ul style="list-style-type: none"> Introduction of policy-based carbon pricing & Increased carbon price burden 	-	<ul style="list-style-type: none"> Establishment & implementation of plans to achieve Net Zero goals, and Disclosing results 	
		Increasing trend of disclosing climate change action status	-	<ul style="list-style-type: none"> Increased sustainability of global collaborations as EU, U.S., and global organizationsmandate disclosure of climate change actions 	<ul style="list-style-type: none"> Strengthening responses to global initiatives to secure external trust 	
	Market	Growing global needs for sustainable life sciences	<ul style="list-style-type: none"> Failure to adequately respond to the rise and spread of global infectious diseases and illnesses undermines corporate value Increased need to respond to post-pandemic trends regarding vaccine self-sufficiency and strengthening biosecurity 	<ul style="list-style-type: none"> Potential to enhance the presence as a vaccine maker by taking a leading role in climate change actions Contributing to preventing the spread of disease caused by climate change 	<ul style="list-style-type: none"> Setting a Net Zero goal & unveiling an implementation strategy Strengthening vaccine supply to developing countries Increasing R&D, production, and supply of products related to diseasesand infectious diseases 	
			Increasing possibility of receiving negative feedback from stakeholders and rising social costs	<ul style="list-style-type: none"> Stakeholder demand for a stronger response to climate change 	-	<ul style="list-style-type: none"> Setting Net Zero goals Disclosing progress status and strategies & strengthening external communications
			Increasing trend of disclosing climate change action status	<ul style="list-style-type: none"> Failure to meet the climate change response requirements of global companies reduces opportunities to engage in C(D)MO 	-	<ul style="list-style-type: none"> Setting Net Zero goals Disclosing progress status and strategies & strengthening external communications
	Reputation	Stakeholders' perceptions of climate change response performance and communication	<ul style="list-style-type: none"> Delayed action on climate change damages brand credibility 	<ul style="list-style-type: none"> Strengthening branding based on public commitments, including climate change action 	<ul style="list-style-type: none"> Monitoring & Managing climate change action performance & encouraging partners Strengthening external communications on infectious diseases response status 	

Category	Climate Change Issues	Risks	Opportunities	Our Approach
Technology	Increased demand for technologies that reduce environmental impacts and rising cost for low-carbon transition	<ul style="list-style-type: none"> Increased environmental burden from waste and single-use packaging materials Pollution of aquatic ecosystems during manufacturing, including organic solvents and pharmaceutical spills Delays in research or decreased opportunities for research collaboration with joint research institutions(Sanofi, IIVI) 	-	<ul style="list-style-type: none"> Simplifying packaging, upcycle, replacing with recycled materials, etc. Establishing a low-carbon product R&D plan

Category	Climate Change Issues	Risks	Our Approach	
Physical Risks	Heat wave	<ul style="list-style-type: none"> Increased incidence of infectious diseases and heat-related illnesses due to rising temperatures 	<ul style="list-style-type: none"> Reviewing potential risks of infectious diseases and heat-related illnesses & Enhancement of response measures 	
		<ul style="list-style-type: none"> Increased chronic energy usage and costs in production facilities and offices due to rising temperatures and heat waves 	<ul style="list-style-type: none"> Monitoring & Managing power consumption Identification & Implementation improvement plans 	
	Acute	Wildfire	<ul style="list-style-type: none"> Increased risk of damages to workplace facilities, structures, lives, and property by wildfire 	<ul style="list-style-type: none"> Establishment & Implementation of a workplace safety and health management policy
		Typhoon	<ul style="list-style-type: none"> Possible loss of workplace facilities and structures due to strong winds Potential for personal injuries and property damage caused by facility loss 	<ul style="list-style-type: none"> Establishment of a dedicated safety and health division Conducting regular facility inspections and assessments Evaluation & Improvement of disaster prevention measures
	Torrential downpour	<ul style="list-style-type: none"> Risks of river flooding, external water reflux, and flooding in low-lying areas due to torrential downpour 	<ul style="list-style-type: none"> Operating Safety and health goals/performance management system 	
	Chronic	Increased extreme weather events	<ul style="list-style-type: none"> Spread of vector-borne infectious diseases due to changes in the habitat of insects, rodents, etc. 	<ul style="list-style-type: none"> Reviewing the potential risks for emerging infectious diseases and zoonoses Strengthening branding based on public commitments, including climate change action
Increased average temperatures		<ul style="list-style-type: none"> Increased investment costs due to expanded power and cooling capacity of production facilities and offices 	<ul style="list-style-type: none"> Replacing power-intensive facilities & Promoting operational efficiency Promoting workplace energy efficiency (eco-friendly building design, certification, etc.) 	

Category	Climate Change Issues	Risks	Our Approach
	Increased average temperatures	<ul style="list-style-type: none">Increased investment costs due to expanded power and cooling capacity of production facilities and offices	<ul style="list-style-type: none">Replacing power-intensive facilities & Promoting operational efficiencyPromoting workplace energy efficiency (eco-friendly building design, certification, etc.)

Risk Management

Climate Change Risk Management System

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

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

Climate Change Risk Management Process

1. Identifying Climate-related Risks

- Reporting to the Board of Directors regarding the business and operations that involve climate risk through ESG committees
- The relevant departments and the ESG Team identify climate risks and provide reports to the Board of Directors for consideration when launching new businesses and making future investments.

2. Evaluating Climate-related Risks

- The ESG Team: Evaluating investment and business risks in consideration of the criteria for climate-related risks(scale, operation, capability, willingness to mitigate risks, etc.)
- The range of evaluation can be adjusted based on the characteristics of the biotech sector, operation, transaction characteristics and scale. The evaluation result determines the metrics.

3. Risk Management Activity

- Implementing policies to manage risks by business area, collecting and analyzing data, including GHG emissions
- Disclosing climate-related risks audit conducting verification of the accuracy, clarity, comparability, and timeliness of the information
- Reducing manageable risk exposures of climate-related metrics, determining targets that can be improved

4. Result Reporting

- The ESG Team: Reporting on risk exposure levels, metrics, and level of target achievement
- Investment and business projects with high climate risks should be approved by the CEO and involve consultation with external experts. Employees regularly review and work towards improving the management practices with project managers, aiming to transition towards a sustainable business.

Metrics & Targets

Net Zero Targets Implementation

SK bioscience aims to reduce greenhouse gas emissions by introducing and expanding the use of renewable energy in the mid- to long-term. By gradually enlarging renewable energy usage at worksites, such as through the staged conversion of LNG fuel to hydrogen for the Andong L House multitube-through boilers and the supply of solar-generated electricity, SK bioscience plans to achieve its Net Zero goal by 2031.

Category	Unit	2023	2024	2025	2026	2027	2028	2029	2030	2031	Target Year	
Net Zero Targets Response	Scope 1 Reduction Rate	%	0	0	0	10	10	20	30	50	100	2031
	Scope 2 Reduction Rate	%	0	0	0	0	90	90	90	90	100	

Category	Detail	Target Year
Worksites GHG Reduction	Renewable Energy Usage	23,277 MWh
	Renewable Energy Usage Ratio	90%
Scope 3 GHG Reduction	Scope 3 GHG Emissions	11,030 tCO ₂ eq

Category	Unit	2021	2022	2023
Total Energy Usage	TJ	3475	383.7	400.8
Total GHG Emissions	tCO ₂ eq	16,927	18,491	19,377

Scope 3 Calculation Results & Management Plan

SK bioscience calculates and continuously manages its Scope 3 GHG emissions in order to reduce greenhouse gas emissions not only from its own business sites but also throughout the entire value chain. To calculate our Scope 3 GHG emissions, we have selected the main categories and methodologies in line with domestic and international standards necessary for the calculation. We have identified and collected data such as the cost and quantity of raw materials purchased, fuel usage, and emission factors. Moving forward, we will continuously manage our Scope 3 GHG emissions by further advancing the template and methodology for data collection and analysis.

The majority of SK bioscience's Scope 3 GHG emissions come from category 1(Purchased Products & Services) and 2(Capital Goods). Therefore, to reduce GHG emissions in both categories simultaneously, we will continue to work with key stakeholders to reduce our value chain GHG emissions, including intensively managing our partners.

GHG Emission Status : Scope 3

	Category	Emissions(tCO ₂ eq)	Ratio(%)
1	Purchased Products & Services	82,251	71
2	Capital Goods	20,517	18
3	Fuel & Energy	1,070	1
4	Upstream Transportation	4,248	4
5	Waste	699	1
6	Business Trip	567	0
7	Commute	997	1
8	Lease in	-	0
9	Downstream Transportation	3,272	3
10	Processing	-	0
11	Product Use	2,436	2
12	Product Disposal	8	0
13	Lease Out	-	0
14	Franchises	-	0
15	Investments	-	0
	Total	116,063	100

Environmental Impacts Management

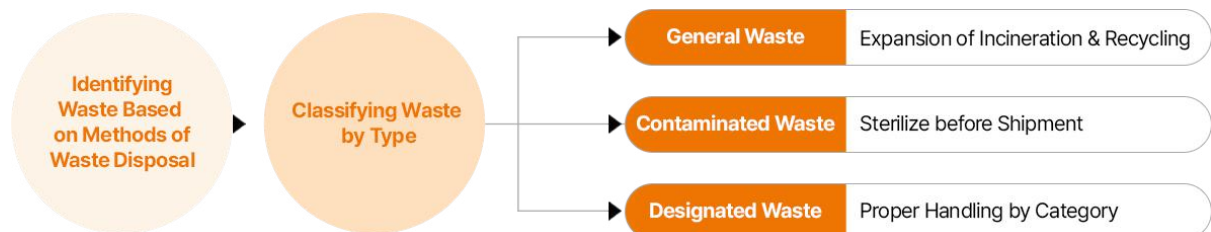
Waste Management

SK bioscience not only strives to recycle and reuse resources used in the entire production process of its products but also identifies and manages waste generation in each process to prevent environmental pollution caused by waste generation. We monitor every step of the process, from waste generation to treatment. We classify waste that may be contaminated separately and sterilize it before shipment to eliminate its harmfulness, considering the impact of waste on society, people, and nature.

Additionally, we strictly manage designated wastes that may contaminate the surrounding environment by disposing of them through external companies. Apart from situations where waste is classified as hazardous waste, which legally requires incineration for disposal, we actively seek external recycling suppliers to recycle general waste, going above and beyond the legal requirements for waste treatment.

Furthermore, we regularly receive and manage disposal data to understand the amount of waste disposal systematically. Despite a rise in the amount of waste disposed over the past three years due to increased vaccine production in response to the spread of COVID-19, the recycling rate has shown a consistent upward trend. In 2024, we have planned various recycling projects to further enhance the recycling rate of water and waste.

Process Monitoring and Waste Classification Process



Hazardous Chemicals Management

As global regulations intensify, the importance of hazardous chemicals management has become increasingly important. SK bioscience conducts regular inspections and systematic management of its inventory to comply with chemical-related laws and regulations. We update and manage GHS-MSDS¹⁾ through the SHE IT system, and minimize the risks from exposure and disposal of hazardous chemicals, to a wide range of stakeholders including workers and local communities. Furthermore, we conduct pre-hazard assessments before introducing new chemicals and prevent safety incidents through statutory inspections of facilities handling hazardous chemicals.

We are also in the process of developing a CMS²⁾ to thoroughly manage the entire life cycle of all chemicals entering the workplace, as well as pre-evaluate them, and plan to complete the system in the first half of 2024. Additionally, we plan to establish an API exposure and contamination management system to minimize environmental impact from drug substance (DS) usage in 2024.

- 1) MSDS : Material Safety Data Sheets
- 2) CMS : Chemical Management System

Introduction Process of Chemicals



Hazardous Chemicals Safety Training

We provide training on key chemical substances during new hire training sessions and regular training sessions for all employees to raise awareness of the dangers of chemical substances. We also provide separate training on MSDS to inform the potential dangers of introducing new chemical substances. Moreover, we train chemical handlers by setting up standards for wearing protective equipment against hazardous chemicals. In 2023, we went all out to prevent related accidents by conducting special safety training for these handlers.



[2023 Hazardous Chemicals Safety Training]

- Participants: 186 members (all staff in BD Dept.)
- Duration: 16 hours (4 hours online, 12 hours offline)
- Content:
 - Common practices for handling chemicals
 - Understanding hazardous chemicals
 - Safety facilities and safe work methods
 - Incidents and safe work procedures

| Safety Training on Chemicals |

Air Pollutant Management

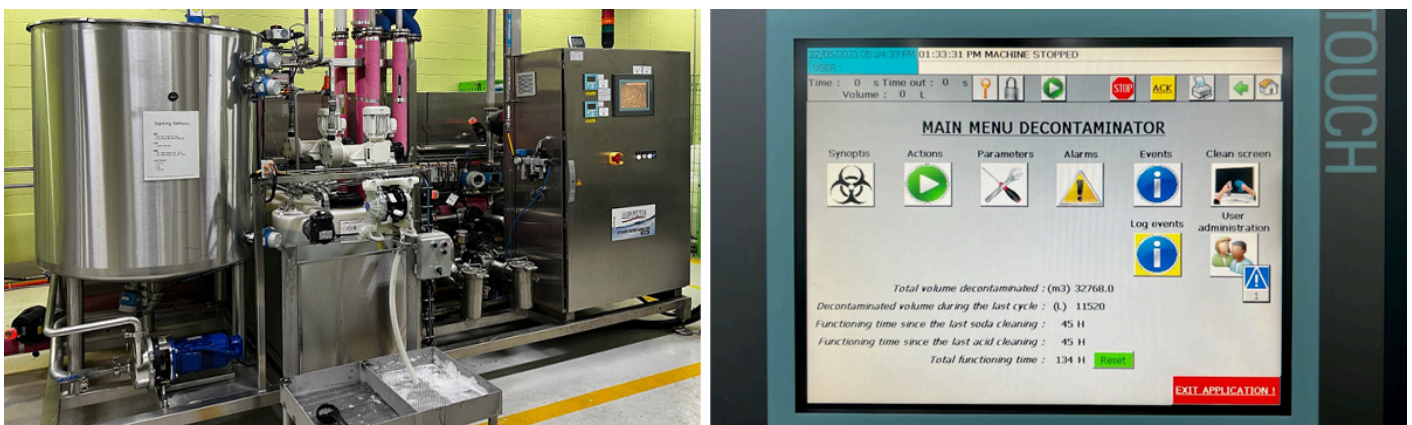
To reduce air pollutants generated by fossil fuels, SK bioscience has replaced industrial boiler fuels with LNG. We have implemented measures to manage air pollutants at the generation stage, including the addition of a number control function to operate the boilers sequentially based on steam requirements. Furthermore, we conduct regular measurements to ensure compliance with emission limits.

Andong L HOUSE uses ecofriendly refrigerants that minimize ozone-depleting substances generated during refrigerator operation. In addition, to manage exhaust gas within the workplace, we measure the quality of air that is coming from outside to maintain a fresh air percentage of 30% or higher compared with the standards. We control indoor pollutants and prevent the infiltration of pollutants by operating independent and local heating, ventilation, air conditioning(HVAC) equipment. This is done not only to protect both the atmospheric environment and the respiratory health of employees within the workplace.

Water Resources Management

SK bioscience's water resources management minimizes wastewater generation and reduces water consumption. We utilize the in-house Biokill system to reduce the risk of water pollution effectively. We try to reduce contamination during discharge by removing biological hazards that may arise from the process, and by controlling the pH level and sterilization before discharge. The wastewater from the Andong plant is sent to a wastewater treatment facility, where it is regularly monitored to ensure that its discharge remains below the approved inflow concentration level, as determined by Andong City, in accordance with the plant's wastewater treatment efficiency. Additionally, we conduct monthly monitoring of wastewater discharge and implement measures to reduce usage. In 2023, we installed an additional wastewater meter to ensure accurate monitoring of the figures for each source of generation.

To reduce water consumption, we recycle factory water and are making efforts to identify various ways to consume treated wastewater. Also, we use the rainwater collected in our tanks in factories and manage the water usage through eco-friendly vegetation for water conservation. The usage and discharge of water are measured using a flowmeter, with the figures recorded twice a day. Additionally, Andong L House outsources the treatment of all wastewater to a public wastewater treatment facility within the Gyeongsangbuk-do Bio Industry Complex. This facility adheres to stricter standards than the statutory raw wastewater discharge concentration limits, ensuring safer and more effective treatment.



| Water Pollutant Management System |

Biodiversity Conservation

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

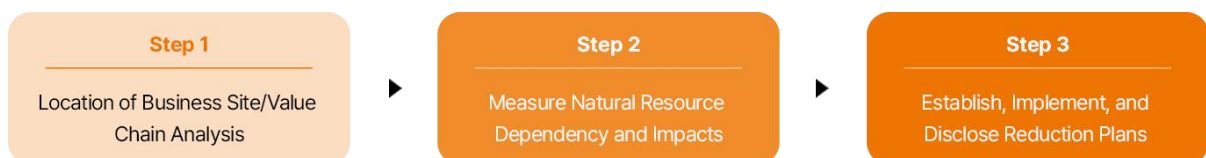
In August 2021, when the site adjacent to L House was contracted for the expansion of the factory, the area was designated as an industrial complex zone by Gyeongsangbuk-do, but the construction work was not carried out thus the mountain and the field remained. Therefore, we worked with local governments, including Gyeongsangbuk-do and Andong-si, and the industrial complex from the stage of the complex planning, and developed a plan to expand on a minimal amount of land, and to preserve the remaining area in its natural state. In 2024, we plan to assess the impact of Andong L House operation on local biodiversity, including flora and fauna, and develop and implement relevant action plans.

Additionally, the new Global R&PD Center, planned for construction in Songdo, Incheon, will treat wastewater generated during research and development processes on-site. The treated water will then be discharged into the West Sea via the Songdo Sewage Treatment Plant, minimizing biodiversity impacts from wastewater. SK bioscience will take the lead in protecting biodiversity by fully preserving the natural environment and coexisting with various ecosystems in the region.

Biodiversity Risk Management Process

SK bioscience is currently reviewing the ongoing biodiversity conservation process of its parent company. Our plan is to implement Steps 2 and 3 by the first half of 2024 in order to identify biodiversity risks and develop management and mitigation measures.

The biodiversity risk management process will be established by referring to global assessment methodologies and frameworks, such as the Taskforce on Nature-related Financial Disclosure(TNFD) guidelines and the Locate Evaluate Assess Prepare(LEAP) approach. Additionally, we are preparing to assess risks by considering biodiversity risks associated with dependency and impact.



Supply Chain Environmental Management & Support

SK bioscience evaluates the environmental management capabilities of its business partners through their ESG management practices. The evaluation covers various aspects of environmental management, including measuring and reducing greenhouse gas emissions, tracking and reducing waste emissions and recycling efforts, ensuring safety management throughout the lifecycle for hazardous substances, monitoring the content of each product, measuring and reducing air pollutant emissions, preventing pollution, conserving resources, and managing water.

Furthermore, based on the evaluation results, SK bioscience supports suppliers by proposing short-term and mid-to-long-term improvement plans and providing consulting services, promoting the establishment of environmental management practices within the supply chain.

Hazardous Substance Emission Reduction Program within the Supply Chain

Since 2023, SK bioscience has implemented annual internal audits of waste management contractors handling onsite waste. These audits assess the compliance of waste processing and the adequacy of treatment facilities. The findings are quantified and used to decide contract renewals or to mandate corrective actions based on our own criteria. Additionally, we continuously update audit checklist through monitoring of laws and regulations to improve contractor management.

Target	Number of Contractors	Inspection Frequency	Inspection Results
Waste Disposal Contractors	9	At least once per year	No notable issues detected (As of January 2024)

Key Inspection Items

- 1 Consistency between licensed waste processing facilities and those in operation (including storage and prevention facilities)
- 2 Possession of adequate processing capacity (including facilities, vehicles, and personnel)
- 3 Compliance with permitted storage volumes and storage periods
- 4 Implementation of safety measures (such as the use of protective gear, safety devices, and workplace lighting)
- 5 Status of complaints and administrative actions
- 6 Compliance with legal processing, including any re-delegation to other companies

S O C I A L



Employee Happiness

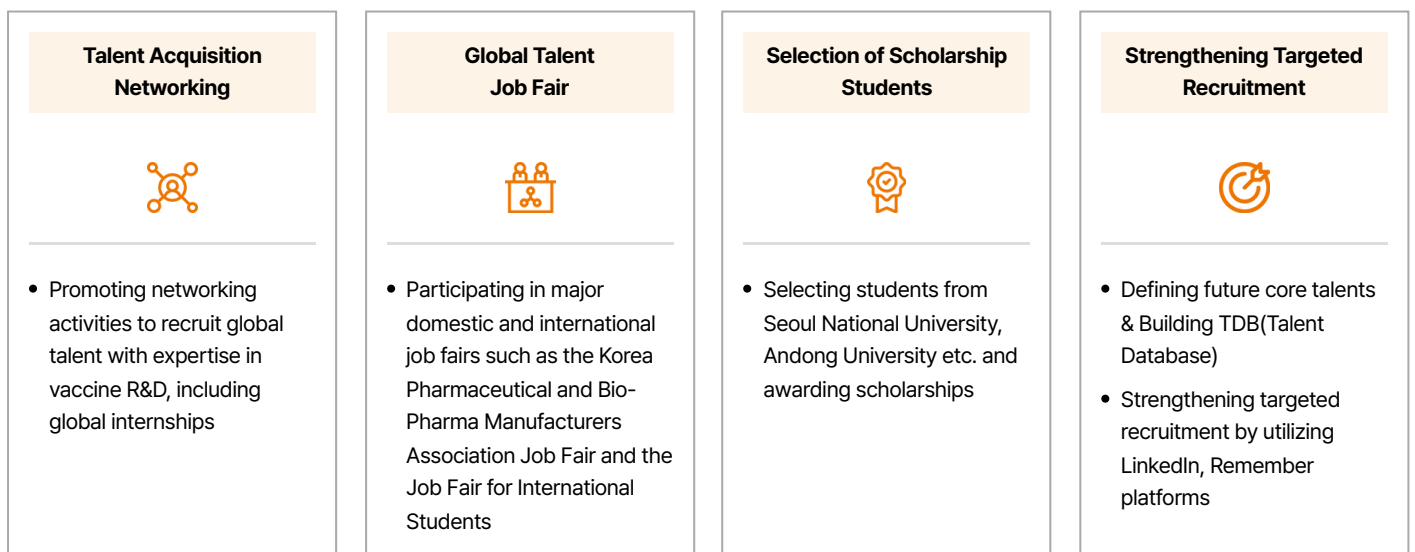


Talent Acquisition & Management

Talent Acquisition Framework

SK bioscience operates various talent recruitment/development programs to foster experts who will lead the Company's future growth and bring individuals and organizations together. To expand our global business and secure future growth engines, we recruit talented individuals with exceptional capabilities and potential globally.

To ensure the timely allocation of talented employees, SK bioscience has transitioned from regular recruitment to on-demand recruitment. And we had completed Talent Database(TDB) build-up, and actively utilize the platform to target prospective job seekers with excellent skills. In addition, SK bioscience enhances communication with applicants during the hiring process to improve their experience. Additionally, the Company implements a smart onboarding program (new hire care) to support a smooth transition. This program helps new hires quickly adapt to their roles and the organization.





Ideal Talent for SK bioscience: Warm-hearted Professionals

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

내 일을 사랑한다 | 지극심
 내 기쁨은 일의 임무이기 때문에 어떤 지극심을 갖고
 내 일에 대해 긍정적으로 여기고 행동한다.

동료를 돕는다 | 공동체 의식
 구성원 간 조직 간 협력적 유대감을 가지고
 다른 구성원들이 성공을 추구하도록 돕는다.

다른 의견 존중한다 | 상호배려
 동료에 대한 신뢰와 관심을 기반으로
 내 의견과 다른 의견도 경청한다.

할 일을 파악한다 | 내일알기
 고객 기술 시정에 대해 끊임없이 공부하며
 조직 목표와 연계된 나의 업무를 명확하게 설정한다.

큰 목표를 설정한다 | 도전적 목표설정
 특별한 성과를 위해 도전적 목표를 설정하고
 이를 달성하기 위해 노력한다.

즐겁게 실행한다 | 철저하고 즐거운 실행
 주인의식을 갖고 최선을 다해 열정적으로 일하며
 그 과정에는 일에 대한 즐거움을 잃지 않는다.

노하우를 공유한다 | 지식공유와 역량개발
 역량 향상을 위해 부단히 노력하며
 앞장서 많은 경험과 지식을 공유한다.

**날마다 좋아지는 우리
 따뜻한
 로페셔널**

Diversity Policy & Framework

Diversity & Inclusion

SK bioscience treats all employees equally in hiring and promotion processes, regardless of gender, disability, age, nationality, place of origin, or educational background. To support this commitment, the Company has established management indicators such as gender pay ratio, gender ratio by position, turnover rate, and employment type ratio. These indicators are monitored and disclosed, with continuous efforts to address any issues identified. Furthermore, the Company maintains a system for reporting and whistleblowing on any discrimination or unethical behavior related to these matters.

To raise awareness among employees about diversity, we conduct training on diversity policy at least once a year, including disability awareness, gender discrimination prevention, and respect for diversity. In 2023, the Company achieved 100% completion rates for both sexual harassment prevention and disability awareness training. Additionally, under the responsibility of the management, the outcomes of diversity policy and human rights education, along with survey results, are reviewed and reported to the board of directors and the HR committee.

| Workforce Diversity Status and Goals |

Category	2023 Status	2024 Goal
Female Employee Ratio	39%	40%
Female Executive Ratio	18%	20%
Disability Employment Ratio	3.3%	3.3%

Enhancement of Female Leadership

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



(As of 2023)

Maternity Protection System



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

Employment Expansion for People with Disabilities

SK bioscience puts forth ceaseless efforts to realize social value through active 'job creation and employment for people with disabilities'. As of the end of 2023, we recorded 3.3%, surpassing the compulsory employment rate for people with disabilities. Furthermore, we consistently engage in job development activities in collaboration with the Employment Agency for people with disabilities to provide diverse job experiences in various fields for individuals with disabilities. We will put our continuous efforts to be a best practice through quality employment for people with disabilities.



(As of 2023)

Employee Capacity-building & Performance Evaluation

Professionals Development Strategy

SK bioscience has established a three-pronged professional development strategy to secure global talent, build an HR system for employee growth, and pursue a high-performing organization and employee happiness. To achieve these goals, we have identified and implemented key tasks in each area, including recruitment, compensation, development, and corporate culture.

Supporting the Growth of Employees

In 2022, SK bioscience established the SKBS Academy system to offer diverse training programs on values, leadership, and other areas, aiming to facilitate employee growth and enhance their capabilities. We provide various courses to develop specific skills unique to the given jobs, including R&D planning and management, R&D innovation, as well as up-skilling courses for the non-R&D staffs, such as those on products manufacturing, quality management, marketing, SHE, HRM expertise, etc. The Company also provides foundation skills training courses open to all employees such as Artificial Intelligence(AI), Digital Transformation(DX), and design skills. Following the implementation of these training programs, we conduct employee satisfaction surveys and manage indicators that measure training achievements based on the survey results. Moving forward, we will collaborate with major associations, colleges, and institutions to design and implement programs that strengthen job-specific competencies and provide training for skills commonly required in the workplace.



Category	G1	G2	G3	Executives
Value	SK Group New Hire Onboarding	SK Cgroup Experienced Hire Onboarding	SKBS Onboarding	
Leadership		SKBS Middle Power +	SK Group Leader Onboarding SKBS Leader WS SKBS Leadership Badge FLP HLP HIPO (w/SK discovery)	Group New/ Recruited Executive On-boarding CEO Seminar ELP
Job-specific	Common my SUNi SKBS Value Chain	Common my SUNi Bio Academy	Specialized GMP Basics [P/Q] Up-skilling [R/D] Up-skilling	
Common	my SUNi Microsoft 365 Utilization Training			English Comm.Skill Up Legally Mandated Course / Business Ethics / Secretarial Training
Seg.Training	Marketing / SHE / DX Training			

Support for Employee Degree Acquisition

SK bioscience operates a graduate degree support program (PhD/MBA) aimed at enhancing R&D expertise and developing professionals. This selective program considers the specific roles and responsibilities of candidates within the organization, providing growth opportunities as future experts. Selected participants balance their regular duties with their studies, dedicating personal time to achieve admission, complete their coursework, and graduate. After completion, they are expected to contribute significantly to the organization's long-term success by leveraging their specialized skills and knowledge.

Support for Employee Leadership Growth

SK bioscience runs the "Leadership Development Plan" to strengthen employee leadership. New hires and appointed leaders can access various training programs necessary for their roles through group and internal education. SK bioscience leaders can enhance their leadership skills through the Leader Workshop, Coaching Program, ongoing online learning (Warm-hearted Professional Leadership Badge), Leadership Salon, and Performance Management Training.

Additionally, the "Middle Power+ Program" is designed to bolster leadership and understand the Value Chain for middle managers. SK bioscience also conducts internal onboarding for employees, fostering SK Values and supporting the development of self-leadership and followership.



| 2023 Second Half Leader Workshop |



| 2024 Middle Power+ Program |

Support for Employee Job Competency Enhancement

SK bioscience is developing a variety of training content for job competencies based on a job competency assessment conducted for R&D employees and the Company's competency framework. Additionally, the Company supports the cost for all employees to take courses from external professional institutions and manages employee education data. In 2023, approximately 350 employees applied for 732 external training sessions to improve their job competencies (an average of 2.1 sessions per applicant), with an average cost support of KRW 560,000 per person.

Measuring Training Effectiveness

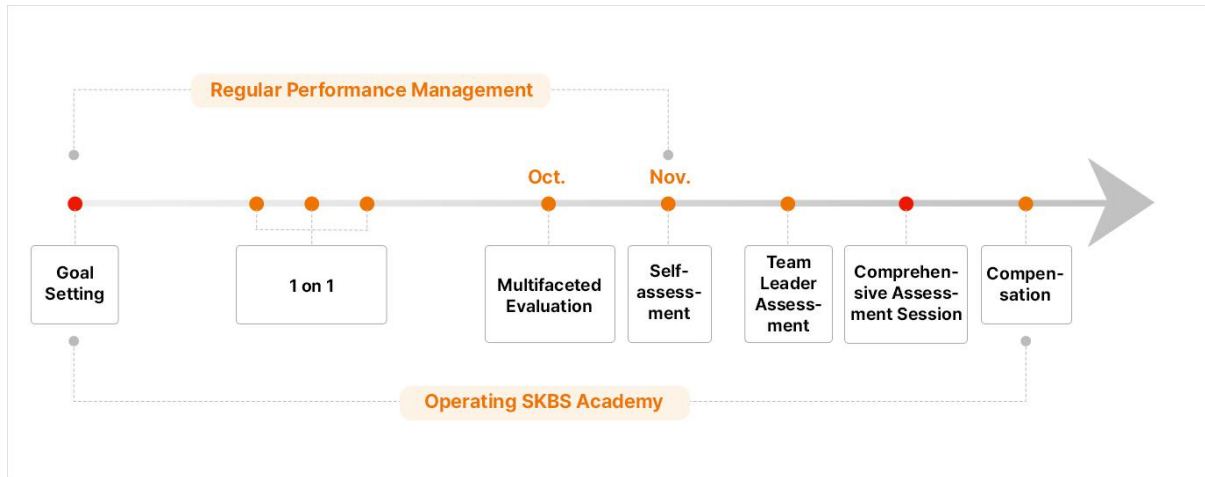
SK bioscience measures the effectiveness of its training programs, including satisfaction and goal achievement. The overall satisfaction score for the Leader Workshop is above 4.8 out of 5.0. Furthermore, pre- and post-survey results from the Middle Power+ Program for middle managers show an increase in the understanding of the middle manager role (from 3.1 to 4.1) and in understanding strategic direction and the Value Chain (from 2.9 to 4.4).

In addition to the above initiatives, SK bioscience supports the enhancement of employee language skills by covering the cost of one language proficiency test per year, running continuous internal language courses, and funding external language courses. The Company currently manages employees' language proficiency by categorizing them into high, medium, and low levels based on their official language test scores. After collecting all employees' scores, SK bioscience plans to design customized language courses tailored to each proficiency level.



HR System for Employee Growth

To facilitate continuous improvement in employees' actual performance and capabilities, SK bioscience have established an evaluation system fostering employees' talents and a compensation policy.



Evaluation system fostering Employees' talents

Regular Performance Management

- Providing feedback on work
- Establishing a permanent performance management system that enhances evaluation

Competency Evaluation/Assessment

- Overall assessment of competencies by separating value, common competencies, and job-specific competencies
- Conducting annual job competency and multi-faceted evaluations to identify individual strengths and areas for improvement

Compensation Policy

Market based

- Evaluating performance contributions and competencies based on Marketability
- Compensating based on external market value

Customized

- Customized evaluation considering the individual's role and job characteristics
- Differential compensation based on job value in the market and individual competencies, and performance (Implementing performance-based incentive system across all occupations)

Supporting Employee Happiness

Pursuing Employee Happiness & High-performing Organization

SK bioscience strives to create a happy and engaging environment for its employees, based on the virtuous cycle of happiness management. In this cycle, happy and engaged employees lead to good performance, resulting in a continuous loop of employee happiness.

SK bioscience diagnoses the current level of happiness among our employees by conducting SK Culture Survey and Good Life Lab Happiness Diagnosis. Also we strengthens internal communication through various organization's culture programs, and makes continuous efforts to improve policies for employees' happiness.

Happiness-based Management



SK Culture Survey

SK bioscience conducts the SK Culture Survey every year to diagnose its level of organizational culture. This survey helps identify issues and trends within the Company, identify tasks to resolve problems, and cultivate a happy organizational culture.

Good Life Lab Happiness Diagnosis



In April 2023, SK bioscience conducted a Good Life Happiness Diagnosis for all employees to assess their personal happiness levels to identify factors that contribute to their personal/workplace happiness. Based on the diagnosis result, we provided organizational-level solutions and conducted pin-point improvements in the second half of 2023.

| SKBS Happiness Diagnosis: |
"Happiness Battery Survey"

Activation of Employee Communication



SKBS+

SK bioscience operates SKBS+, a program that shares the Company's business performance and the implementation process of strategic tasks with all employees on a half yearly basis. The CEO conducts Q&A sessions with employees to have open communication regarding overall management, and employees can develop a deeper understanding of the Company's mission, vision, and overall management. Additionally, SK bioscience produces and shares corporate culture videos featuring employees. This initiative helps disseminate the Company's values and desired qualities in its workforce.

Warm-hearted Professionals Talk Talk

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

Employee Clubs

SK bioscience operates an employee club system open to all members, providing a platform for communication and engagement. Currently, approximately 300 employees are actively participating in 19 different clubs, fostering a collaborative and enjoyable work environment.



| SKBS+ |



| Warm-hearted Professionals Talk Talk |



| Employee Clubs |

Better Work-life Balance

Flexible Work System & Smart Work Center Operation

SK bioscience operates a selective working hour system that aligns with the characteristics of our business sites, aiming to respect our employees' work-life balance and enhance their work engagement. Employees at SK bioscience have the freedom to adjust their commute times and daily working hours, allowing them to work more efficiently. The Company also promotes the use of the Smart Work Center, enabling employees to utilize it for work and external meetings, thereby supporting flexible working arrangements.








| Smart Work Center(Gwanhun-dong, Seoul) |

Improvement of Perks & Benefits

SK bioscience creates a happy workplace by exceeding legal requirements, offering and continually improving a variety of welfare programs. In 2023, the Company expanded the range of congratulatory and condolence support, established living stabilization funds, introduced new employee clubs, improved travel expense regulations, and provided driver insurance for marketing personnel. Additionally, SK bioscience operates various leave programs to support employee refreshment and well-being. Especially, we provide six days of summer vacation per year to encourage employees to take care of their health and spend quality time with their families.

| Perks & Benefits System |

Living Support	Event Support	Medical/Health Support	Self-development Support	Infant Care Support
 <ul style="list-style-type: none"> • Benefit allowances(Benefia) • SK Family Card Annual Fee Support • Purchase of eco-friendly agricultural product • Communication expense • Transportation expense • Housing loan • Student loan • Support for resort hotels 	 <ul style="list-style-type: none"> • Congratulations and condolences allowance • Congratulatory money for child's school enrollment • Long service awards 	 <ul style="list-style-type: none"> • Medical expenditures • Health check-ups • Vaccination • Group accident insurance 	 <ul style="list-style-type: none"> • Language training 	 <ul style="list-style-type: none"> • Nursery Facility (TBD)

Mind Vaccine Program



In July 2023, SK bioscience launched the "Mind Vaccine" program, an integrated psychological counseling service designed to help employees manage various sources of stress and enhance their focus on work. We will put our arduous commitment to create a happy organization by continuously improving individual well-being.

| Mind Vaccine Program |

Win-win Labor-Management Culture

Based on the SK Management System(SKMS), SK bioscience is dedicated to fostering a culture of labor-management shared growth cooperation and maintaining trust between labor and management. To enhance working conditions and productivity for union members, SK bioscience conducts collective and wage negotiations centered by L House labor union. Through the headquarters/Andong labor-management council, the Company actively shares and discusses management status, employee well-being, and work environment improvements.

Labor Union



In 2023, SK bioscience conducted seven rounds of official negotiations with the labor union, culminating in the signing of wage and collective agreements. These agreements resulted in increases in base salary and allowances, as well as enhancements to congratulatory and condolence payments and leave. This demonstrates the Company's continuous efforts to improve working conditions for employees.

| A Signing Ceremony for the Wage Agreement |

Our Happy Bioscience(OHB) – Labor & Management Consultative Body(HQ)

OHB(Our Happy Bioscience) in Pangyo head office was established in April 2022 with the aim of promoting employee happiness. It serves as a platform for employees to express their opinions and grievances when there are changes or improvements to key HR systems within the Company. In April 2023, it transitioned into the Headquarters Labor-Management Consultative Body, and is responsible for facilitating communication between labor and management, participating in management, protecting workers, and improving productivity. Five worker representatives were elected through a vote by headquarters employees, and the council convened three times in 2023. Additionally, the Andong plant's labor-management council regularly discusses improvements to the working environment and facilities.



Safety · Health

SHE Management System

SHE Management Goals

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

SHE Goals

- 1 Establishing a safe and healthy workplace for employees and external stakeholders
- 2 Reducing environmental impact across all stages of business operations and product life cycles
- 3 Promoting a culture of Safety, Health, and Environment (SHE) that involves all employees

SHE(Safety·Health·Environment) Management System

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

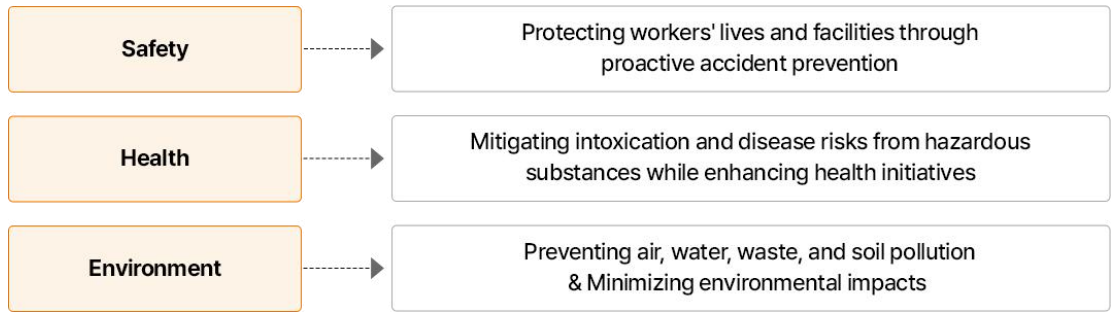
Mission

Elevating SHE infrastructure to drive BS 3.0 success & Establishing a sustainable SHE management system

Vision

SHE Leading Company in Pharmaceutical/Bio industry

SK bioscience SHE Management System



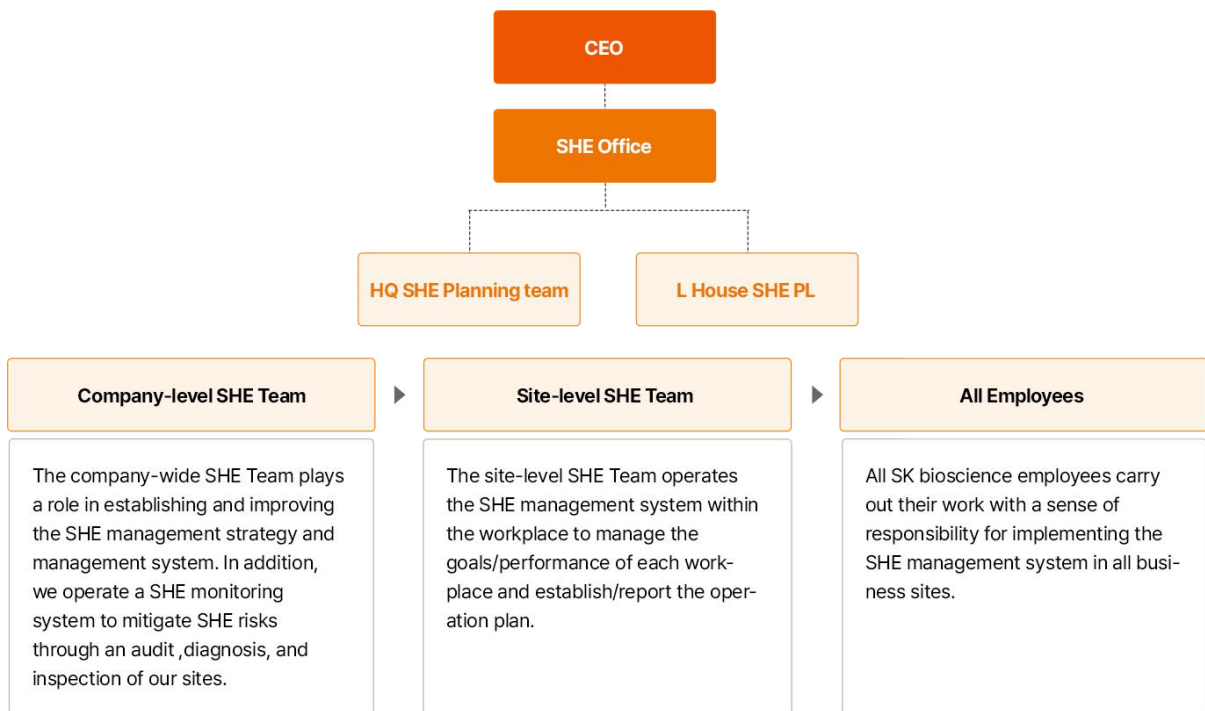
SK bioscience operates a safety and health management system based on ISO 45001, the international standard for safety and health management systems. Andong L HOUSE acquired the OHSAS 18001 and KOSHA 18001 safety and health management certifications in 2016 and has maintained certification after transitioning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

| ISO 45001 Certification |

SHE Management Policy

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

SHE Management Governance



SHE Management Mid- to Long-Term Goals

SK bioscience aims to achieve the "Zero Fatal Accidents" goal by adhering to safety and health guidelines and preventing accidents at all workplaces. To this end, quantitative targets have been set for the number of major accidents, fatalities, and the Lost Time Injury Rate (LTIR). The goal is to reduce the LTIR by 10% annually, reaching 0.05 by 2028.

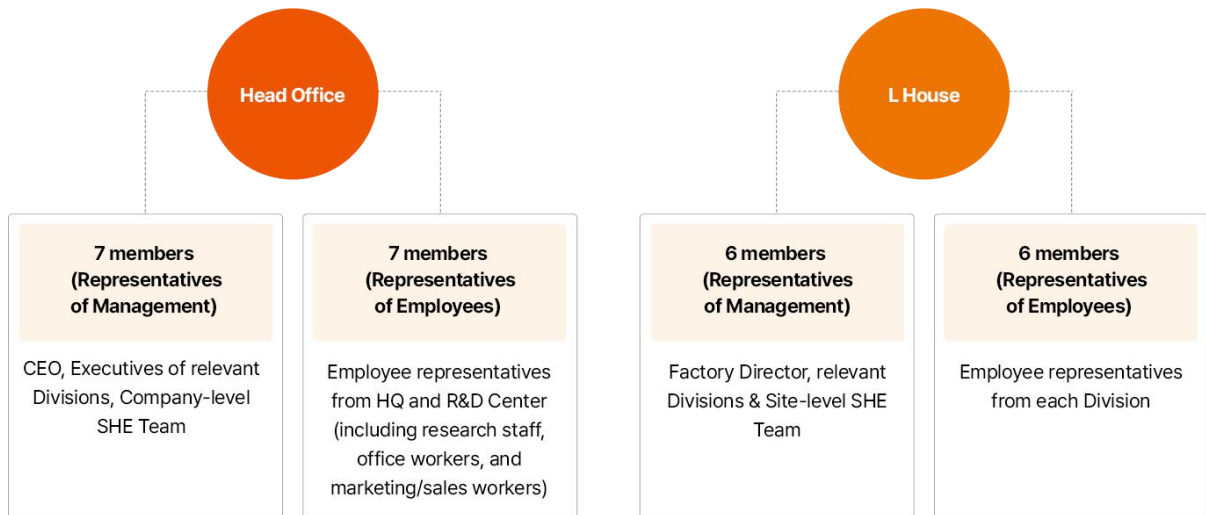
Category	Unit	2023	Goal				
			2024	2025	2026	2027	2028
Lost Time Injury Rate	LTIR	0.00	0.090	0.081	0.073	0.066	0.059
Number of Major Accidents	Case	0	0	0	0	0	0
Number of Fatalities	Case	0	0	0	0	0	0

Workplace Safety & Health Management

Occupational Safety and Health Committee

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

Operational Status of Occupational Safety and Health Committee by business site



Main Agenda of Occupational Safety and Health Committee

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

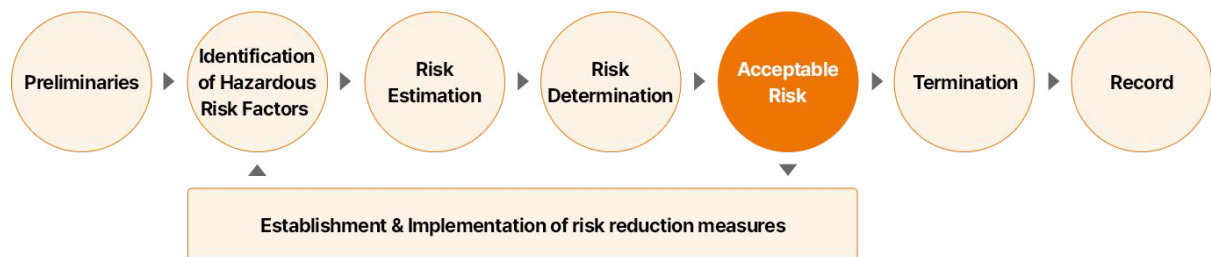
Safety & Health Risk Assessment Process

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

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

In the risk estimation and determination stage, the probability and severity of injury or disease are estimated for each hazard and risk factor. The significance of the risk is then calculated to determine whether it falls within the acceptable range. When establishing and implementing risk reduction plans, by devising and implementing measures to mitigate unacceptable risks as much as possible, consistent improvement and monitoring are ensured.

In the risk assessment conducted in 2023, we actively reviewed improving work methods and applying additional protective equipment to minimize risks between tasks. Specifically, for processes involving the use of chemicals, we installed additional mobile fume hoods to reduce employee exposure to hazardous substances.



On-site Work Hazard Management

SK bioscience takes proactive measures to identify and manage health hazards for workers. We conduct on-site industrial hygiene management and work risk assessments in the workplace to enhance employee health management. By constantly monitoring health risk factors and conducting risk assessments for hazardous chemicals, we prevent occupational diseases that may arise from handling hazardous substances in the workplace. Additionally, in 2023, to minimize health hazards for members of L House, we reduced the use of high-risk chemicals (hydrochloric acid) used for pH control in processes and replaced them with low-risk chemicals. This led to a 59% reduction in high-concentration hydrochloric acid usage compared to the previous year, contributing to decreased safety incidents and reduced risk of disease exposure for members.

We also conduct preventive management for musculoskeletal disorders through risk assessment. Regular medical examinations are conducted to monitor workers for any health abnormalities. Additionally, for employees who handle or are exposed to specific hazardous factors, we conduct specialized medical examinations targeting those specific hazards. Thanks to our meticulous management of on-site work risks, there were no reported cases of serious injuries or diseases in 2023.

On-site Hazardous Chemical Risk Assessment

Categorization of On-site Hazardous Factors	Implementation of Risk Assessment	Major Improvement Activities
Hazardous risk factors causing serious injuries ¹⁾	<ul style="list-style-type: none"> • Conducting risk assessments using the Job Safety Analysis(JSA) technique at least once a year to identify risk factors and develop improvement measures • Conducting routine tour inspections to identify workplace risk factors and making efforts to improve unsafe conditions and behavioral factors 	<ul style="list-style-type: none"> - Conducted a Chemical Hazard Risk Assessment(CHARM) in whole process - Introduced remote monitoring gas detectors - Introduced Container & Spill Kit for chemical bottles - Established a checklist for essential protective equipment for each process
Hazardous risk factors causing serious diseases ²⁾	<ul style="list-style-type: none"> • Conducting work environment assessment at least semi-annually to evaluate the level of exposure to hazardous factors present in the work environment & Developing improvement plans in case hazardous factors exceed 50% of legal limits • Analyzing hazardous factors for tasks that require musculoskeletal strength at least once every three years and establishing improvement plans for tasks that put a strain on muscles and bones • Conducting regular medical examinations at least once a year, as well as special medical examinations for employees who handle and are exposed to specific hazardous factors 	<ul style="list-style-type: none"> - Added arm hoods to labs - Improved office lighting - Introduced a pre-work stretching program - Established Cerebrovascular Disease Prevention & Management Guidelines - Implemented an employee health promotion program - Introduced of indoor air quality monitoring devices - Installed additional automated external defibrillators(AEDs) - Fostered in-house first responders

1) Injuries resulting from contact with chemicals between tasks, fires caused by the use of hazardous materials, etc.

2) Diseases resulting from exposure to hazardous chemicals between tasks, musculoskeletal strains caused by handling heavy materials, etc.

Establishment of Safety Culture

Establishment of a Safe Work Environment

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

Safety Culture Training

SK bioscience conducts regular SHE training for all employees. In 2023, the focus was on participatory and experiential training, including fire school experience, fall prevention training, and fire extinguisher use. Additionally, training was provided on risk assessment based on hazard characteristics, advanced safety case studies, and Lock Out Tag Out (LOTO) procedures. Furthermore, various other training sessions, including those for partner companies, were conducted to enhance safety awareness. We are committed to promoting a safety culture by offering various training programs to all employees and suppliers, raising awareness about the significance of occupational safety and health management.

Category	Training Content
Regular SHE Training	<ul style="list-style-type: none"> Conducting regular training for all employees (initial training once for new employees, quarterly for all employees)
Additional Training	<ul style="list-style-type: none"> Conducting emergency first aid (CPR) training for emergency response Providing special safety and health training for researchers handling chemicals in the laboratory Conducting regular safety training, risk assessment, and external SHE training for supervisors
Visitor/Partner Training	<ul style="list-style-type: none"> Creating and providing SHE training videos for visitors to ensure all visitors are aware of the regulations in advance Conducting pre-safety training and distributing completion certificates to all partner employees to enhance the safety management awareness of partner companies

Safety Culture Assessment

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

Employee Health Management

On-site Work Hazard Management

Employee's Right to Suspend Work

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

The Safety and Health Management Regulation

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

Communication Channels for Safety

SK bioscience is creating a culture of communication for safety by opening channels for employees to freely express their opinions on hazardous factors and environmental risks that may arise in the workplace. In May 2023, SK bioscience launched the "SHE! Say!" program, empowering employees to proactively identify and mitigate SHE-related risks. Additionally, we executed Set-play activities to minimize risks by detecting blind spot hazards and training employees on their specific roles in emergency situations.

'SHE Say' Reports and Improvements

5

SHE 위험요소

위험요소를 See(발견)하시면, Say(제출) 해주세요!

불안정한 상태

- **장비/ 설비의 결함**
방호장치의 결함, 파손, 이상 작동 등
- **부적절한 안전용품 사용**
- **업무공간 내 위험요인**
통행로 방해요인, 작업환경 결함
날카롭거나 뾰족한 물체 발견
- **안전보건 표지 미부착**
- **오염/ 누출 등 사고 의심상황**

불안정한 행동

- **위험 행동 및 잘못된 사용**
표준작업절차 미준수, 불안전 조작
방호장치 임의 해제
적정 보호구 미사용
위험장소 접근
- **작업 중 불안정한 자세/행동**
보행 중 휴대폰 사용
- **운전 중인 기계장치의 수리**

기타(SHE 관련)

- **SHE 규정에 대한 개선 의견**
안전, 보건, 환경, 소방 등
- **기타 위험사항**
신규 장비 도입 시 안전성 검토
화학물질 폐기방법 문의
인간공학적 올바른 작업방법, 환경
화학적/ 생물학적 질림, 누출 등

SHE 위험요소(Hazard) 종류:

화학적

생물학적

물리적

인간공학적

사회/심리적

Employee Health Management Programs

SK bioscience supports various programs aimed at improving the health of its employees. Its 'Mind-Body Control Training' is a corporate culture program that promotes healthy bodies and ambition, which is one of the core values of the SK Group. It offers employees various health management methods such as Miracle Morning, yoga and meditation. We also provide regular health check-ups for employees. Our health administration office is staffed by in-house nurses who conduct health assessments to identify any abnormalities. We provide separate management for employees with medical conditions. The in-house health management office includes a health consultation room, a pharmacy that provides over-the-counter medications, a treatment room for minor injuries, and a recovery room, offering both health consultations and treatment convenience for employees.

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

미션 챌린지 챌린지 달성시 커피쿠폰 100% 지급

제목	내용
행복건강 챌린지	한달 평균 만보 달성
10분명상 챌린지	하루 10분명상 20일 달성

※ 챌린지 달성 선물은 행복건강기, 10분명상 중복지급되지 않음

에브리데이 VOD 아침부터 저녁까지, 다양한 녹화방송

시간(월~금)	내용
07:00, 08:30, 15:00, 18:00, 22:00	다양한 체조와 명상

3월 프로그램 신청, 신청기간 2/5~28

App Store에서 행복날개수련원 검색

생생 Live수업 실시간 온라인 중수업을 통한 쌍방향 수업

	월	화	수	목	금
아침 06:00 (30)	미라클모닝				
점심1 12:00 (20)	오피스 스트레칭				
	체형교정 코어운동		체형교정 코어운동		체형교정 코어운동
	100개 챌린지		100개 챌린지		100개 챌린지
점심2 12:40 (20)	더 스트레칭 라이브				
	오늘 하루 운동				
	마인드풀니스	마인드&바디 소통명상	마인드풀니스	마인드&바디 소통명상	마인드풀니스
저녁1 20:00 (40)	필라테스 필요해	다리짚기	필라테스 필요해	다리짚기	필라테스 필요해
	다이어트 증바	통증 계속해결	다이어트 증바	통증 계속해결	다이어트 증바
	일단건강자 유산소운동	심기신 수련	일단건강자 유산소운동	심기신 수련	일단건강자 유산소운동
저녁2 21:00 (40)	홀트 근력 운동	빈야사 요가	홀트 근력 운동	빈야사 요가	홀트 근력 운동
	다이어트 증바	통증 계속해결	다이어트 증바	통증 계속해결	다이어트 증바
	꿀잠 명상	스트레칭 명상	꿀잠 명상	스트레칭 명상	꿀잠 명상

도전! 걷기왕 "66만보" 챌린지
우리 모두 함께 걸어요!

모집대상: "SKBS 구성원 누구나"
모집기간: 7월 13일(목) - 7월 27일(목) ※신청소:100명내
운영기간: 8월 2일(수) - 9월 27일(수) 총 2개월
내용: 걷기 실천을 위한 66만보 달성 목표 프로그램 (스마트 기기 어플 "워크온" 안보립 활용)
신청방법: 하단 QR 신청 (신청 후 인바디 측정 필요)
상품: ① 달성자 상공 상품 지급 (텀블러 or 요가매트 or 류방밴드 중 1ea 선택)
② 건강변화 우수자 (체지방률 감소률) 상위 10명 상품권 2만원/인 지급

본사 근무자 참여신청 | 현장 근무자 참여신청

문의 본사 | 와테크팀 남승우씨 | 인동 | SH&E팀장 정민연씨

Mind-Body Control Training Program Poster and Timetable

Supplier Safety & Health Management

Safety & Health Cooperation Programs

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

Examination of SHE Qualification

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

Evaluation Criteria for Supplier SHE Qualification

- Safety & Health Management Policy
- Safety & Health Regulation and Procedure
- Presence of Safety & Health Management team/Personnel
- Establishment & Implementation of Safety & Health Training Plans
- Development of Detailed Plans for On-site Safety & Health Management
- Hazardous and Risky Machines/Equipment Usage & Inspection Plan
- Occurrences of Accidents in the Past 3 Years

Communication with Suppliers regarding Safety & Health

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

A photograph showing several hands of different skin tones raised and clapping, symbolizing unity and human rights. The background is a blurred green forest.

Human Rights Management

Human Rights Management Framework

Human Rights Management Policy

In 2022, SK bioscience revised its Human Rights Management Declaration to comply with and reflect the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights suggesting human rights protection, labor standards, and international principles. The revision also included the right to health, which is essential in the bio-industry considering the characteristics of our business. The Declaration applies to various stakeholders, including employees, members of domestic and overseas affiliated companies, customers, shareholders/investors, suppliers, and local communities/environment. In addition, we have established the Human Rights Management Implementation Guidelines to specify the practice of human rights management and stipulates the prohibition of discrimination in employment and work. The Human Rights Management Declaration and the Human Rights Management Implementation Guidelines are available on our ESG website.

Human Rights Implementation System

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

In 2023, SK bioscience restructured its existing Human Rights Management Council and the human rights management organization to advance human rights management. The Human Rights Management Council oversees human rights risks, with its management members conducting regular meetings to monitor and manage key human rights risks. Furthermore, the Human Rights Management Working Council implements and reviews action items identified through human rights impact assessments and continuously identifies, assesses, and responds to human rights risks.



Human Rights Training

To promote a culture of respect for human rights, SK bioscience conducts regular sexual harassment prevention training and disability awareness training on our learning platform, mySUNI, every year. These training programs, which have been conducted over the past three years, aim to enhance the human rights sensitivity of our employees and raise their awareness of the importance of respecting human rights. In 2023, 100% of our employees completed both the sexual harassment prevention training and disability awareness training.

| 2023 Human Rights Training Status |

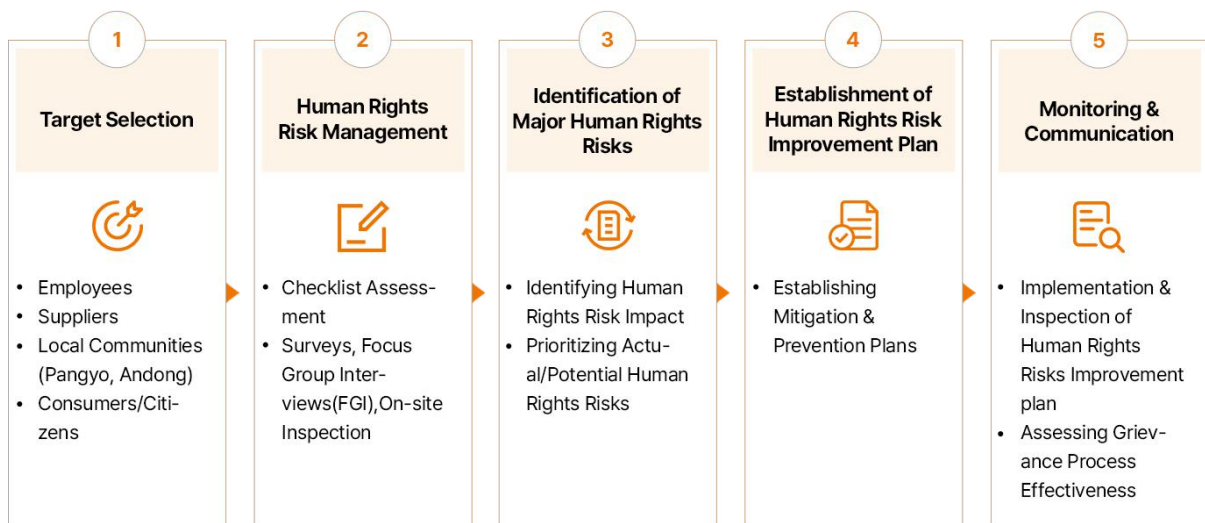
Category	Completion Rate
Sexual Harassment Prevention Training	100% (1038 completed out of 1038)
Disability Awareness Training	100% (1038 completed out of 1038)

Human Rights Risk Management

Overview of Human Rights Risk Management

SK bioscience has established a human rights risk management process to prevent negative human rights impacts that may arise from the Company’s management or business activities and ultimately contribute to the realization of human rights. In accordance with international human rights norms(the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, etc.) and the EU standards for Human Rights Due Diligence, we conduct a Human Rights Impact Assessment to identify human rights related risks and impact. Also, we plan to gradually expand the scope of the assessment not only for all employees but also for suppliers, local communities, and consumers. Through the human rights risk management, we will proactively identify and address human rights risks to prevent violations and improve the protection of human rights based on the assessment results.

Human Rights Impact Assessment Process



Methods of Human Rights Risk Management

Checklist	Diagnosing the level of human rights policy/system by stakeholders
Survey	Surveying stakeholder group perceptions of human rights risks
Focus Group Interview(FGI)	Surveying stakeholders’ respective perceptions of human rights risks
On-site Inspections	Investigating the working and living environments of stakeholders

Human Rights Impact Assessment

Implementation of Employee Human Rights Impact Assessment

To systematically review the Company's policies, procedures, and system regarding human rights issues and effectively manage risks, SK bioscience conducted a company-wide human rights impact assessment for all employees in 2023. Collaborating with a third-party organization, we ensured objectivity in risk determination and identified actual and potential human rights risks through the human rights impact assessment process. We measured the extent of risk to vulnerable groups and evaluated their priority. Following this, we identified major human rights risks that could impact employees, categorized them by topics, and systematically defined and prioritized each risk.

Human Rights Areas	Risks Definition
Equal Treatment and Opportunity	Establishing a corporate culture and effective response procedures to prevent workplace deterioration due to increased employee diversity and changing socio-cultural values
	Improving the working environment for vulnerable groups to foster a corporate culture based on diversity, equity, and inclusion (DE&I)
Labor Conditions	Enhancing internal systems to proactively ensure workers' freedom of association and rights, actively listening to and communicating with employees
	Identifying, eliminating, and managing hazardous risks in the workplace to ensure employee safety and health
	Improving working environment efficiency by supplementing the working hours management system and policies
Grievance Handling	Improving the accessibility, anonymity, and transparency of internal grievance channels to alleviate usage inconvenience & fostering a healthy organizational culture

Implementation of Follow-up Improvement Tasks

Based on 2023 of Human Rights Impact Assessment, SK bioscience draws short- and mid-to long-term follow-up improvement tasks and implements detailed plans. As a supplement task to the system carried out at the level of SK discovery, we have strengthened the prohibition of workplace harassment/sexual harassment and zero tolerance principles. Also we have introduced and operated additional channels for receiving human rights grievance to enhance accessibility and anonymity of members to the channels. We are also working to collect opinions from members more systematically by supplementing the operation procedure of the Human Rights Management Council.

Also, SK bioscience complemented our human rights policy as part of Human Rights Impact Assessment's follow-up actions to strengthen human rights due diligence system. We established a monitoring plan and action plan to address the issues identified in the Human Rights Impact Assessment. Additionally, we report the results of Human Rights Impact Assessment to the ESG committee every year and report to the management on a quarterly basis regarding implementation status of human rights risks improvement tasks.

Mid- to Long-term Goals

SK bioscience conducts a Human Rights Impact Assessment in 2024 for resident business partners and local community(Andong). Starting in 2025, we plan to gradually expand the scope of the human rights impact assessment to include major business partners, the local community(Songdo), and consumers, aiming to encompass key stakeholders and vulnerable groups within our value chain by 2028. Additionally, we will monitor the implementation of the mid- to long-term improvement tasks identified in the 2023 human rights impact assessment throughout 2024 and 2025. From 2024 onward, we will continuously manage newly identified improvement tasks.



Human Rights Violation Grievance Channels

SK bioscience operates reporting channels to identify and resolve human rights violations occurring both inside and outside the Company. The online reporting channel categorizes issues such as verbal abuse, physical violence, sexual harassment, exclusion from work, and personal errands among employees under "lack of respect for employee dignity" and treats them as violations of ethical norms. Moreover, guidelines for addressing workplace bullying and sexual harassment are available on our company website, and we have established a grievance process to protect victims.

The results of the annual investigation are reported to the Board of Directors. The insights derived from these issues are then incorporated into internal regulations or guidelines and shared with employees through the Ethical Management Practice Letter to raise awareness and vigilance. Also we diligently track the number and causes of grievance reports and make efforts to resolve them, as well as protect the identity of the informant to ensure they do not face any disadvantages for reporting.

Grievance Handling Process (In-house)



Human Rights Violation Report Channel

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

In early 2024, SK bioscience established an external human rights grievance handling channel, allowing employees to report workplace bullying and sexual harassment issues to external experts. This initiative aims to enhance the anonymity, accessibility, and independence of the grievance handling system for employees and to actively practice human rights management.

Grievance Handling Process (External)



Procedures for Addressing Workplace Bullying and Sexual Harassment

Since the establishment of procedures for addressing workplace bullying and sexual harassment in 2022, SK bioscience has actively maintained and refined these protocols to foster a positive working environment. Upon the occurrence of workplace bullying, we implement procedures grounded in the principles of 'Empathy,' 'Confidentiality and Non-Retaliation,' 'Fair and Swift Care,' and 'Recovery and Recurrence Prevention.' Furthermore, in 2023, we enforced a zero-tolerance policy, treating workplace bullying and sexual harassment as severe violations of human rights, leading to stringent disciplinary actions against offenders. This policy rigorously safeguards the human rights of our employees.



Win-win Management

Sustainable Supply Chain

Supply Chain Management System

To ensure the sustainability of our supply chain, SK bioscience establishes strategic partnerships with our suppliers that share our ESG values and aim to strengthen competitiveness together. Based on our Supply Chain ESG Policy, we have developed various programs to promote mutual growth and enhance the capabilities of our partners. We manage ESG risks across the entire value chain by diagnosing and supporting the implementation of improvements.



Supply Chain Scope & Classification

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

Main Suppliers

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 suppliers

Other Suppliers

Companies that require a systematic management approach due to a significant business relationship with us

Supply Chain ESG Policy

SK bioscience requires all business partners to sign the 'BP(Business Partners) Ethical Practice Pledge' prior to contract finalization to ensure the establishment of ethical and transparent business relationships. Furthermore, through supply chain ESG risks assessment, we check and monitor BPs' current status of ethical management such as anti-corruption policies, employee training, and reporting channels for unethical issues. We put our efforts to establish ethical and sustainable supply chain by requiring BPs' to implement their compliance programs and reduce risks.

Additionally, we declares our support for PSCI¹⁾ initiative and agree with the five key principles of the PSCI (ethics, human rights and labor, health and safety, environment, and management systems) and its goals. In line with these principles, SK bioscience implemented a supply chain ESG policy in 2022. The Company has also established a 'Code of Conduct for Partners,'(Link) providing guidelines to partners for ESG management practices and encouraging compliance through a commitment pledge.

1) PSCI(Pharmaceutical Supply Chain Initiative) : A non-profit organization established to enhance sustainability in the global healthcare supply chain



Supplier Code of Conduct

- Adoption of supplier code of conduct which is comprised of five sections (Human Rights and Labor, Safety & Health, Eco-friendliness, Business Ethics, Management System)

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/supporting business partners' non-financial status

Shared Growth with Business Partners

SK bioscience forges collaborative relationships with partners based on transparency and fairness, driving co-growth through various policies and support programs. To this end, the Company enforces strict adherence to legal regulations and guidelines that safeguard partner rights from the procurement bidding stage to contract finalization. SK bioscience complies diligently with all relevant laws, including the Monopoly Regulation and Fair Trade Act, the Act on Fair Transactions in Subcontracting, and other pertinent regulations. The Company also implements fair and transparent contract guidelines to advance co-growth within the biochemical industry.



Enhancement of Business Partner Capability

SK bioscience bolsters partner competitiveness through the SK Shared Growth Academy by offering education and training programs. These include a variety of courses that enhance capabilities and provide opportunities to participate in SK bioscience's proprietary training programs. In the future, we will operate an Open-Lab at our Songdo Global R&PD Center to strengthen our support system for supplier growth.

Additionally, SK bioscience extends its quality management and occupational health and safety management activities across the supply chain to strengthen partners' quality and safety competencies. Regular audits and evaluations are conducted to improve quality systems for primary, secondary, and tertiary partners. The Company also provides safety and health training for on-site partner employees to enhance safety capabilities.

To further strengthen partners' ESG management capabilities, SK bioscience began conducting supply chain ESG assessments in 2023. Based on the assessment results, improvement plans are developed and implementation support is provided for each partner. The Company plans to expand educational programs for partners to elevate ESG management and keep information updated.

Enhancement of Communication Channels

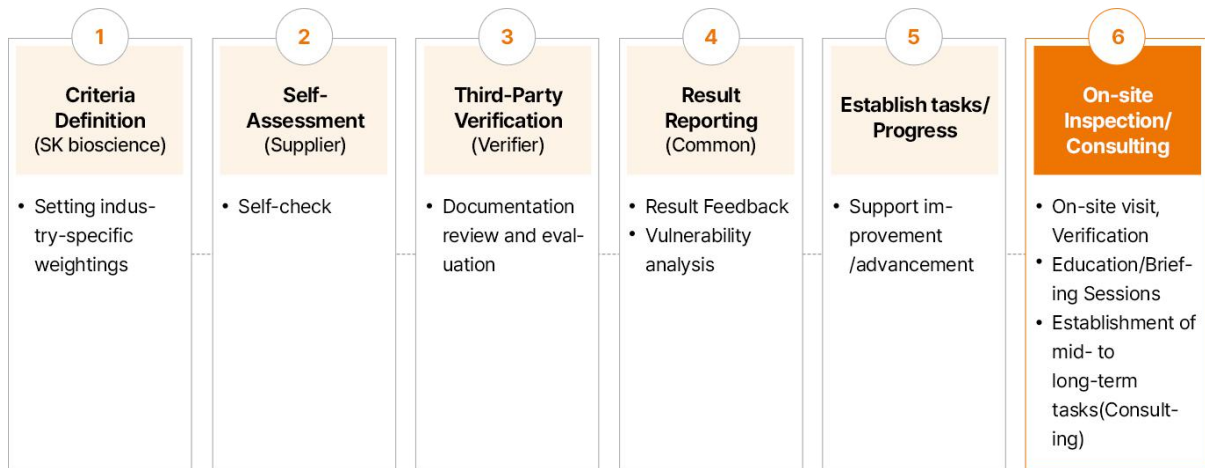
To listen to and actively communicate with suppliers' grievances, SK bioscience operates a grievance channel in the procurement portal, along with various communication channels such as mail, phone, and video conferencing. We also resolve disputes related to the Code of Ethics through the SK Group Ethical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

ESG Risk Management in the Supply Chain

Supply Chain ESG Risk Assessment Process

SK bioscience has established an online inspection system to identify and improve potential ESG risks within the supply chain based on Supplier Code of Conduct and global guidelines. In 2023, the Company selected assessment targets by comprehensively considering transaction amounts and frequencies over the past two years. The entire process included self-assessment, third-party verification, on-site inspections, and consulting to develop improvement tasks.

SK bioscience plans to expand the supply chain ESG assessment process to more partners, aiming to systematically manage supply chain risks and opportunities while strengthening partners' ESG management capabilities. This will help build a more robust and sustainable supply chain.



In 2023, SK bioscience completed supply chain ESG risk self-assessments and third-party verifications for 41 partners. The assessment results did not identify any legal violations in major items; however, approximately 76% of participating companies were identified as high-risk, indicating a need for focused improvement in supply chain ESG risks.

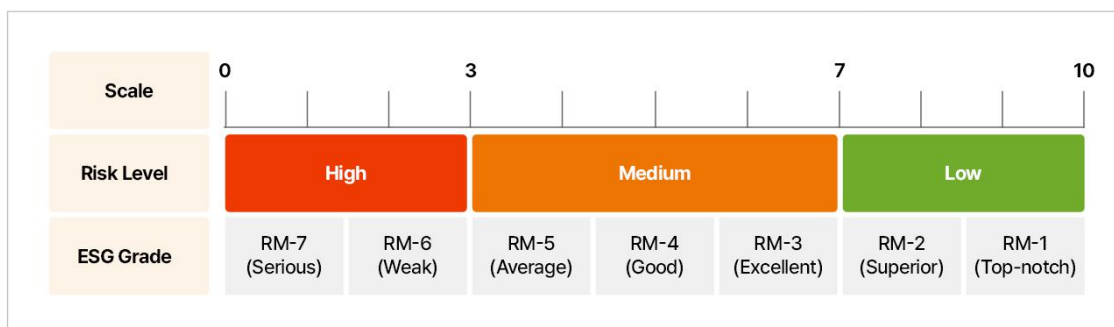
In 2024, the Company is expanding the number of partners subject to supply chain ESG risk assessments. SK bioscience will continue to broaden the scope of these assessments to enhance ESG risk management across the entire value chain.

Assessment Indicators & Risk Evaluation Measures

The supply chain ESG management assessment indicators consist of policies, practices, and achievements in respective ESG areas. Based on suppliers' industry classification, the assessment weightings for respective ESG areas are applied differently.

E	Environmental Management	Eco-friendly Products	GHG Emissions	Energy Consumption	Waste Management
	Raw-materials	Hazardous Chemicals Management	Air Pollutant Management	Soil/Noise oscillation/ Odor Management	Water Resources Management
S	Social Goals Management	Information Protection	Human Rights	Health & Safety	Labor
	Conflict Minerals	Supply Chain Management	Fair Trade	Social Philanthropy	
G	Information Disclosure	Management System	Audit	Ethical Management	

Risk Assessment



Support for Improving Supply Chain ESG Risk

In 2023, SK bioscience disseminated the results of its supply chain ESG risk assessment to participating entities and provided comprehensive improvement consulting for high-risk suppliers. The Company pinpointed key management targets and indicators, devised a risk mitigation plan to elevate all targeted suppliers out of the high-risk category, and systematically monitored the progress of these implementations.

Additionally, SK bioscience executes annual ESG management training for participating suppliers before conducting the supply chain ESG risk assessment. In 2023, the training encompassed general ESG management principles, the necessity of environmental management, disclosure practices, case studies, policies from other entities, and diagnostic guidelines to amplify the efficacy of supply chain ESG risk mitigation. The Company also assisted the 41 consulting partners in setting environmental management objectives and tracking their performance.

In 2024, SK bioscience intends to enhance the current consulting and educational programs, focusing on diversifying and optimizing risk mitigation strategies. This includes systematically monitoring the implementation of improvement plans for key management suppliers, broadening educational support, and introducing collaborative growth support programs. The Company will meticulously evaluate the ESG management training requirements of suppliers involved in the supply chain ESG risk assessment, continuing to offer proactive support through information dissemination, linking to external educational resources, and providing other essential assistance for effective ESG management within the biochemical industry.

Corporate Philanthropy

Corporate Philanthropy Strategy & Implementation

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

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

Corporate Philanthropy Implementation

Mission

Protecting Public Health through the Formation of a Global Biopharma Ecosystem

Strategy

Promotion of Healthy Life

Putting efforts to improve public health in areas that vaccines cannot address



Coexistence with the Local Communities

Resolving rural depopulation through cooperation with local communities based on their needs



Fostering Global Bio-talent

Developing Global talent to address vaccine inequality, as well as education support for future social leaders



Promotion of Healthy Life

Infectious Disease Prevention Campaign

In 2023, SK bioscience launched an infectious disease prevention campaign inspired by ideas from its members, reflecting the nature of biotech company. The campaign comprises two activities: 'Creating Infectious Disease Prevention Kits' and 'Infectious Disease Prevention Education'.

'Creating Infectious Disease Prevention Kits' involves members preparing hand sanitizers, hand cleansers, and mosquito repellents in anticipation of the summer season when infectious diseases are prevalent. These kits, including supplements and masks that aid in disease prevention, are then distributed to vulnerable groups. In 2023, approximately 300 individuals from vulnerable groups in the Bundang area received these kits.

'Infectious Disease Prevention Education' so-called "Happiness Breakwater: SK School" engages members as one-day teachers to educate elementary school students on the importance of infectious disease prevention and methods to avoid infection. This activity also incorporates board games to enhance learning outcomes. In 2023, the initiative was conducted in elementary schools and community child centers in the Bundang area. In 2024, we plans to expand to the Andong area.



| Infectious Disease Prevention Education : "Happiness Breakwater: SK School" |

Jigwanseoga

Since 2022, SK bioscience has been actively working towards establishing a small library(Jigwanseoga) in the form of a book cafe, providing a space where local citizens can stop by to read, reflect, and relax. In 2023, we started our lay-out to open the first library at Andong L HOUSE and it will be opened in October 2024. We hope that Jigwanseoga in Andong creates cultural infrastructure in the local community and contributes to improving the mental health of local citizens.

Blood Donation Campaign

SK bioscience conducted a blood donation campaign, known as the Second Life activity, in response to the significant decrease in individual and group blood donations. The decrease was caused by the prolonged COVID-19 pandemic, which resulted in challenges in maintaining an adequate blood supply. In 2024, we will continue organizing blood donation campaigns to contribute towards addressing this social issue.

Supporting Local Communities

Mid- to Long-Term Community Engagement Plan

As an integral member of the community, SK bioscience strives to grow alongside the local areas. Currently, volunteer activities and support efforts are focused on Seongnam and Andong, where the Company's facilities are located. Starting in 2026, after the completion of the Songdo Global R&PD Center, the support region will expand to include Songdo. Additionally, in 2025, SK bioscience plans to launch a campaign to normalize donations and volunteer activities both inside and outside the Company. By 2026, the goal is to embed social contribution activities into daily routines, enabling employees to actively participate in community service as a regular part of their lives.

Community Engagement Program		Local Community	2023 (Achievements)	2024 (Goals)	2025 (Goals)	2026 (Goals)
Green	Making Eco-friendly KIT	Support vulnerable groups near facilities	Employee participation rate: 55%	Employee participation rate: 60%	Plan new eco-friendly activities	Operate new activities
	Making Infectious Disease Prevention KIT	Support vulnerable groups near facilities*	330 individuals supported	300 individuals supported	300 individuals supported	300 individuals supported
Health	Happiness Breakwater: SK School	Nearby elementary schools and community centers	21 classes educated	65 classes educated	70 classes educated	75 classes educated
	Library of Knowledge	Andong, Songdo	Designed	Open 1 location	Planning phase	Planning phase
Vulnerable Groups	Hope Maker	Sponsorship for low-income children and youth in local communities	Member participation rate 64%	Member participation rate 66%	Member participation rate 68%	Member participation rate 70%

* Nearby Worksites : Seongnam, Andong, Songdo

Community Sponsorship

SK bioscience has been actively supporting the growth of Andong City, where Andong L House is located. In the summer of 2023, SK bioscience provided donations to support recovery efforts from flood damage in areas such as Mungyeong and Yecheon. Additionally, the Company sponsored the Andong Citizen Sports Festival to promote health and unity among the citizens of Andong.

Eco-friendly Volunteer Activities

SK bioscience aims to be at the forefront of global environmental protection through eco-friendly philanthropic activities. In line with this objective, we are making efforts to internalize eco-friendly management by regularly conducting eco-friendly philanthropic activities with our employees. In 2023, we developed eco-friendly kits, organized environmental cleanup activities, and conducted an eco-friendly program so-called "Happy Green School".

Hope Maker Program

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



| Purification of River Water Quality |



| Eco-friendly Sharing Volunteer Activities |



| Making Scandia Moss (Eco-friendly Activity)



Fostering Global Bio Ecosystem

Supporting Shared Growth of the Global Bio Industry

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

Supporting the growth of Bio-ventures

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

| Investment Review Process |



Basic Research Support

SK bioscience collaborates closely with the International Vaccine Institute(IVI) in pursuit of our shared objective to promote global public health. We have pledged to donate KRW 3 billion to IVI for three years from 2022 to support vaccine R&D equipment and research. In this way, we aim to make further advancements to the vaccine R&D environment by supporting organizations involved in all stages of the value chain, from development to distribution of vaccines. SK bioscience has also established an industry-academia collaboration system for infectious disease response at Korea University Medical Center. As a result, we will jointly establish an infectious disease surveillance system and conduct joint vaccine research for the next three years (year 2022 to 2024). Furthermore, we have allocated KRW 5 billion to support research on emerging infectious diseases.

Hosting Park Mahn-Hoon Award Ceremony

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

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

Enhancing Access to Healthcare

SK bioscience regularly reviews and oversees its access to healthcare agenda at the Board and ESG Committee levels, with regard to promoting global public health and addressing vaccine supply imbalances. The agenda includes donations to the RIGHT (Research Investment for Global Health Technology) Fund and various projects aimed at fostering a Global Bio Ecosystem to improve access to healthcare. Through the support of the RIGHT Fund established by the government, domestic life science companies, and the Gates Foundation, we have contributed to the elimination of treatment disparities for patients and improving public health in developing countries. Also, we strive to nurture both domestic and international bio-industry ecosystem by supporting researchers and young talents in partnership with organizations like the World Health Organization (WHO) and the International Vaccine Institute (IVI). These efforts contribute to accelerating vaccine and treatment development in developing countries, while also supporting the establishment of local bio-industry infrastructure, technology transfer, and capacity-building of local professionals.

Board/Committee Oversight for Access to Healthcare Issues

Category	Date	Agenda
Board of Directors	2023.10.24	Donation to the RIGHT Fund
ESG Committee	2023.10.24	Report on fostering Global Bio Ecosystem

Fostering Global Bio-talent

| Fostering Talent through Scholarship Support |

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

Park Mahn-Hoon Scholarship

- Department of Life Sciences at Seoul National University, Boseong High School
: Granting about 10 students with KRW 5 million every year

Other Scholarship

- Andong University
: Granting 8 students with KRW 2 million every year
- Supporting the department of bio-vaccine engineering biotechnology of Andong University : Providing mentoring, education and collaborative projects, field training, curriculum collaboration, and internship experience



| Andong University's Industry-Academia Cooperation Ceremony |

| Global Training Hub for Biomanufacturing(GTH-B) |

As a partner organization of the World Health Organization(WHO), SK bioscience is dedicated to nurturing the next generation of bio-talent through providing education and on-site visits. In 2023, around 20 global trainees from 14 countries who attended the IVI (International Vaccine Institute) Vaccinology Course visited SK bioscience's headquarters to learn about the Company's operations and tour the research facilities. Additionally, 30 trainees from LMIC (Low and Middle-Income Countries) participated in the IVI Global Bio Workforce Development Program and 29 trainees visited due to the MOU signed with K-NIBRT participated vaccine manufacturing training at Andong L House. Through these activities, SK bioscience strengthens its global network and fulfills its role as a 'global training hub for biomanufacturing.'



Product Safety & Quality

Responsible Research & Development

Compliance to Research Ethics

SK bioscience recognizes the need for ethical compliance in the process of research and development of products. To ensure research integrity that follows the core values including objectivity, integrity, openness, and responsibility and fairness throughout the entire research process, we document the planning, conduct, reporting, and evaluation of research, and substantiate research results based on accurate data.

When handling biological materials, we maintain a safe environment by establishing a biosafety committee within our R&D Center to protect the public's health from potential risk factors.

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

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

Research & Development Quality Assurance

SK bioscience is committed to ensuring objectivity, honesty, openness, and fairness throughout the entire research and development process, including planning, proposing, conducting, reporting, and evaluating studies. To achieve this, the Company is strengthening research data management.

Research integrity is a critical factor in providing reliable data not only for our own products and projects but also for the C(D)MO business. While we strive to secure research integrity, we also recognize the need for digital innovation through DT/IT technology and adopt it in practice to efficiently manage research output. In 2023, SK bioscience's Bio Research Division implemented an Electronic Document Management System (eDMS) to digitize documents generated during research and development, moving towards a Paperless Lab. In 2024, the Company plans to introduce an Electronic Laboratory Notebook (ELN) to enhance research data management, assetize research know-how, and ensure the reliability of the research and development system and data.

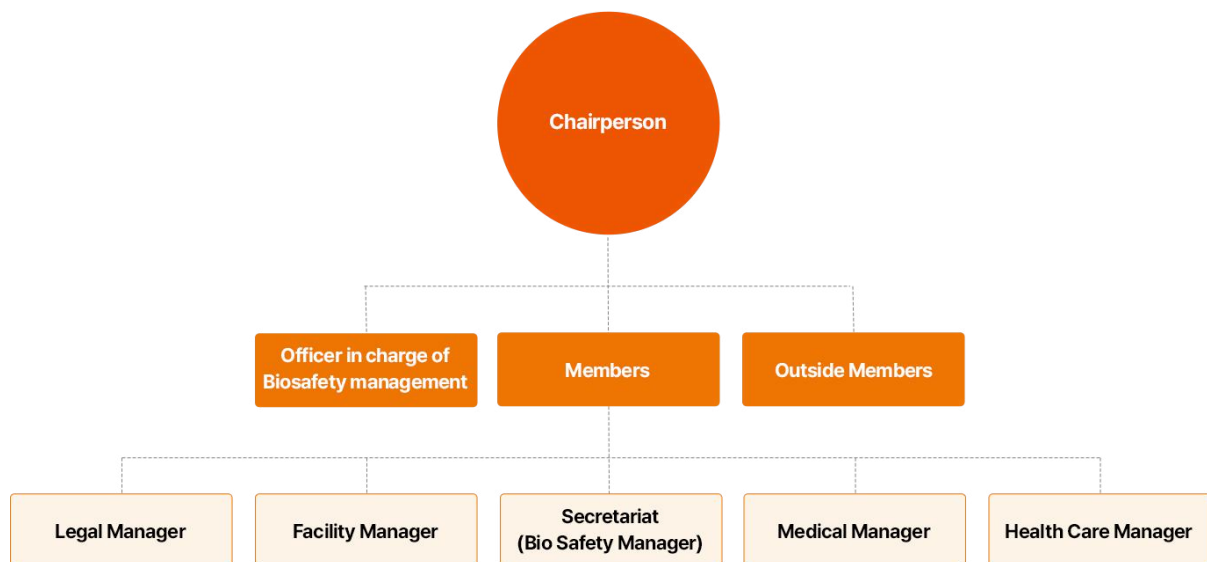
In 2025, alongside the relocation to the Songdo Global R&PD Center, SK bioscience plans to introduce and advance a Scientific Data Management System (SDMS). The Company also aims to enhance its Project Management System (PMS) to enable systematic management of research projects and facilitate efficient and transparent C(D)MO operations through electronic systems.

Biosafety

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

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

| Institutional Biosafety Committee(IBC) |



Control of Clinical Sample under GCLP

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

In 2023, SK bioscience became the first domestic clinical trial sample analysis institution to implement a Laboratory Information Management System (LIMS). This system automates manual processes, ensuring data integrity, accuracy, and consistency, thereby guaranteeing the quality and truthfulness of data.

Non-Clinical Safety Study Management

SK bioscience conducts animal tests from the preclinical stage to clinical trials, including tests for our COVID-19 vaccine. Additionally, to secure product approval and commercialization, safety and efficacy are confirmed through animal testing during the research and development phase. When evaluating external Contract Research Organizations (CROs) that conduct preclinical trials, SK bioscience operates a management system based on the 3R principles (Replacement, Reduction, Refinement) to ensure compliance with animal ethics and respect for the dignity of animal life. This system includes evaluating, monitoring, and supervising CROs.

Animal Testing Ethics Compliance

SK bioscience has established a management system to ensure ethical practices in animal testing and provide relevant training to raise the ethical awareness of those responsible for conducting the tests. Following the MFDS guidelines for the standard operation of Institutional Animal Care and Use Committee(IACUC), we founded the Animal Testing Ethics Committee for lab animal protection and ethical compliance, and have secured ethicality and reliability by adhering to laws related to animal testing.

The committee deliberates on the ethical and scientific validity of animal experiments through on-site visits and guides and supervises related education and training. Furthermore, during regular bi-annual IACUC meetings, we assess the processes of using and managing laboratory animals, offer necessary advice, review the implementation of SOPs and related laws, and address any shortcomings identified by the IACUC to enhance the management system.

Animal Testing Process

SK bioscience raises ethical awareness of animal testing by requiring those in charge of animal testing to complete statutory training on lab animal handling and ethics, while also encouraging their participation in periodic training sessions. In addition, we respect the dignity of animal life by conducting deliberations based on the 3R(Replacement, Reduction, Refinement) principle when reviewing animal test plans and prioritizing alternative methods to animal testing. Moreover, through PAM¹⁾, the IACUC monitors the animal testing process with the researcher to promote animal welfare and ensure the reliability and transparency of experimental results.

1) PAM : Post-Approval Monitoring

| Detailed Implementation Process |



Antimicrobial Resistance (AMR)

As a Company that develops, produces, and sells vaccines, SK bioscience recognizes the critical global public health risk posed by increasing antibiotic resistance. According to the World Health Organization (WHO), antibiotic resistance is among the top 10 global public health threats. Resistance diminishes the efficacy of antibiotics (including antibacterial, antiviral, and antifungal agents), leading to the spread of infections, severe diseases, disabilities, and increased mortality.

Moreover, antibiotic resistance is identified as a threat to global development. The primary cause of antibiotic resistance is the misuse and overuse of antibiotics in humans, animals, and plants. While this is a worldwide issue, it is particularly severe in underdeveloped countries with fragile healthcare infrastructures, causing significant economic burdens on patients.

Preventing disease infections through vaccination is one method to reduce antibiotic misuse. SK bioscience is committed to developing and marketing effective and safe vaccines to protect humanity from diseases. The Company aims to mitigate global vaccine distribution imbalances and indirectly contribute to reducing public health risks associated with antibiotic resistance by implementing a glocalization strategy in regions with insufficient vaccine production capabilities.

Safe Clinical Research

Complying with International Code of Ethics

SK bioscience conducts safe clinical research in accordance with international ethical regulations. We follow the ICH¹⁾ guidelines and KGCP²⁾ which is domestic guidelines for conducting clinical trials. Other clinical trials are conducted after obtaining approvals from drug regulatory authorities in accordance with the regulations of the country in which they are conducted. We also comply with the principles contained in the Declaration of Helsinki, which are ethical principles for medical research involving human subjects.

1) ICH : International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use

2) KGCP : Korean Good Clinical Practice

| Clinical Trial Process |



Securing Clinical Trial Safety and Transparency

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

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

Pursuing Diversity in Clinical Trials

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

Clinical Trial Participant Safety & Practices

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

We have also established standards and procedures to compensate for damages that may occur during the clinical trial phase and have implemented safeguards for participants through the operation of the DSMB³⁾. The DSMB consists of external, independent experts responsible for advising on whether to continue, modify, or terminate the clinical trial. They conduct periodic reviews and evaluations of the trial process, safety data, and, if necessary, critical efficacy endpoints. The board plays a crucial role in protecting the safety and rights of participants, including the decision to terminate a trial early after assessing the risks and benefits for participants.

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

3) DSMB : Data Safety Monitoring Boards

Clinical Trial Quality Enhancement

Clinical Audits

SK bioscience conducts clinical audits as a procedure to ensure that clinical trials are conducted in accordance with ethical principles and standards. We conduct clinical audits in accordance with internal regulations such as protocols and SOPs, as well as domestic and international guidelines such as GCP¹⁾ and International Council for Harmonisation(ICH) guidelines, regulations of the IRB²⁾, and the Helsinki Declaration.

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

Additionally, SK bioscience actively fulfills its supervisory role as a market authorization holder and clinical trial sponsor by strengthening the qualification evaluation and regular audit procedures for partner companies involved in clinical trials. This ensures the professionalism, reliability, and performance capabilities of these partners, enhancing the overall quality and integrity of the clinical trials conducted.

1) GCP : Good Clinical Practice

2) IRB : Institutional Review Board

Strengthening Clinical Audits Capabilities

SK bioscience's clinical audit division is composed of internationally certified auditors and specialized personnel dedicated to the clinical trial quality of Global Clinical Trial. We are strengthening our clinical audit capabilities and the quality of clinical audits by providing key personnel with opportunities to participate in various seminars, conferences, and external trainings both domestically and internationally. Additionally, SK bioscience aims to enhance its international competitiveness by continuously increasing the number of certified "Reliability Assurance Professionals" who are internationally recognized for their high understanding of Good Clinical Practice (GCP) and related laws and regulations, and their ability to apply this knowledge. This initiative ensures that the Company maintains global-level expertise and strengthens the quality of clinical audits.

Improvement of the Clinical Trial Quality Management System



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

Accordingly, SK bioscience operates a QMS³⁾ to improve the efficiency and accuracy of clinical trial quality management. In early 2023, we enacted a QMS policy and included quality control and quality assurance activities for clinical trial data, training to strengthen employee competencies, and SOP management in the policy.

In 2023, by introducing an eQMS⁴⁾ that digitizes the existing Quality Management System(QMS), we have reduced the time and cost spent and established a foundation to more actively cope with changes in the regulatory environment at home and abroad.

3) QMS : Quality Management System

4) eQMS : Electronic Quality Management System

Quality & Safety Management

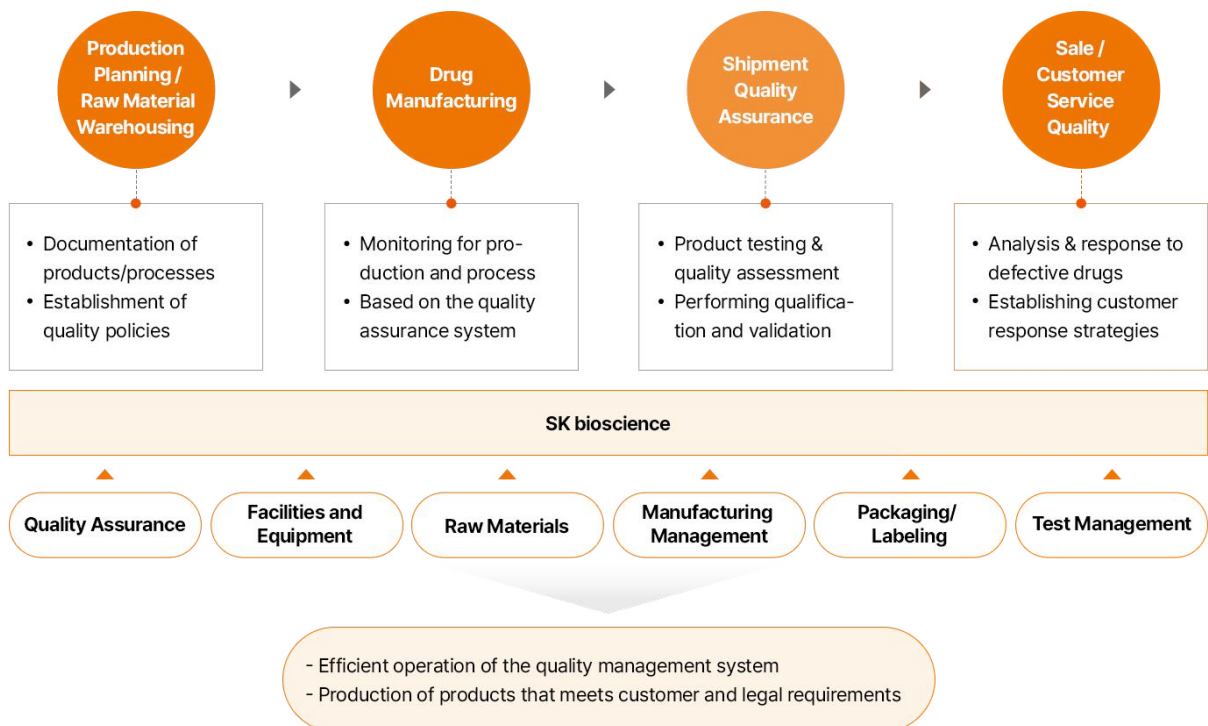
Quality Management System

SK bioscience operates a strict quality management system that covers all stages of the product life cycle, from product development to consumer use. Our quality assurance system is optimized to continuously produce, manage, and sell pharmaceutical products in a GMP¹⁾ environment. In addition, we manage issues such as deviations and complaints with a system to produce high-quality pharmaceuticals.

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

1) GMP : Good Manufacturing Practice

Quality System



Quality Management Promotion System

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

The Quality Control(QC) division examines raw materials, intermediate process samples, and final drug substances used in pharmaceutical manufacturing to check whether the specifications have been met. In this process, physics and chemistry, microbiology, animal testing, and device analysis tests are conducted according to Standard Operating Procedure(SOP). 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 CSV²⁾. We are committed to continuous improvement of our quality system by monitoring our drug safety evaluation programs and manufacturing support facilities, regularly reporting the results to top management, and receiving feedback from management.

2) CSV : Computer System Validation

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.

Quality Assurance Enhancement

Strengthening Quality Assurance

SK bioscience operates a quality management process that oversees and guarantees the pharmaceutical manufacturing process from raw material intake to final product shipment. By establishing and maintaining a quality management system, The Company ensures that it provides reliable products to customers. SK bioscience complies with the Korean Good Manufacturing Practice (K-GMP) standards across all its production facilities. Additionally, for products approved in international markets, SK bioscience has obtained EU-GMP certification from the European Medicines Agency (EMA), certification from the UK's Medicines and Healthcare products Regulatory Agency (MHRA), and WHO Prequalification (WHO PQ) for its production sites. These certifications ensure that all production facilities meet internationally recognized third-party quality standards.



Quality Assurance Activities

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

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

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

Enhancing Quality Assurance Capabilities

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

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



| GMP Training Poster |



| Training for Strengthening Quality Assurance Capabilities |

Quality Testing Management

SK bioscience ensures the reliability and management of quality tests for raw materials, intermediates, and final products using validated test methods, trained personnel, and certified equipment. To guarantee the quality and safety of all manufactured pharmaceuticals, we conduct precautionary tests for emerging quality and safety concerns. Also quality tests are conducted before shipment, with results reviewed and managed by the Quality Assurance department.

The tests are categorized into physicochemical, viral, microbiological, and animal tests. Certified personnel conduct these tests using pharmacopeia standards (USP, EP, KP, etc.)¹⁾ and validated test methods. A dedicated stability chamber²⁾ is in place for stability studies, with continuous monitoring to collect stability data.

- 1) Pharmacopeia: Comprehensive collections of detailed information for pharmaceutical quality management, published by various countries, with prominent examples including the United States Pharmacopeia (USP), European Pharmacopoeia (EP), and Korean Pharmacopoeia (KP).
- 2) Stability Chamber: Equipment that provides various environmental conditions such as temperature, humidity, and light for stability testing.

Enhancing Supplier Quality

Under its quality management framework, SK bioscience operates a proprietary quality certification program to improve the quality systems of its suppliers across the supply chain. On-site quality assessments are conducted for all Tier 1 suppliers, evaluating manufacturing facilities, production processes, laboratories, and equipment according to relevant regulations and guidelines. For indirect suppliers (Tier 2), systematic quality management is ensured through inspections of Tier 1 suppliers' management systems and regulatory body audits. Regular quality inspections are also performed for all component/raw material suppliers (Tier 3), including excipients and packaging materials.

The Company provides continuous support and monitoring for strengthening the quality systems of its partners through a quality certification program with cycles ranging from 2 to 4 years based on supplier risk assessment grades. Regular quality inspections are conducted according to the Criticality Level (CL) of the raw materials, with quality checks performed on each delivery. For CL 1 materials, comprehensive quality inspections are conducted at least once a year.

Pharmacovigilance (PV)

Pharmacovigilance System

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

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

Pharmacovigilance Training

All employees of SK bioscience receive regular pharmacovigilance training at least once a year to thoroughly manage the quality and safety of the products we produce. New hires are required to complete basic pharmacovigilance training within one month of joining the Company. Additionally, the marketing division, responsible for product sales, receives additional training beyond the regular one they receive once a year.

Pharmacovigilance Activities

SK bioscience has advanced its pharmacovigilance system to meet the pharmacovigilance requirements of global regulatory authorities. We have established a new SIRS¹⁾ and upgraded the Safety DB to a higher level.

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

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

1) SIRS : Safety Internal Reporting System

Pharmacovigilance System Improvement

SK bioscience conducts the following practices to further advance our pharmacovigilance system.

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

Since 2022, We have established and implemented the PSMF²⁾ in accordance with the guidelines published by the European Medicines Agency(EMA), and we regularly update it twice a year. Although the PSMF has not yet been legislated in Korea, we are taking our efforts to establish the PSMF to the next level by striving to put in place an EMA-level pharmacovigilance and monitoring system. Additionally, we have revised and conducted our Standard Operating Procedures(SOP) to align with the pharmacovigilance practices of both the EMA and the UK's Medicines and Healthcare products Regulatory Agency(MHRA) to improve our work system.

02. Establishment of Safety Signal Detection Procedures

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

03. Enhancing Accessibility for Pharmaceutical Users through IT Systems

To improve access to risk mitigation measures for products, SK bioscience has made product manuals and explanatory materials for both patients and professionals available on the Company website. This initiative ensures that users can easily obtain necessary information about the products.

04. Internal Audits for Drug Safety Monitoring System

Starting in 2023, SK bioscience initiated internal audits of its pharmacovigilance system. These periodic internal audits verify that the current pharmacovigilance system is established in compliance with regulations and assess the detailed operational systems to ensure efficient and systematic performance. Based on the audit results, the Company continuously works to improve its operational framework, aiming to enhance the overall level of product safety management.

2) PSMF : Pharmacovigilance Systems Master File

Responsible Marketing

Responsible Marketing Policy

Marketing Compliance

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

In 2023, SK bioscience published and distributed a Fair Trade Compliance Handbook to all employees. This handbook aims to enhance understanding and adherence to laws related to fair trade, the Pharmaceutical Affairs Act, and fair competition regulations. It includes the fundamental principles and guidelines of fair trade, aiming to ensure transparency and fairness in marketing activities. This initiative underscores the Company's commitment to ethical practices and compliance with relevant laws.

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

When producing promotional materials used by our marketing division, we use an internal review process called the RED system. It allows us to cross-check whether there are any violations from the medical, licensing, and legal perspectives. We do not conduct any marketing or promotion that may induce prescription of off-label products¹⁾.

1) Off-label Products : Unapproved medical supplies or products

Monitoring Process for Responsible Marketing

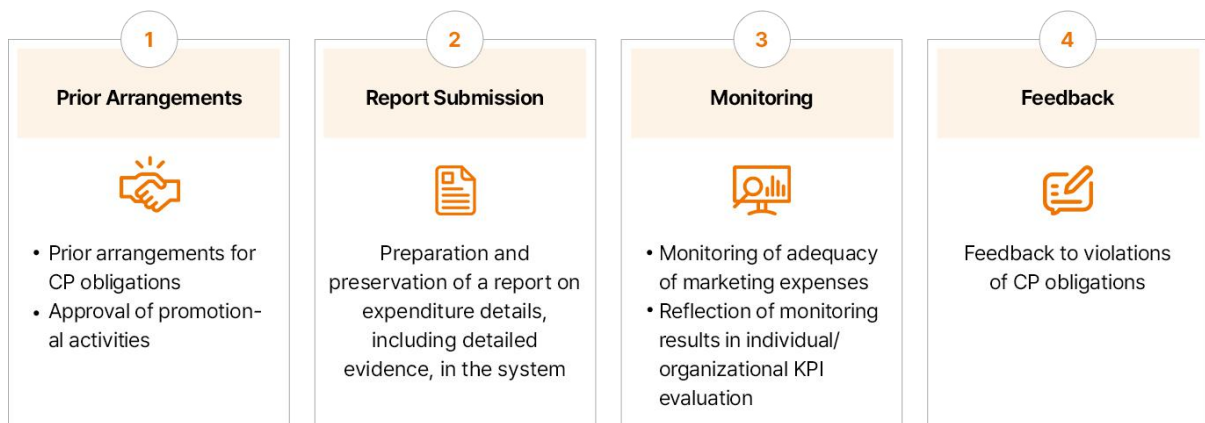
We ensure that our sales partners participate in fair trade by conducting annual monitoring of marketing and promotional activities and obtaining fair trade agreements from them.

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

Regular monitoring process for marketing and promotion activities



CP(Compliance Program) Check of Marketing Activities



Marketing Compliance Training

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

| 2023 Marketing Training Status |

Content	Target	Date
Marketing CP training (CP regulations, CP KPI standards, CP violations, etc.)	Marketing & Sales Office	1st Half : April 25~26, 2023 2nd Half : July 7, 2023
Training of the Fair Trade Act	Marketing & Sales Office	July 7, 2023

Customer Satisfaction Strategy



Vision & Strategy for Customer Satisfaction

Vision

The Company must continuously satisfy customers to gain trust from customers and ultimately develop together with them

Strategy

- A unified system from licensing to sales
- Strategies specialized for each public and private market
- Portfolio that encompasses infants, children, and adults of all ages

Customer Classification

SK bioscience categorizes its customers into distinct segments, including public and private as well as domestic and international markets for effective management.



The Office of Marketing & Sales is in charge of domestic sales of in-house vaccines(SKYVAX), which we developed from R&D to commercialization. The Office of Marketing & Sales 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.

Product Information Provision and Consultation

SK bioscience operates a customer service center to address inquiries and provide counseling for products distributed to hospitals and clinics. Our professional consultation staff responds promptly to customers' questions regarding common adverse events or purchases, aiming to minimize consumer anxiety and inconvenience. In addition, we prioritize quality control, safety, accurate information delivery, and cold chain distribution when distributing and selling vaccines. We also communicate key points to our customers, such as safety information obtained during product approval. Moving forward, we will continue to deliver messages that emphasize the superior quality, safety, and effectiveness of our products and implement marketing strategies that lead to customer satisfaction.

WHO PQ란?

WHO vaccines prequalification은 백신을 조달하는 UNICEF를 비롯한 UN 기구를 위한 서비스로서, WHO PQ의 목표는 백신접종 프로그램에 사용되는 **백신의 안전성과 효과성 보장**하는 것입니다.¹

WHO PQ를 받기 위해 어떤 자격이 필요한가요?

- 1 신장하고자 하는 제품이 생산국 허가 기관으로부터 승인을 받은 제품이어야 하며,
- 2 아래 WHO PQ Programmatic suitability 요건을 만족해야 합니다:

Type of vaccine characteristics ²		
백신 특성의 분류	정의	특성 수
Mandatory	WHO PQ 신청 시 필수적으로 준수되어야 하고, PSF (제품요약 파일) 상사 전에 후조각 승독되어야 하는 특성	4
Critical	필수적으로 준수되어야 하는 조건이지만, PSF 검토 중에 PQ 담당자가 요구하는 조건과 오차를 발견했을 경우 해당 부분을 PSPQ Standing Committee (사건관리상사에 대한 프로그램 직접성 상임위원회: PSPQ SCI)에 보고하고 제조사에 검토 결과를 통보.	8
Preferred	WHO, 조달청, 국가예방접종프로그램에서 자개발 및 개발도상국에서 사용할 목적의 백신에 필요하다고 여기는 특성.	16

Adapted from WHO³

- 3 또한 PQ 인증을 위해서는 WHO에서 발행하는 품질, 안전성 및 유효성 관련 guideline 뿐만 아니라 UN agency로 승급을 위한 요청 및 운송 관련 guideline도 만족해야 합니다.²

WHO World Health Organization; UNICEF United Nations Children's Fund; UN United Nations; PQ prequalification; PSF product summary file; PSPQ Programmatic Suitability of vaccines for Prequalification

WHO PQ를 획득하면 어떠한 이점이 있는가?^{1,4}

세계 국제 기구로부터 **제품의 품질, 안전성, 유효성을 인정** 받게 되는 계기가 됩니다.¹

UN 협력기관에서 주관하는 **국제 조달 입찰 참여**를 통해:

- 글로벌 진출 및 안정적 수입 확보가 가능하고,
- 자개발 국가에 대한 공격 개발 원조 및 국제 사회의 보건 수준 향상에 기여할 수 있습니다.^{1,4}

스카이바리셀라는 세계에서 두번째, 국내 최초로 WHO PQ 인증을 받은 varicella 백신입니다!¹

WHO Prequalified vaccines: Varicella ¹							
Prequalified	Type	Commercial Name	Pharmaceutical Form	Presentation	No. of Doses	Manufacturer	Responsible NMA
09/12/2019	Varicella	SKVaricella Trg.	Lyophilized active component to be reconstituted with excipient diluent before use	Two vial set (vial + excipient)	1	SK Bioscience Co., Ltd.	Ministry of Food and Drug Safety
09/02/2018	Varicella	Varivax	Lyophilized active component to be reconstituted with excipient diluent before use	Two vial set (vial + excipient)	1	Merck Vaccines	CBER/DA

Adapted from WHO²

WHO World Health Organization; PQ prequalification; UN United Nations; CBEL Center for Biological Evaluation and Research; FDA, Food and Drug Administration

| Example of Product Information Provision for Customers(SKYVaricella Manual) |

Adverse Event Consultation

SK bioscience collects adverse events reported by pharmaceutical experts and end-users at the customer service center. The gathered information is then transferred to the pharmacovigilance division through our safety information reporting system and feedback, such as medical information, is provided when necessary. Additionally, we conduct risk-benefit assessments of drugs using the information accumulated through various channels. We also distribute explanatory materials for patients and professionals to ensure that customers can use our products safely.

Domestic Customer Communication

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

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

Customer Satisfaction Support Activities

At the end of each year, SK bioscience establishes an annual conference promotion plan for customer support and communication for the following year, and conducts support activities to maximize customer satisfaction. We engage in various promotional activities at both domestic and international conferences to contribute to improving public health and the medical environment for healthcare professionals through our self-developed vaccines.

In 2023, we participated in the Asian Pneumococcal Symposium (APS) as a gold sponsorship package and introduced domestic vaccine development technology and capabilities to medical professionals from across the world. In addition, we conducted a total of 56 booth/abstract support and advertising activities in Korea.

Satisfaction Survey for Domestic Customers

SK bioscience conducts satisfaction survey on an annual basis for domestic customers to diagnose the service status, analyze customers' needs, and implement improvement activities. To boost customer satisfaction and expand the service, we establish the scope of regular customer satisfaction surveys, and the results are reflected in the customer satisfaction strategy using a qualitative method. Also, 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.

We listen to customer feedback and develop or supplement annual marketing plans through those meeting held 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. In this way, BP's personnel delivers feedback received from customers and gets back to the customers with our replies.

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

GOVERNANCE





Board of Directors


Composition & Operation of the Board

Composition & Principle of the Board

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

As of March 31, 2024, the Board is composed of a total of seven directors (two executive directors, four outside directors, and one other non-executive director), with the outside directors accounting for 57%, which is more than a majority. We ensure the independence of the Board so that it can fulfill its unique role of checks and balances based on its independent decision-making authority and continue efficient management activities centered on the Board. Accordingly, in March 2022, we elected Outside Director Ik-Hwan Kwon as Chair of the Board to strengthen oversight and checks on management by separating the roles of CEO and Chair of the Board.

Board Composition



Executive Director

Jaeyong Ahn

Term of Office
~2027. 3.

Appointment Date
2024. 3. (reappointment)

Gender
Male

Expertise
Corporate Management


Board Attendance Rate in 2023
100%

Occupation

- (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

Position and Committee

- President and CEO
- Member of the ESG Committee



Executive Director

Hun Kim

Term of Office
~2027. 3.

Appointment Date
2024. 3. (reappointment)

Gender
Male

Expertise
Bio-industry

Board Attendance Rate in 2023
100%

Occupation

- (Current) President of Global Business and SK bioscience USA Inc.
- (Former) CTO of SK bioscience
- (Former) CTO of VAX Division and Head of VAX Division, SK chemicals
- (Former) Researcher at Vaccine Research Group, GC Pharma

Position and Committee


- President of Global Business and SK bioscience USA



Outside Director

Ik-Hwan Kwon

Term of Office
~2027. 3.



Outside Director

Chang-Jin Moon

Term of Office
~2026. 3.

Appointment Date
2024. 3. (reappointment)

Gender
Male

Expertise
Law

Board Attendance Rate in 2023
100%

Appointment Date
2023. 3. (reappointment)

Gender
Male

Expertise
Health · Administration

Board Attendance Rate in 2023
100%

Occupation

- (Current) Attorney at KIM & CHANG Law Firm
- (Former) Attorney at Kwon Ik-Hwan Law Firm
- (Former) Prosecutor at Seoul Southern District Prosecutors' Office
- (Former) Chief of Public Security Division, Supreme Prosecutors' Office

Position and Committee

- Chair of the Board
- Chair of the Outside Director Candidate Recommendation Committee
- Chair of the Internal Transaction Committee
- Member of the Nomination and Compensation Committee
- Member of the Audit Committee

Occupation

- (Former) Vice President of CHA University
- (Former) Chair of the Board, Korea Health Promotion Institute
- (Former) Vice Minister of Health and Welfare of Korea

Position and Committee

- Chair of the ESG Committee
- Member of the Audit Committee
- Member of the Outside Director Candidate Recommendation Committee



Outside Director

Jeong-Wook Choi

Term of Office
~2026. 3.

Appointment Date
2023. 3. (reappointment)

Gender
Male

Expertise
Finance · Accounting


Board Attendance Rate in 2023
100%

Occupation

- (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

Position and Committee

- Chair of the Audit Committee
- Chair of the Nomination and Compensation Committee
- Member of the Internal Transaction Committee



Outside Director

Sun Hyun Park

Term of Office
~2027. 3.

Appointment Date
2024. 3.

Gender
Male

Expertise
Corporate Strategy, Board Management


Board Attendance Rate in 2023
-

Occupation

- (Current) Professor of Strategy and International Management, College of Business, Seoul National University
- (Former) Visiting Scholar, Organization and Management Theory Division, Northwestern University
- (Former) Assistant Professor of Management and Organization, Marshall School of Business, University of Southern California

Position and Committee

- Member of the Internal Transaction Committee
- Member of the ESG Committee
- Member of the Outside Director Candidate Recommendation Committee

	<p>Other Non-executive Director</p> <p>Jae-hyun Ahn</p> <p>Term of Office ~2026. 3.</p>
<p>Appointment Date 2023. 3.</p> <p>Gender Male</p> <p>Expertise Corporate Management</p> <p>Board Attendance Rate in 2023 92.8%</p>	
<p>Occupation</p> <ul style="list-style-type: none">• (Current) President and CEO of SK chemicals• (Former) CEO of SK discovery• (Former) President and CEO of SK ecoplant <p>Position and Committee</p> <ul style="list-style-type: none">• Corporate Management	

Board Diversity & Expertise

SK bioscience is committed to securing the professionalism and diversity of its Board to reflect a variety of stakeholder perspectives and make balanced decisions. The Company selects candidates for outside directors who possess the necessary experience and knowledge for board duties, or who demonstrate expertise in areas such as corporate management, core industries, law and regulation, finance and accounting, and risk management. SK bioscience adheres to the principle of equal opportunities and considers the unique characteristics of Korean society while avoiding bias toward specific backgrounds. The Company takes into account diverse experiences and backgrounds, including nationality, race, religion, and ethnicity, when selecting outside directors. Through these efforts, we aim to lay a foundation for balanced decision-making and sustainable growth.

| Board Skills Matrix |

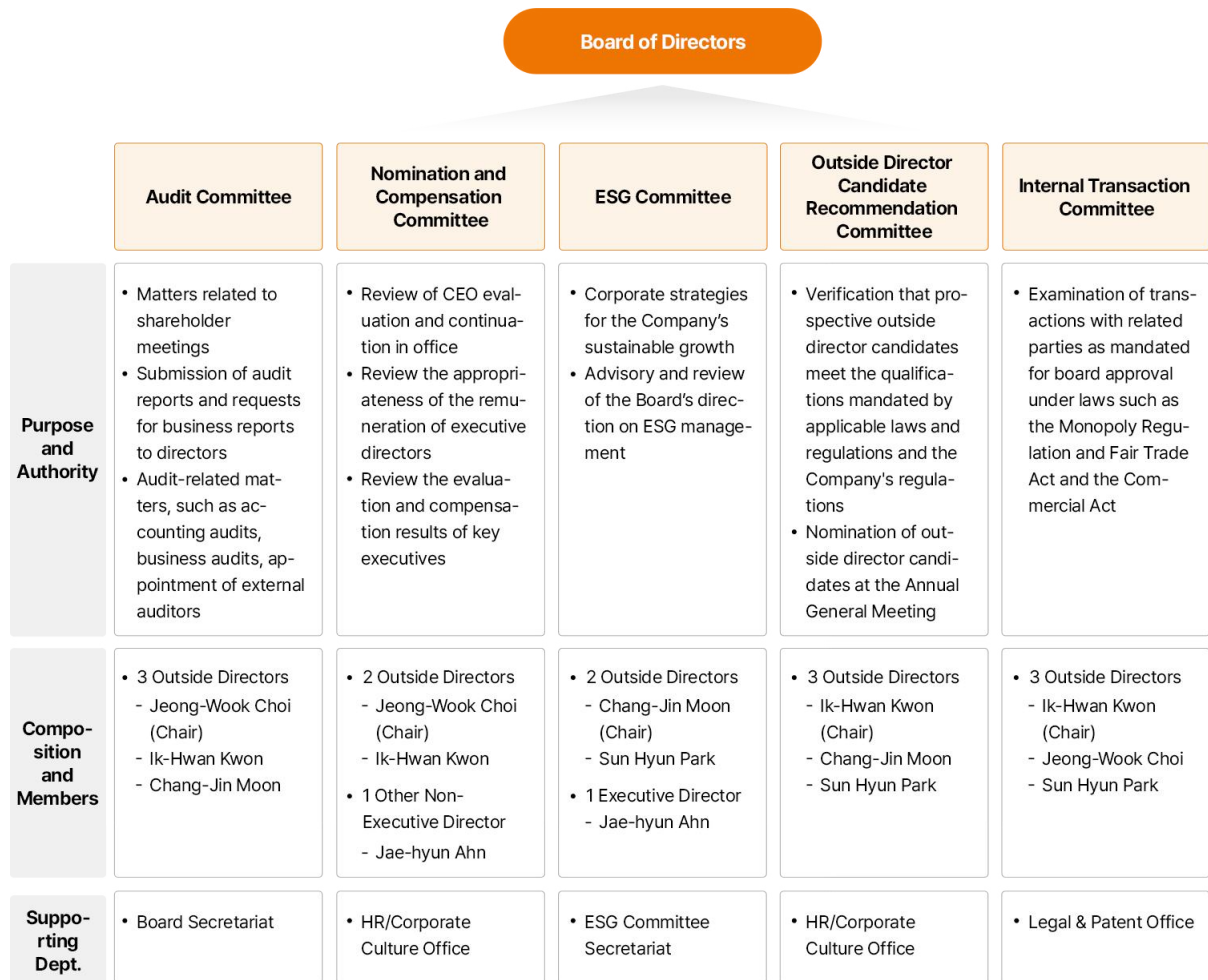
(As of March 31, 2024)

Category	Jaeyong Ahn	Hun Kim	Ik-Hwan Kwon	Chang-Jin Moon	Jeong-Wook Choi	Sun Hyun Park	Jae-hyun Ahn
Leadership	●	●	●	●	●	●	●
Business Development and Strategy	●	●				●	●
Finance/Accounting and Risk Management	●				●		●
Law/Regulations			●	●	●		
ESG	●		●	●	●	●	●
Key Industry(Bio)	●	●		●			●
Global	●	●		●	●	●	●
M&A/Capital Market	●	●	●			●	●
HR/Remuneration	●					●	●

Composition of the Committees under the Board

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

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



Operation of the Board

Enhancing Expertise of Outside Directors

We also support outside directors to attend regular forums, conferences, and seminars to improve their understanding of overall management including the bio-industry, ESG management, HR, and audit.

Date	Institutions	Attendance Rate	Contents
2023.01.13.	SK discovery	All Outside Directors	<ul style="list-style-type: none"> Seminars on SK Group management agenda and overview
2023.05.11.	SK discovery	All Outside Directors	<ul style="list-style-type: none"> Training on major tasks for each affiliate under SK discovery Board Skills Matrix (BSM) introduction plan SK discovery and its affiliates' management goals and key tasks

Directors Liability

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

| Directors' Liability Insurance Coverage Status |

Insured Corporation	Insurance Premium	Total Coverage Limit	Note
SK bioscience	KRW 56 million/Year	KRW 30 billion	Insurance Period 2023. 8. 1~2024. 7. 31

Board Meetings and Evaluation

Board Meetings and Attendance

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

In 2023, a total of 14 Board meetings were held, with an average attendance rate of 98.7% for all Board meetings. Board members actively expressed their opinions on the Company's major resolutions. The main resolutions and reports included the results of safety and health implementation in 2022 and the establishment of the safety and health plan for 2023, the report on the activities of the compliance officer and the activity plan, the revision of the ESG Committee Regulations, and the publication of the 2nd ESG Report. In 2023, we introduced the Board Skills Matrix(BSM) to further enhance 'board-centered management' and plan to hold meetings attended only by outside directors without the participation of company employees.

Board Attendance Rate

Category	2021	2022	2023
All	100%	96%	98.7%
Outside Directors (non-standing)	100%	98%	100%

Board Meetings in 2023

As of December 31, 2023

No. of Meetings held	No. of Agenda
14 times	64 items(26 voting, 38 reporting)

Committee Meetings and Attendance

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

Committee Meetings

As of December 31, 2023

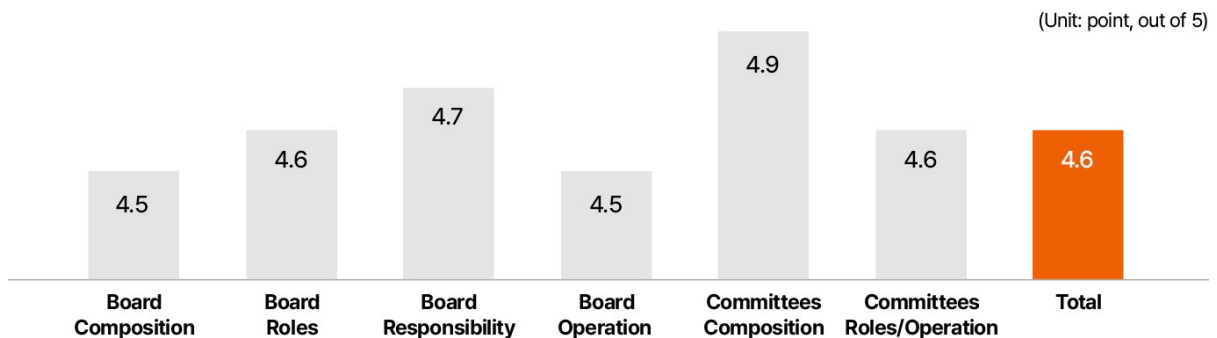
Category	No. of Meetings held	Agenda
Audit Committee	8	<p>[Agenda]</p> <ol style="list-style-type: none"> Approval of 2023 audit plan Finalization of the evaluation opinion on the operation of internal control system Approval of compliance requirements, procedures, and evaluation criteria for the appointment of external auditors for 2024-2026 <p>[Report]</p> <ol style="list-style-type: none"> Report on internal accounting control system service results Report on 2023 business ethics operations
Nomination and Compensation Committee	7	<p>[Review]</p> <ol style="list-style-type: none"> Review of 2023 company-wide KPIs Review of executive directors compensation Review of 2023 CEO continuation in office <p>[Report]</p> <ol style="list-style-type: none"> Report on the CEO compensation structure improvement
Outside Director Candidate Recommendation Committee	2	<p>[Agenda]</p> <ol style="list-style-type: none"> Recommendation of outside director candidate (Candidate : Chang-Jin Moon) Recommendation of outside director candidate (Candidate : Mi Jin Cho) Recommendation of outside director candidate (Candidate : Jeong-Wook Choi) <p>[Review]</p> <ol style="list-style-type: none"> Review of the outside director candidate pool
Internal Transaction Committee	3	<p>[Review]</p> <ol style="list-style-type: none"> Construction contract with SK ecoplant, etc. <p>[Report]</p> <ol style="list-style-type: none"> Follow-up report on the lease contract modification with SK chemicals Report on the construction of Songdo Global R&PD Center
ESG Committee	8	<p>[Review]</p> <ol style="list-style-type: none"> Review of the construction of Songdo Global R&PD Center Review of SKYPAC G2+ investment <p>[Report]</p> <ol style="list-style-type: none"> Report on RE100 implementation Report on ESG Report publication Report on the project of human rights impact assessment and due diligence system enhancement

Board Evaluation & Remuneration

Board Evaluation

SK bioscience conducts regular evaluations of the Board and its members' activities once a year to enhance the credibility of governance and improve the efficiency of Board operations. We set out the evaluation criteria in the 'Guidelines for Independence of Outside Directors and Diversity of the Board of Directors', which we have established in accordance with the ESG standards of the Korea Institute of Corporate Governance and Sustainability(KCGS). Moreover, we transparently disclose the evaluation results so that stakeholders can obtain sufficient information on the activities of the Board. In 2023, we carried out a self-evaluation survey and received an overall rating of 4.6 out of 5.

| Board Evaluation Results |



Evaluation of Individual Outside Directors

SK bioscience conducts individual evaluations of outside directors once a year to advance our governance. To ensure the objectivity of the evaluation, we use evaluation indicators that reflect the opinions of ESG rating agencies, specialized organizations, and investors.

| Evaluation Indicators of Outside Directors |

(Score Unit : out of 5 points)

Evaluation Method	Indicators	Weight	Average Score
Qualitative Assessment (self-evaluation survey)	Independence	10%	0.5
	Fidelity	25%	1.25
	Understanding	25%	1.11
	Contribution	40%	1.97
Total		100%	4.83

Board Members Remuneration System

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

CEO Evaluation and Remuneration

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

In 2023, the CEO's KPIs included a 5% focus on ESG-related initiatives. Additionally, tasks closely related to ESG, such as organizational capacity build-up and SHE(Safety, Health, Environment) operational enhancements, were set at 5% and 3%, respectively. These were reflected in the overall evaluation. The Nomination and Compensation Committee and the Board review and assess the CEO's KPIs, using the results as quantitative metrics for determining the CEO's bonus.

	Category	Description
Earned Income	Salary	Annual salary received in exchange for work
	Bonus	Compensation paid periodically in addition to regular salary, based on specific timing or conditions
	Stock Option Exercise Profit	Profit generated when exercising stock options granted by the Board and the Annual General Meeting
	Other Earned Income	Income generated outside of regular work compensation (e.g., welfare benefits)
	Retirement Income	Income generated upon retirement
	Other Income	Income generated unrelated to work

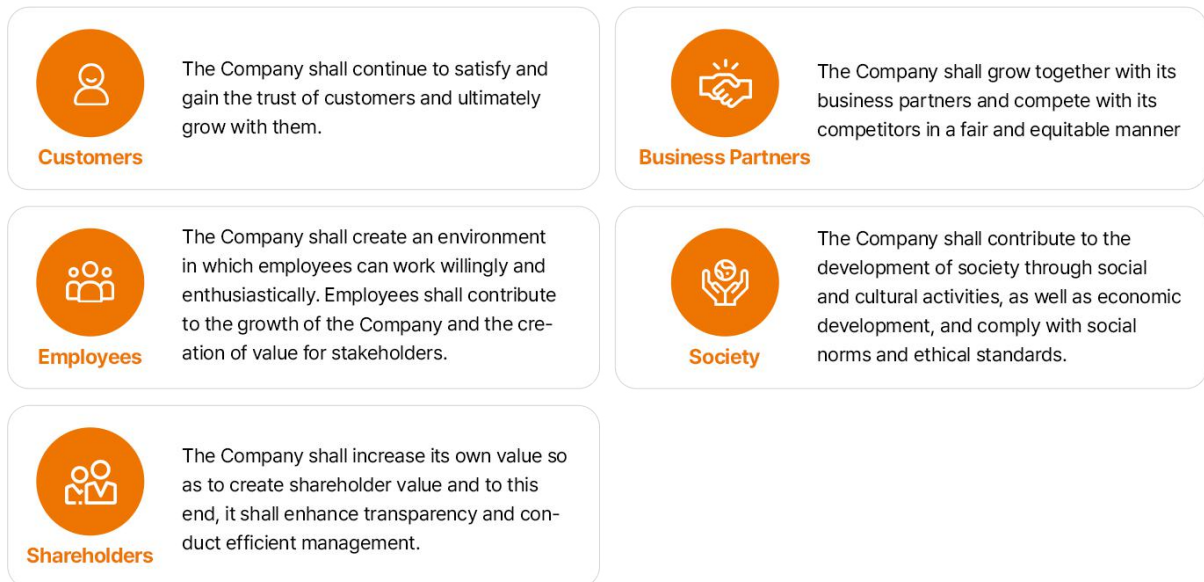
Business Ethics Compliance

Business Ethics Policy

Code of Ethics and its Practice Guidelines

SK bioscience has established business ethics principles that reflect the basic management philosophy of the SK Management System (SKMS), with the belief that 'transparency is the key prerequisite for corporate sustainability'. The Code of Ethics, which was established in consideration of various stakeholders, serves as the basis for judgment of employees' decisions and behaviors in all management activities.

Code of Ethics



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

SKBS Practice Guidelines of the Code of Ethics

Code of Conduct

Diligent performance of tasks / Prohibition of conflicts of interest / Protection of the Company's assets and information / Antibribery and corruption / Respect for other employees

Attitude toward Customers

Customer-centered management/Protection of customer information

Responsibility toward Employees

Human-centered management/Safety and happiness of employees

Relationship with Business Partners

Win-win management/Fair competition with competitors

Roles in Society

Eco-Friendly management/Corporate Philanthropy

Compliance

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

Responsibility toward shareholders

Enhancement of corporate value/Protection of shareholder rights

Business Ethics/Compliance Capacity-building

SK bioscience administers various forms of ethics training for all employees (including part-time) and contractors, to ensure comprehensive understanding and adherence to the Code of Ethics. SK Group's online training targets unethical practices such as budget misallocation, acceptance of monetary/gift incentives, abuse of authority, and workplace harassment, enhancing ethical decision-making and competencies across the workforce. Furthermore, the Company implements regular compliance training for the sales and marketing divisions and delivers ad-hoc training during the onboarding of new and experienced staff to fortify a robust internal compliance culture.

In 2023, SK bioscience executed company-wide ethics management training, facilitated discussion-based ethics practice workshops, and conducted regular/ad-hoc compliance training for the sales and marketing divisions. Additionally, to elevate employees' ethical decision-making competencies, the Company implemented supplementary internal ethics management training for all staff.

Ethics Training

 <p>Group Online Training(once/1yr)</p> <p>Prohibition of the misuse of corporate credit cards, abuse of power, and hospitality/entertainment</p> <p>SKBS Ethics Training</p> <p>Key contents of the Code of Conduct Practices Guidelines, relevant cases, check points, practice methods, etc.</p>	 <p>Regular/Occasional CP Training</p> <p>Employees(twice/1yr), new/experienced hires(occasional training)</p>	 <p>Business Ethics Practice Survey</p> <p>27 questions regarding compliance with the Code of Ethics and Business Ethics Practice System</p>	 <p>Business Ethics Practice Workshop</p> <ul style="list-style-type: none"> • 77 groups participated • Enhancing employees' ethical decision-making skills
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Compliance Risk Management System

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

We established compliance regulations and regularly conduct annual business ethics and compliance training and pledges to prevent risks and embed ethical practices in our employees. Additionally, we operate a monitoring system that continuously checks reporting channels and marketing cost execution. We conduct business ethics practice surveys to evaluate the level of ethical practices, and the results are reflected to improve the compliance management system.

In addition, we have a policy of conducting audits of our ethical and anti-corruption standards across all operations twice a year. To accomplish this, we established audit compliance regulations and secured specialized audit personnel to ensure independent audits in 2022. Building on this foundation, we conducted regular audits focusing on cost and procurement areas twice, reporting the findings to the Audit Committee in 2023. Additionally, the audits identified and remediate management inefficiencies. We plan to continue auditing key vulnerable areas to drive ongoing improvements.

If violations are identified during investigations and monitoring, we follow disciplinary procedures, notify all employees, and incorporate these findings into our regulations and training programs.

Compliance Risk Management Framework



Compliance Implementation

SK bioscience has established a company-wide compliance management system and operates related programs. The Head of Legal & Patent Office is appointed as the Compliance Officer, responsible for planning, implementation, evaluation, and supervision of the entire process of the voluntary compliance program. In addition, the Compliance Officer oversees business-related activities such as pharmaceutical compliance activities and programs to raise the level of awareness of voluntary fair trade compliance among all employees. The Compliance Officer reports annually to the Board on these activities and future plans.

We operate a dedicated compliance division(Ethics Management Team) to establish a compliance system, monitor and investigate reports. The team also makes efforts to prevent compliance violations in advance by providing compliance-related training and imposing penalties for violations. In addition, in order to review the internal business system as the Company's business environment changes, we secured specialized audit personnel and added audit functions to the Ethics Management Team in 2022 to establish audit system. Since 2023, we have made every effort to upgrade the compliance management system throughout the Company by conducting full-scale audit activities.

Compliance Officer

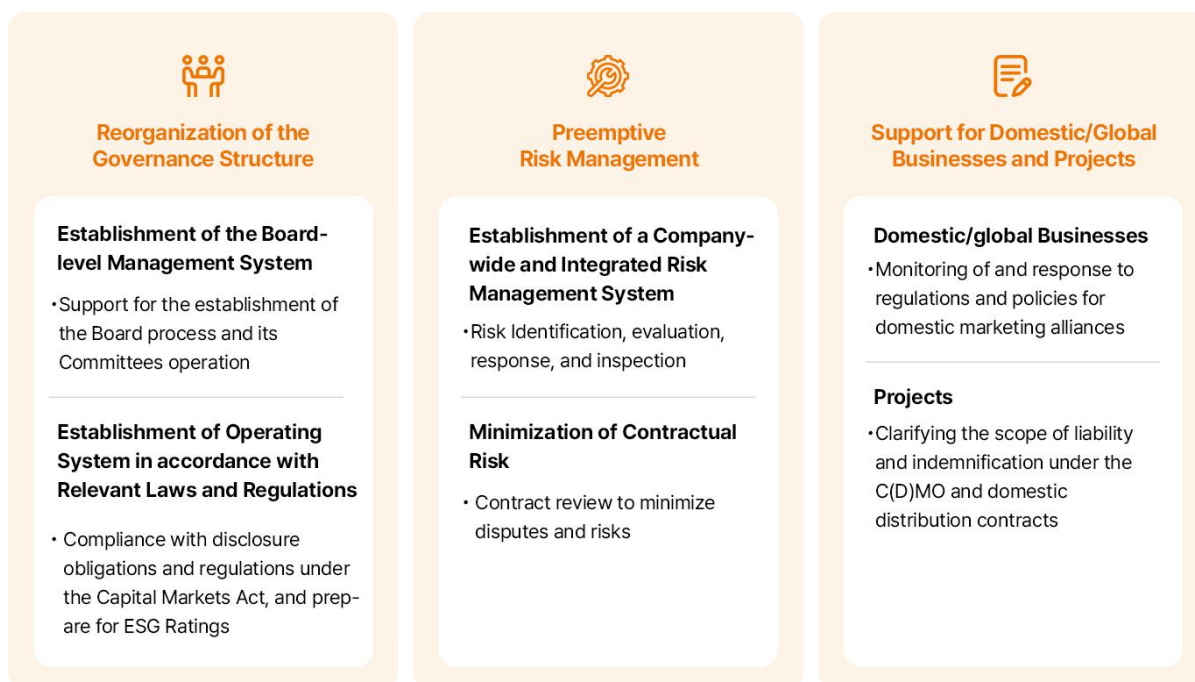
SK bioscience appoints the Head of Legal & Patent Office as the Compliance Officer to carry out compliance activities. The Compliance Officer is appointed for a term of three years and plays a key role in overseeing the Company's compliance work to strengthen the governance system, proactively preventing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

Compliance Reporting Structure



Responsibilities of the Compliance Officer

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



Audit Committee Operation

SK bioscience operates the Audit Committee under the Board to strengthen the audit function and enhance management transparency. The Audit Committee audits the Company's accounting and finance as well as its overall business in accordance with laws and regulations. It also receives reports on the operation status of the Company's compliance program and internal accounting management system from the dedicated teams in compliance and reviews their appropriateness. In accordance with the Committee Regulations specified in the Commercial Act, the Audit Committee is composed entirely of outside directors and includes one expert in accounting and finance. Our Audit Committee fulfills its responsibilities and duties to establish more professional and transparent governance.

Audit Committee Meetings

No.	Date	Attendance	Agenda
1	2023.02.22	100%	<p>[Agenda]</p> <ol style="list-style-type: none"> Approval of 2023 audit plan <p>[Report]</p> <ol style="list-style-type: none"> Report on internal accounting control system service results Report on the operation results of the internal accounting control system for 2022 Report on the review results of the 2022 financial statements by external auditors
2	2023.03.03	100%	<p>[Agenda]</p> <ol style="list-style-type: none"> Finalization of the evaluation on the operation of internal control system Finalization of the evaluation report on the operation of the internal accounting control system for 2022 Finalization of the audit report Finalization of the agenda and document investigation results for the 5th annual shareholders' meeting
3	2023.03.27	100%	<p>[Agenda]</p> <ol style="list-style-type: none"> Selection of the Audit Committee Chair
4	2023.04.26	100%	<p>[Report]</p> <ol style="list-style-type: none"> Report on compliance with external auditor for 2022 Report on the 2023 internal accounting control system plan Report on the review results of 23Q1 financial statements by external auditors
5	2023.07.28	100%	<p>[Report]</p> <ol style="list-style-type: none"> Interim report on the internal accounting control system operation Report on the review results of 23Q2 financial statements by external auditors Report on the audit results of the internal accounting control system design evaluation by external auditors
6	2023.10.26	100%	<p>[Report]</p> <ol style="list-style-type: none"> Interim report on the internal accounting control system operation for 2023 Report on the review results of 23Q3 financial statements by external auditors
7	2023.11.22	100%	<p>[Agenda]</p> <ol style="list-style-type: none"> Approval of compliance requirements, procedures, and evaluation criteria for the appointment of external auditors for 2024-2026
8	2023.12.14	100%	<p>[Agenda]</p> <ol style="list-style-type: none"> Selection of external auditors for 2024-2026 <p>[Report]</p> <ol style="list-style-type: none"> Report on 2023 business ethics operations

Internal Accounting Control System (IACS)

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

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

SK bioscience conducts reporting and disclosures related to its internal accounting management system. CEO reports relevant matters to the Annual General Meeting, the Board, and the Audit Committee for each business year. External auditors independently audit the Company's internal accounting management system and report their findings to the Audit Committee. The Committee then independently evaluates the operation of the internal accounting system and reports the results to the Board. Subsequently, in accordance with legal requirements, the results of the internal accounting management system's operation are disclosed publicly. We also provide IACS training to employees and the audit committee to strengthen internal control and improve awareness at the Company level.



Risk Management

Risk Management System

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

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

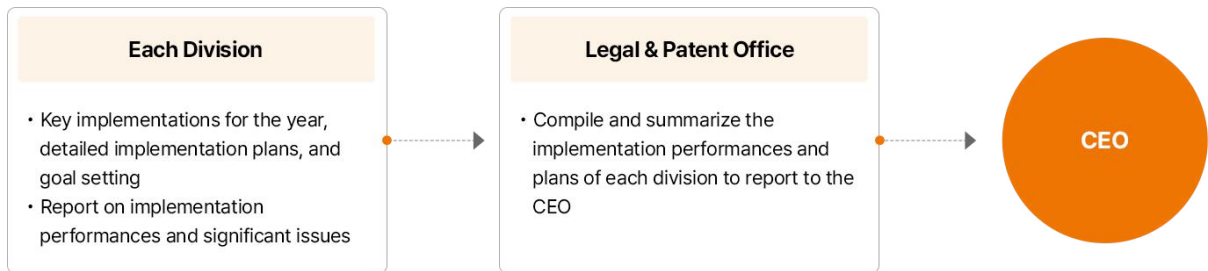
Risk Management Organizational Chart



Other ESG-related non-financial risks



Risk Report Process



Risk Management Activities

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



ERM Operation and Monitoring System

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

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

In 2023, we have restructured its ERM (Enterprise Risk Management) tasks to focus on compliance-related risks, managed intensively by the Legal Team, to enhance the professionalism and efficiency of risk management. Tasks from the existing key management areas with established management systems in their respective departments have been handed over to those departments. However, some tasks remain as key management areas to support the risk management activities of the responsible departments. Dedicated personnel are assigned to each management area to operate the ERM functions more professionally and ensure comprehensive enterprise-wide risk management.

Reform Plan of the ERM System

Centralization

- Among the nine priority management tasks of our ERM, **four tasks that the division in charge can manage in daily operations** are transferred to each division.
- Among the **seven tasks that require company-wide management**, those compliance-related tasks are directly managed by the Legal Team and the division in charge supports the rest.
- 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.

Specialization

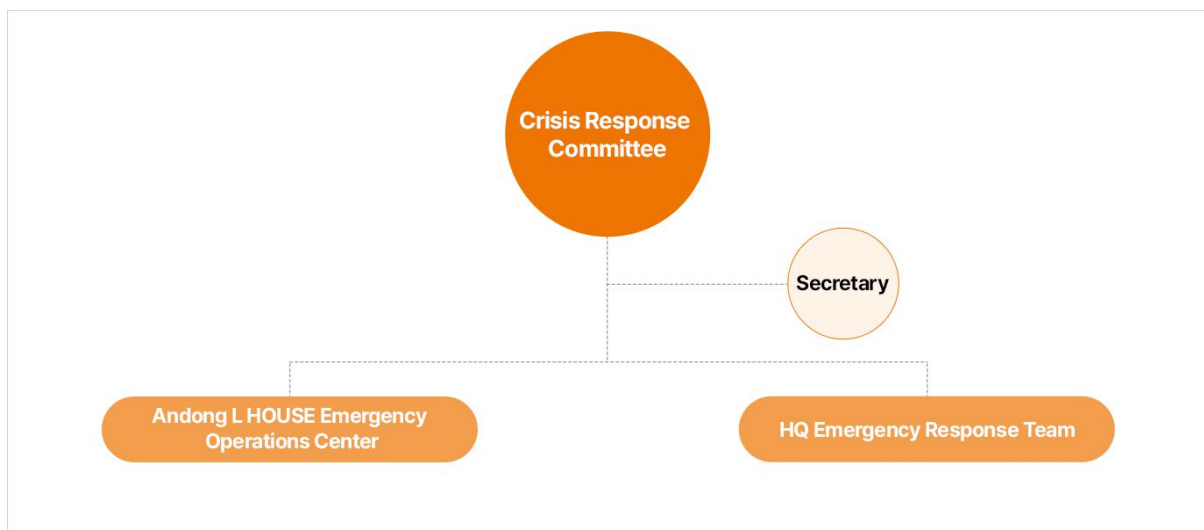
- The Legal Team, serving as the ERM Control Tower, assigns dedicated personnel to each key management task to improve the professionalism and efficiency of task management.
- By restructuring both existing and newly identified key management tasks to focus on compliance-related risks, the Legal Team strengthens its direct risk management functions.

Operation of Business Continuity Plan

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

We have also designed a Business Continuity Plan (BCP) to respond to emergencies and increase our business recovery capacity. We operate situation-specific response scenarios for a possible emergency situation and respond according to unified instructions and reports to minimize the damage caused by disruption of business activities. Additionally, we maintain continuous communication with our stakeholders through both internal and external channels, ensuring that the impact on them is minimized. In fiscal year 2023, we conducted a total of two emergency response drills on a semi-annual basis. As part of our efforts to improve our response capabilities during emergencies, we plan to increase the frequency to once a quarter in fiscal year 2024.

Organizational Chart for Crisis/Emergency Response Committee

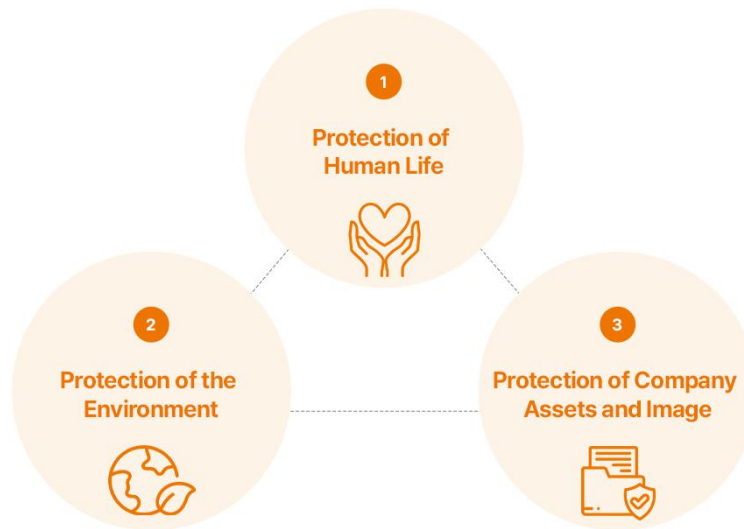


SK bioscience strives to minimize damages by proactively managing all risk factors that arise in the business sites. Accordingly, we have established an emergency response system and emergency response procedures to promptly respond to emergencies in the workplace.


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


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

Emergency Response Policy: Operational Principles



Types of Emergency

Emergency

<ul style="list-style-type: none"> • Personal injury accident • Fire and explosion accident • Oil leakage accident: land/sea • Leakage accident: toxic/flammable gas

Quasi-emergency

<ul style="list-style-type: none"> • 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

Supply Chain Diversification Strategy

SK bioscience has established and operated a supply chain diversification strategy to ensure stable production and seamless inventory management. By reducing dependence on a small number of suppliers and securing supply chain diversification, the Company ensures a stable and systematic supply chain capable of quickly and flexibly responding to global demand in the event of production disruptions or unforeseen supply interruptions. This strategy allows SK bioscience to maintain continuous and reliable product manufacturing and supply.

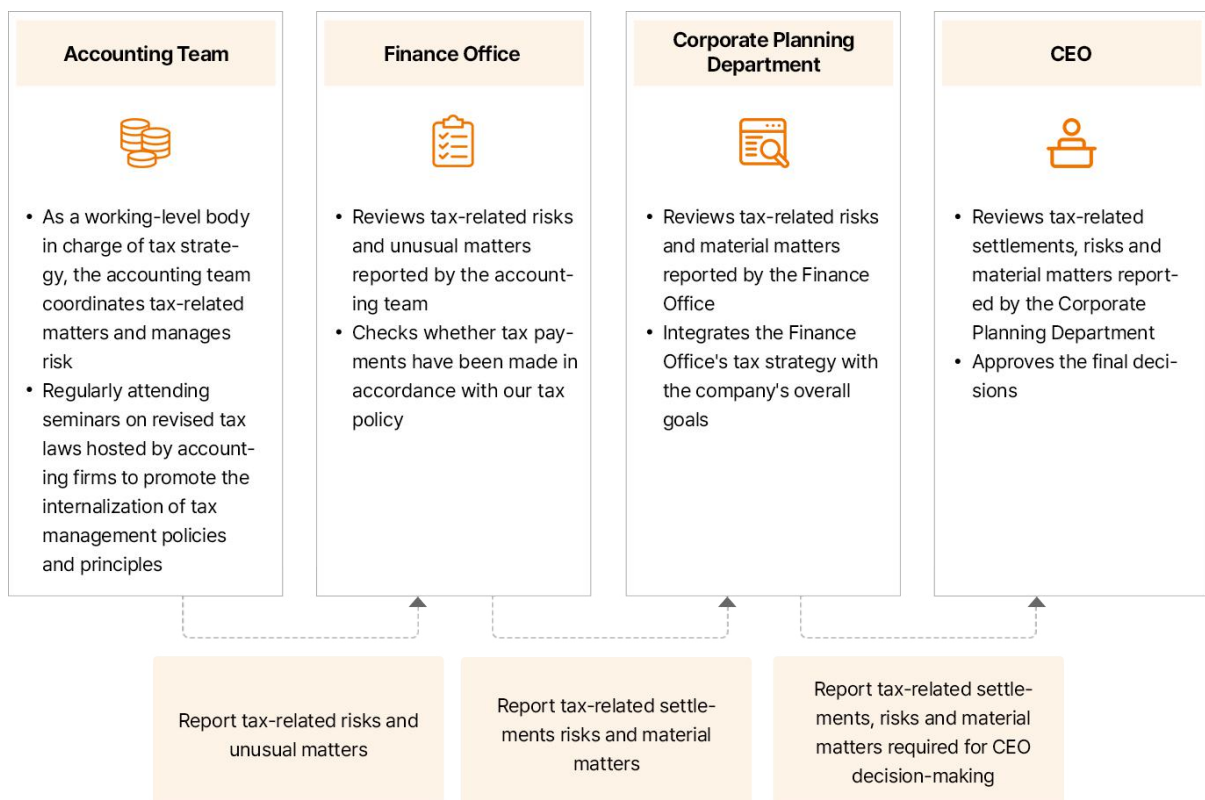
Tax Risk Management

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

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

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

Tax-related Decision-making System



Information Security

Information Security Management System

Starting with the revision of security-related policies, SK bioscience has designated an information protection officer and established an information security management system centered on a dedicated information protection team. In addition, all of our information protection-related policies and procedures are continuously updated in accordance with compliance regulations and changes in the internal work environment. In 2023, we appointed individuals in charge of security for each department who are tasked with disseminating security training and checkpoints within their respective departments, to manage information protection issues. In 2024, SK bioscience is enhancing security in the evolving IT/OT environment and further advancing asset protection activities in the cloud environment.

Information Protection Division

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



Information Protection Goals

SK bioscience effectively and reliably protects corporate assets by controlling information leakage routes through information protection and specifying procedures and the roles and authorities of personnel in charge to ensure necessary security measures are implemented. We conduct information protection activities that meet the standard requirements of international standards such as GMP, and strengthen our IT security control system and external data security by reflecting ISO 27001 standard which is the information protection and privacy management system.

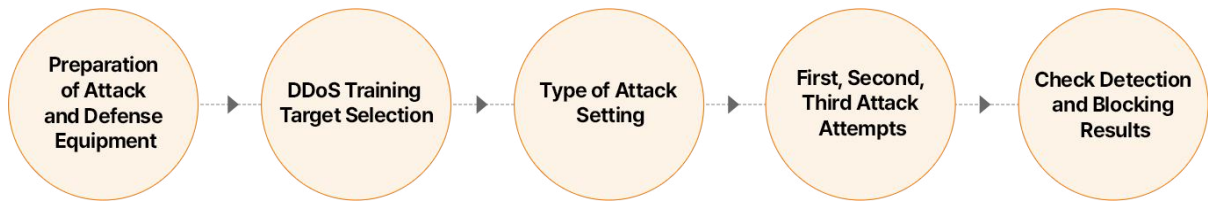
Since 2022, SK bioscience has maintained ISO 27001 certification, identifying risk factors in the field of information security. The Company adheres to the standards for publicly listed companies in Korea by annually disclosing transparent security activities through information protection disclosures. Through these efforts, we are committed to enhancing our security capabilities at a global level and earning the trust of our global partners by obtaining international standard certifications.

Prevention of and Response to Cybersecurity Incidents

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

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

| DDoS Simulation Training Procedure |



Information Security Activities and Training

SK bioscience's company-wide IT system is kept safe from internal and external threats such as information leakage through remote control services provided by a professional security company. To instill a culture of security among employees and preemptively control internal information leaks, SK bioscience designates an annual "Company-wide Security Day." On this day, employees perform self-checks on life security, document security status, and work devices. Penalties are imposed on violators to prevent recurrence. As a result, the security check violation rate significantly decreased from 30.8% in 2022 to 10.9% in 2023. We also try to create an information protection culture by sharing monthly malicious/phishing mail trends and new security threat cases via the Company notice board.

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

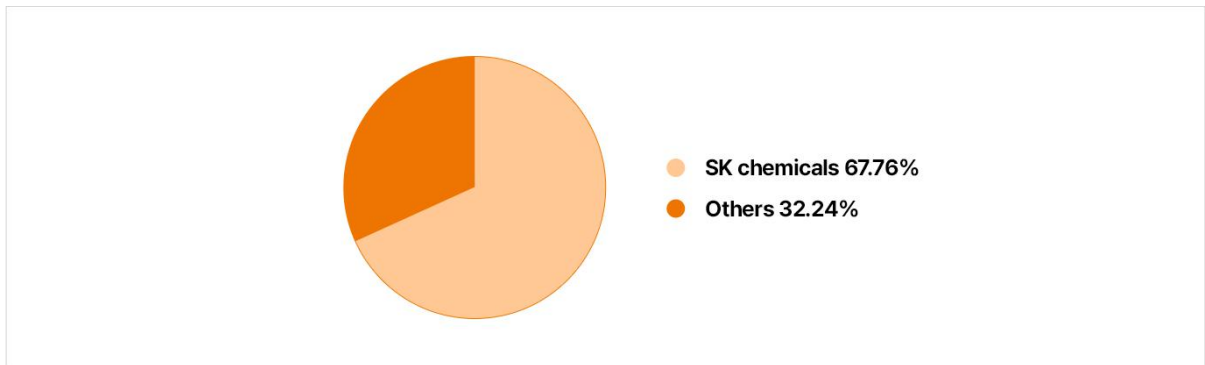
Category	Contents	Time
Privacy Protection	Personal data protection compliance, minimum personal data processing, ensuring information owner's right to choose, etc.	1 hr
Information Security	Trends and cases, SKBS information security status and processes, etc.	1 hr
Development Security	Web secure coding, component security, information leakage prevention, etc.	2.5 hr



Status of Shareholders

All stocks of SK bioscience are common stock, and our largest shareholder is SK chemicals, which owns 67.76% of the shares as of December 31, 2023.

| Shareholders Status |



Category	Shareholder Name	Number of Shares Owned	% of Shareholding
5% or more	SK chemicals	52,059,724	67.76%
	Others	24,768,026	32.24%
	Total	76,827,750	100%

Shareholders' Meetings & Shareholder Engagement

Annual General Meeting (AGM) & Protection of Shareholders' Rights

SK bioscience holds the Annual General Meeting to share the Company's direction and management status with shareholders and stakeholders and to collect their feedback. In accordance with Article 542-4 of the Commercial Act, we notify and disclose matters concerning the venue and agenda of the AGM two weeks in advance. In 2024, a convening notice was issued 26 days prior to the AGM. Resolutions or major agenda that are closely related to investors' interests are disclosed on the DART (Data Analysis, Retrieval, and Transfer System). Furthermore, voting rights exercise status at the AGM held on March 25, 2024 (including the number of voting rights in attendance) is also available on SK bioscience's website.

SK bioscience operates several shareholder rights protection systems to safeguard shareholders' rights and interests in corporate management while strengthening investors' awareness of their rights. In 2021, we resolved to introduce the electronic voting system to maximize the exercise of shareholders' voting rights and adopted it at the AGM since 2022. Additionally, we provide transparent disclosure of our share status through various channels, including SK bioscience's website and electronic disclosure system.

Communication with Shareholders

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

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

E S G
D A T A
L I B R A R Y



Company Overview

Company Overview



SK bioscience was established on July 1, 2018, through a physical division based on the accumulated capabilities of SK Chemicals' vaccine business unit. Under the mission of 'Promoting human health, from prevention to cure', SK bioscience has built its own vaccine portfolio and continuously pursued global projects. During the COVID-19 pandemic, the Company successfully responded with a two-track strategy of global vaccine C(D)MO services and in-house vaccine development, establishing a high level of expertise and a robust network in the vaccine field. In 2023, SK bioscience achieved success in Phase 2 clinical trials in the U.S. for the next-generation pneumococcal vaccine co-developed with Sanofi and initiated procedures for Phase 3 clinical trials. Additionally, the Company signed a next-generation Ebola CDMO contract with MSD. These accomplishments have positioned SK bioscience as a key partner in public health promotion and set the stage for its ascent to becoming a Global Top 10 Vaccine Company.

Name	SK bioscience Co., Ltd.
Business Areas	R&D, production, and sales of vaccines and biopharmaceuticals
Business Sites	Pangyo Headquarters and R&D Center, Andong L HOUSE
Overseas Corporation	SK bioscience USA Inc.
Homepage	www.skbioscience.com
No. of Employees	1,101
Financial Performance¹⁾	Revenue : KRW 369.5 billion Operating Loss : KRW 12 billion Net income : KRW 22.3 billion

1) As of December 31, 2023

Our Business

Category	Detail
In-house Vaccine Development and Manufacturing	<ul style="list-style-type: none"> • R&D of in-house vaccines, such as the COVID-19 vaccine, based on our own technological prowess • Mass production of vaccines at Andong L HOUSE, a global-level vaccine manufacturing plant
Global Co-development and Technology Transfer	<ul style="list-style-type: none"> • Joint development and technology transfer throughout the entire process, from candidate discovery through clinical trials, licensing, and sales <ul style="list-style-type: none"> - Rapid delivery of product development solutions - Open innovation with global partners
Global CMO-CDMO Business	<ul style="list-style-type: none"> • Joint vaccine research and vaccine C(D)MO business with global companies/organizations based on our diverse platform development experience, technological prowess, and flexible production system
Domestic Business	<ul style="list-style-type: none"> • Joint sales and C(D)MO business with domestic/foreign companies to improve the convenience of vaccine recipients and expand the domestic vaccine market based on our sales capabilities and marketing infrastructure

Major Products

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

SKYCellflu Trivalent (Cell-culture-derived influenza vaccine)



In 2015, SKYCellflu Trivalent was the first cell culture-based influenza vaccine developed in South Korea.

It is manufactured in bioreactors without any antibiotics or preservatives, unlike fertile chicken eggs which can be dangerous for people with allergies.

As a cell culture-based vaccine, it acquired the first World Health Organization Pre-Qualification(PQ) certification.

SkyZoster Inj. (Herpes zoster live attenuated vaccine)



The world's second and South Korea's first shingles vaccine(herpes zoster), SKYZoster Inj. is a premium vaccine.

The vaccine is a live attenuated varicella-zoster virus, which has been rigorously proven safe by specialized non-clinical trial institutes, and provided to various countries.

After its launch, the vaccine has become a leading product in meeting the rising demand for herpes zoster treatments.

SKYCovione Multi Inj. (Recombinant protein vaccine for COVID-19)



SKYCovione is South Korea's first developed recombinant protein-based COVID-19 vaccine.

Additionally, these vaccines can be stored under refrigerated conditions of 2 to 8 degrees Celsius, allowing them to be distributed using the existing vaccine logistics network without the need for thawing or other processes during the administration stage.

**SKYCellflu Quadrivalent
(Cell-culture-based influenza vaccine)**



SKYCellflu Quadrivalent is South Korea's only and the world's first cell culture-based quadrivalent influenza vaccine.

Same with SKYCellflu Trivalent, it is manufactured in bioreactors without any antibiotics or preservatives which shortens the production period by 2-3 months and secures production stability comparing to the conventional technique of using fertile chicken eggs.

Based on the WHO Pre-Qualification(PQ), its innovation and reliability have garnered high market shares domestically and globally.

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



A chickenpox vaccine, SKYVaricella Inj. was developed with our own bioprocess technology.

Its immunogenicity and safety have been confirmed in a global phase 3 clinical trial conducted in children between 12 months and 12 years at 19 clinical institutions both domestic and abroad.

It received the world's second WHO PQ certification and won the bid for export to Latin America from the Pan American Health Organization (PAHO), an international United Nations organization.


**SKYTyphoid Multi Inj.
(Typhoid conjugate vaccine, for export)**



SKYTyphoid Multi Inj. is a polysaccharide-protein conjugate vaccine developed by conjugating the polysaccharide of typhoid bacteria, which acts as the antigen, to the diphtheria toxin protein (diphtheria toxoid), which acts as a carrier.

Since 2013, SK bioscience jointly developed the vaccine with the International Vaccine Institute(IVI) and Bill & Melinda Gates Foundation. After the completion of development in 2022, we have even obtained an export item license.

It offers higher immunogenicity with a single dose and provides longer-term prevention, thus inoculation for infants and toddlers exposed to poor environment lacking clean water can be effective.



Company Overview

Awards

Year	Award Name	Category	Reason for Award
2012	Medical Korea Awards	Pharmaceuticals (R&D)	Contributed to the advancement of the pharmaceutical industry by developing the first cell-cultured vaccine in Korea
2015	Medical Korea Awards	Pharmaceuticals (Vaccines)	Contributed to public health through the development of next-generation vaccines
2016	Medical Korea Awards	Pharmaceuticals (Vaccines)	Enhanced the technology of the domestic pharmaceutical industry by developing and launching the influenza vaccine 'Skycellflu Quadrivalent'
2016	Osong New Drug Awards	Minister of Food and Drug Safety Award	Recognized for the development of the world's first quadrivalent cell-cultured influenza vaccine 'Skycellflu Quadrivalent'
2017	Medical Korea Awards	Pharmaceuticals(R&D)	
2018	Medical Korea Awards	Minister of Food and Drug Safety Award	Contributed to vaccine sovereignty by continuously developing vaccines for influenza, shingles, and chickenpox
2018	Osong New Drug Awards	Minister of Food and Drug Safety Award	Recognized for efforts in vaccine localization
2019	Medical Korea Awards	Pharmaceuticals (Vaccines)	Led the globalization of domestic vaccines for influenza, shingles, and chickenpox
2019	Local Government Award		Realized social value in connection with the local community
2022	Korea Healthcare Awards	Minister of Food and Drug Safety Award	Contributed to vaccine sovereignty by developing the first domestic COVID-19 vaccine
2022	2022 Pharmaceutical Bio Awards	Minister of Food and Drug Safety Award	Contributed to overcoming infectious diseases and securing vaccine sovereignty

Company Overview

Memberships and Global Initiatives



- Korea Pharmaceutical and Bio-Pharma Manufacturers Association



- Korea Biotechnology Industry Organization



- Korea Biomedicine Industry Association



- Developing Countries Vaccine Manufacturers Network(DCVMN)

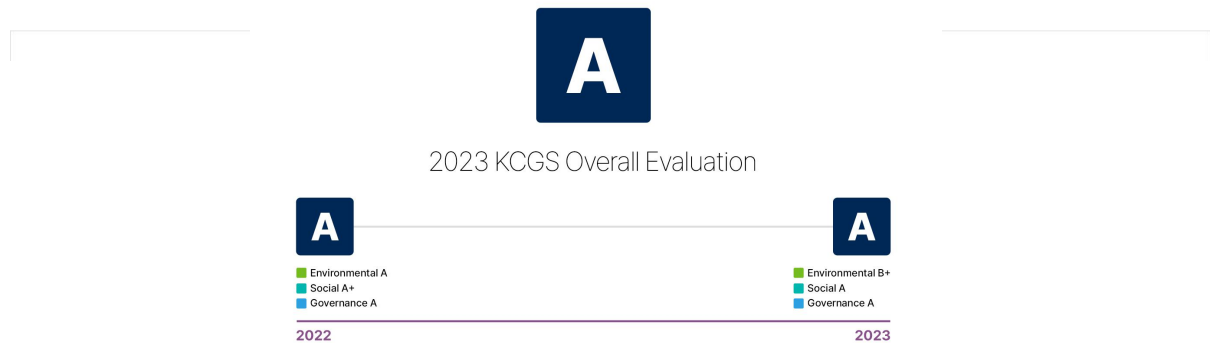


- Task Force on Climate-Related Financial Disclosures(TCFD)

Company Overview

ESG Ratings

Korea Institute of Corporate Governance and Sustainability(KCGS)

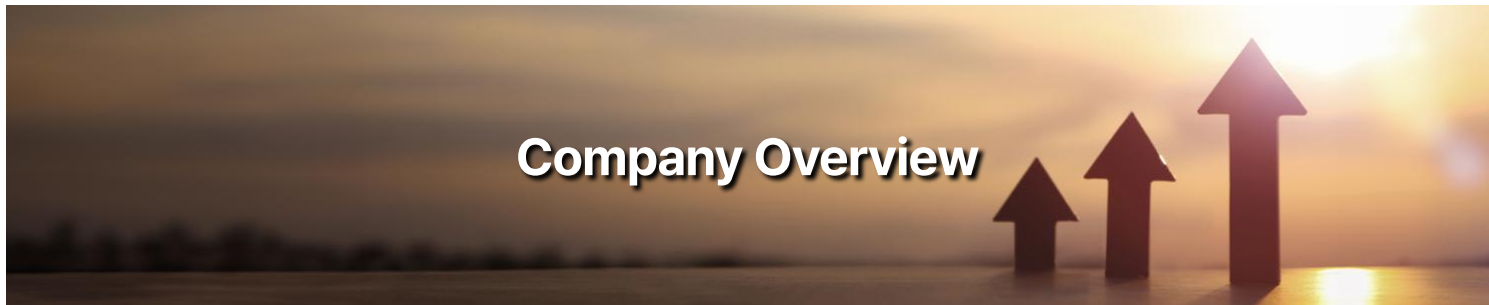


Since 2003, the Korea Institute of Corporate Governance and Sustainability(KCGS) has conducted corporate governance evaluations based on high transparency and expertise. Since 2011, KCGS has also been assessing the sustainability management levels of domestic listed companies annually through ESG evaluations. The KCGS ESG evaluation model aligns with international standards such as the OECD Principles of Corporate Governance and ISO 26000, while also thoroughly reflecting domestic laws and the business environment.

Morgan Stanley Capital International (MSCI)



MSCI(Morgan Stanley Capital International) has provided comprehensive ESG Ratings since 1999. The Ratings are conducted on the basis of 10 topics in respective to ESG areas combining 35 industry-specific key issues with different weights for various industries. MSCI rates companies' ESG performance on seven scale from AAA(best) to CCC(worst).



Stakeholder Engagement

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

Stakeholders	Communication channel	Main Issue
Customers	Sales/marketing Channels, online reports, etc.	Product safety and customer satisfaction activities
Shareholders/Investment institutions	IR meetings, investment briefings, general meetings of stockholders, electronic disclosures, etc.	Business performance, shareholder profit, investment plan
Business partners	Partner meetings, communication channels within the procurement portal, the Voice of Suppliers, etc.	Fairtrade, 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



Facts & Figures

| Business

R&D Investments

Category		Unit	2021	2022	2023
R&D Investment	Investment costs	KRW 1 million	47,250	57,960	85,743
	R&D intensity ¹⁾	%	10.7	24.7	31.7
R&D achievements	Portfolio	No.	11	21	20
	Products under clinical trials	No.	7	4	3

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

Intellectual Property Rights

Category		Unit	2021 ¹⁾	2022 ¹⁾	2023	
Domestic	Patent	Application	No.	37	17	17
		Registration	No.	3	7	12
	Brand	Application	No.	12	5	0
		Registration	No.	1	0	10
Overseas	Patent	Application	No.	34	54	43
		Registration	No.	30	29	29
	Brand	Application	No.	90	68	0
		Registration	No.	31	24	9
Total	Patent	Application	No.	71	71	60
		Registration	No.	33	36	41
	Brand	Application	No.	102	73	0
		Registration	No.	32	24	19

1) The number of applications and registration available in the system differs from the actual application and registration date, but it is consistent with the annual report (2021 and 2022 data change due to errors)

Creation & Distribution of Economic Value

Category		Unit	2021	2022	2023
Creation & Distribution of Economic Value	Sales	KRW 1 million	929,001	456,726	369,506
	Operating expenses	KRW 1 million	454,781	341,347	379,296
	Salary & benefits (employees)	KRW 1 million	83,852	103,758	101,585
	Shareholder & investor payments (total dividend)	KRW 1 million	0	0	0
	Shareholder & investor payments (interest expense)	KRW 1 million	3,080	1,431	170 ¹⁾
	Corporate tax (government)	KRW 1 million	115,989	19,281	-14,990
	Raw material cost (suppliers)	KRW 1 million	85,836	68,615	130,875
	Donations(local communities)	KRW 1 million	2,507	5,162	3,498
	Total	KRW 1 million	1,675,046	996,320	969,770
	Government R&D Subsidies	KRW 1 million	477	627	611

1) Decrease in payments due to the full repayment of outstanding foreign currency loans

Corporate Tax

Category	Unit	2021	2022	2023
Pre-tax profit	KRW 1 million	471,128	142,098	9,416
Nominal tax amount	KRW 1 million	119,198	33,926	1,946
Nominal tax rate	%	25.3	23.9	20.7
Real tax amount	KRW 1 million	115,989	19,281	-14,990
Real tax rate	%	24.6	13.6	0
Difference between nominal tax and real tax	KRW 1 million	3,209	14,644	16,936
Effect due to difference in attribution period	KRW 1 million	5,094	-3,803	309
Effect of permanent difference	KRW 1 million	187	164	-222
Effect of the difference between tax credits and reductions	KRW 1 million	-8,614	-11,865	-1,290
Other differences	KRW 1 million	124	860	-15,733

Participation in Associations & Contributions

Category	Unit	2021	2022	2023
Major Contributions ¹⁾	KRW 1 million	323	415	413
Other Contributions	KRW 1 million	5	5	11
Total annual contributions	KRW 1 million	328	420	424

1) Each membership fee or contribution is KRW 10 million or more

Facts & Figures

| Environmental

Environmental Management

Violation of Environmental Laws

Category		Unit	2021	2022	2023
Violation of environmental laws	Number of violations of legal obligations/ regulations	No.	0	0	0
	Fine amount related to the above	KRW 1 million	0	0	0
	Number of lawsuits filed	No.	0	0	0
	Number of non-monetary sanctions	No.	0	0	0

Environmental Investment

Category		Unit	2021	2022	2023
Environmental investment	Plan	KRW 100 million	3.2	2.5	3.4
	Execution	KRW 100 million	3.2	2.5	3.4
	Investment execution rate	%	100	100	100

Eco-friendly Purchasing

Category	Unit	2021	2022	2023
Total purchasing	KRW 1 million	N/A	353	706
Eco-friendly purchasing amount	KRW 1 million	N/A	37	164
Eco-friendly purchasing rate	%	N/A	11%	23%

Usage of Raw Materials

Category	Unit	2021	2022	2023
Usage of Raw materials	Ton	524	292	193

Action on Climate Change

Greenhouse Gas Emissions

Category		Unit	2021	2022	2023
HQ	Scope 1	tCO ₂ eq	29	77	24
	Scope 2	tCO ₂ eq	326	650	813
R&D Center	Scope 1	tCO ₂ eq	107	64	148
	Scope 2	tCO ₂ eq	191	804	827
L House	Scope 1	tCO ₂ eq	4,734	5,032	5,691
	Scope 2	tCO ₂ eq	11,542	11,866	12,113
Total emissions (Scope 1 & 2)		tCO₂eq	16,929	18,493	19,616
Scope 1 intensity		tCO ₂ eq/KRW 100 million	0.5	1.1	1.6
Scope 2 intensity		tCO ₂ eq/KRW 100 million	1.3	2.9	3.7
Scope 1 & 2 intensity		tCO ₂ eq/KRW 100 million	1.8	4.0	5.2
Scope 3		tCO ₂ eq	153,405	99,309 ¹⁾	116,063
Scope 3 intensity		tCO ₂ eq/KRW 100 million	16.5	24.6	31.4

1) 2022 Data change due to errors

Energy Consumption

Category		Unit	2021	2022	2023	
HQ	Direct	LNG	TJ	0.4	0.5	2.5
		Gasoline	TJ	0.0	0.6	0.4
		Diesel	TJ	0.0	0.0	0.0
		LPG	TJ	0.1	0.1	0.0
	Indirect	Electricity	TJ	5.6	11.1	11.8
		Steam	TJ	1.5	3.2	2.5
R&D Center	Direct	LNG	TJ	0.1	0.4	0.4
		Gasoline	TJ	1.3	0.6	0.1
		Diesel	TJ	0.2	2.9	0.0
		LPG	TJ	0.0	0.0	0.0
	Indirect	Electricity	TJ	3.4	14.1	14.6
		Steam	TJ	0.7	3.4	3.4
L House	Direct	LNG	TJ	92.5	97.6	110.8
		Gasoline	TJ	0.4	0.9	1.0
		Diesel	TJ	0.0	0.0	0.0
		LPG	TJ	0.3	0.1	0.2
	Indirect	Electricity	TJ	241	248	253
Target of total energy consumption		TJ	N/A	332.9	395.2	
Non-renewable energy consumption ¹⁾		TJ	347.5	383.7	400.8	
Renewable energy consumption		TJ	0.0	0.0	0.0	
Energy intensity		TJ/KRW 100 million	0.037	0.084	0.108	

1) Non-renewable energy which is not based on renewable energy sources such as solar power, wind power, etc.

Environmental Impacts Management

Waste Disposal

Category		Unit	2021	2022	2023		
Total	Target amount of total waste disposal	Ton	N/A	331	556		
	Total waste disposal	Ton	331	441	423		
	Total recycling	Ton	67	190	177		
L House ¹⁾	Specified/Designated waste	Incineration (consignment)	Ton	36	48	48	
		Neutralization (consignment)	Ton	0	0	1	
		Landfill	Ton	0	0	0	
		Recycling	Ton	0	0	0	
	General waste	Incineration (consignment)	Ton	208	183	168	
		Landfill	Ton	-	-	0	
		Recycling	Ton	52	168	160	
	Total		Ton	297	396	377	
	HQ and R&D Center ¹⁾	Specified/Designated waste	Incineration (consignment)	Ton	19	24	28
			Neutralization (consignment)	Ton	0	0	0
Landfill			Ton	1	0	0	
Recycling			Ton	4	7	5	
General waste		Incineration (consignment)	Ton	-	-	0	
		Landfill	Ton	-	-	0	
		Recycling	Ton	11	14	13	
Total		Ton	34	46	46		

1) HQ, R&D Center, L House : entirely consigned

Emission of Hazardous Chemicals

Category		Unit	2021	2022	2023
L House	Total emissions	Ton	0.5	4.3	0 ¹⁾

1) Reduction in emissions due to absence of laboratory chemical wastes emission

Concentration & Emissions of Air Pollutants

Category		Unit	2021	2022	2023
L House	NOx	ppm	38	38	35
		Ton/year	7.92	8.34	9.48
	SOx	ppm	11	1.7	0
		Ton/year	0.00	0.00	0.00
	Dust	ppm	3	4	0.6
		Ton/year	0.06	0.06	0.06

Zero-emission Vehicle Status

Category		Unit	2021	2022	2023
Number of zero-emission vehicle		No.	1	3 ¹⁾	3

1) Data change due to errors

Water Intake & Consumption

Category		Unit	2021	2022	2023	
Total	Total amount of water consumption	Ton	54,111	58,925	63,339	
L House	Surface water intake	Industrial water	Ton	46,135	51,383	58,120
		Domestic water	Ton	92,585	93,099	112,663
	Groundwater intake	Ton	-	-	-	
	Total intake	Ton	138,720	144,482	170,783	
	Water consumption	Ton	37,803	44,536	49,241	
	Wastewater discharge	Ton	100,917	99,946	121,542	
	Data coverage	%	100	100	100	
HQ and R&D Center	Surface water intake	Industrial water	Ton	-	-	-
		Domestic water	Ton	21,555	21,779	22,081
	Groundwater intake	Ton	499	599	741	
	Total intake	Ton	22,054	22,378	22,822	
	Water consumption	Ton	16,308	14,389	14,098	
	Wastewater discharge	Ton	5,746	7,989	8,724	
	Data coverage	%	100	100	100	

Water Reuse

Category		Unit	2021	2022	2023
L House	Wastewater	Ton	32,731	34,912	35,040
	Sewage water	Ton	-	-	-
	Total	Ton	32,731	34,912	35,040
	Percentage of water reused ¹⁾	%	19	20	21

1) Reused water usage rate = (wastewater reused+sewage water)/(industrial water + domestic water + groundwater + sewage water) × 100. Calculated from the flowmeter indicator value, on the assumption of 24 hour operation per day, 365 days per year (2021 and 2022 Data change due to errors)

Water Pollutants Emissions

Category		Unit	2021	2022	2023
Water Pollutants	BOD concentration	mg/L(ppm)	317.9	201.4	99.4
	BOD emissions	Ton	32.1	20.1	12.1
	COD concentration	mg/L(ppm)	173.0	104.1	58.2
	COD emissions	Ton	17.5	10.4	7.1
	TOC emissions ¹⁾	Ton	24.6	15.7	9.4
	SS concentration	mg/L(ppm)	74.0	59.8	41.4
	SS emissions	Ton	7.5	6.0	5.0
	T-N concentration	mg/L(ppm)	24.7	20.7	12.5
	T-N emissions	Ton	2.5	2.1	1.5
	T-P concentration	mg/L(ppm)	5.6	4.3	3.2
	T-P emissions	Ton	0.6	0.4	0.4

1) Before 2023, emissions of TOC were not calculated, but the emissions has been converted/calculated based on 2024 data measured.



Facts & Figures

| Social

Employee Happiness

Employees

Category		Unit	2021	2022	2023
Total number of employees		Persons	1,007	1,079	1,101 ¹⁾
By age	Under 30	Persons	546	464	349
	30s and under 50	Persons	422	565	697
	50 and above	Persons	39	50	55
By site	HQ	Persons	444	570	651
	L House	Persons	563	509	450
Managerial position	Supervisors/Team Leaders	Persons	63	86	92
	Executives	Persons	31	38	38
	Sub-total	Persons	94	124	130
By employment	Regular worker(male)	Persons	415	541	591
	Regular worker(female)	Persons	260	359	380
	Regular worker(sub-total)	Persons	675	900	971
	Contract worker(male)	Persons	221	119	78
	Contract worker(female)	Persons	111	60	52
	Contract worker(sub-total)	Persons	332	179	130
By gender	Male	Persons	636	660	669
	Female	Persons	371	419	432

	Category	Unit	2021	2022	2023
By occupation ²⁾	Technical/ production/ maintenance	Persons	525	483	416
	Office job	Persons	166	192	206
	Research	Persons	208	280	336
	Sales	Persons	40	39	47
	Other jobs	Persons	37	46	58

1) The difference from the 1,095 employees in the annual report is due to the inclusion of seven standing executives.

2) Calculated except executives

New Hires

	Category	Unit	2021	2022	2023
By age	Under 30	Persons	272	80	46
	30s and under 50	Persons	310	158	110
	50 and above	Persons	21	11	2
By gender	Male	Persons	363	130	103
	Female	Persons	240	119	55
By site	HQ	Persons	320	187	141
	L House	Persons	283	62	17
	Total	Persons	603	249	158

R&D Personnel

Category	Unit	2021	2022	2023
PhD	Persons	17	38	43
Master	Persons	143	180	201
Bachelor	Persons	51	71	75
Total	Persons	211	289	319

Employee Diversity

Category	Unit	2021	2022	2023
Female employees	Female employees	365	411	425
	Female executives	6	8	7
	Ratio of female employees	37	39	39
Female managers	Working-level(G2-G3)	14	19	17
	Female executives	6	8	7
	Total number of female managers	20	27	24
Female managers by division	STEM position(female)	9	12	10
	STEM position(total)	29	38	32
	Revenue-generating division/position (female)	3	27	20
	Revenue-generating division/position (total)	6	70	72
Disabled	Personnel	43	36	36
	Ratio	4.3	3.3	3.3
Veterans	Personnel	1	1	1
	Ratio	0.1	0.1	0.1

Employee Training

Category		Unit	2021	2022	2023
Training cost ¹⁾	Average cost of training per employee	KRW 1 million	2.2	3.3	3.3
	Total training cost	KRW 1 million	2,070	3,491	3,653
Training hours	Average training hours per employee	Hour	6	43	70
	Total training hours	Hour	5,537	44,283	68,694
Pharmacovigilance training ²⁾	Regular training ³⁾	Persons ⁴⁾	587/618	769/769	881/881
	Training for new hires	Persons ⁴⁾	284/287	312/312	257/257
	Total number of employees participating in training	Persons ⁴⁾	871/905	1,081/1,081	1,138/1,138
Human rights training	Average training hours per employee	Hour	2	2	2
	Number of employees participating in training	Persons	795	1,021	1,038
Training relating to responsible marketing ³⁾	Target employees	Persons	112 ⁵⁾	49	56
	Number of participants	Persons	112 ⁵⁾	48 ⁵⁾	56

1) 2021 and 2022 data changes/recalculated based on the disclosure criteria

2) All employees are eligible and are encouraged to complete the training, with the goal of achieving 100% completion every year. (2022 data change due to errors)

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

4) Number of participants/target

5) 2021 and 2022 data changes due to 2) reason

Employee Satisfaction

Category	Unit	2021	2022	2023
Participation rate	%	61.3	83.7	63.8
Number of participants	Persons	328	582	493
Total score	Score(0-100)	65.3	67.7	64.5

Employee Performance Evaluation

Category	Unit	2021	2022	2023	
Rate of employees received regular performance reviews ¹⁾	By gender				
	Male	%	74.3	93.6	93.6
	Female	%	75.2	95.6	93.2
	By position				
	G1	%	76.9	92.9	94.1
	G2 & G3	%	78.2	93.5	90.8
	G/Full-time non-regular staff	%	67.1	98.0	96.9

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

Compensation System

Category		Unit	2021	2022	2023
Pay ratio by gender ¹⁾	Executives	%	92	110	99
	Manager	%	98	99	103
	Non-managerial staff	%	100	100	102
	Total ²⁾	%	90	90	88
Employee Stock Ownership Plan(ESOP) status	Depository	Name	Korea Securities Finance Corporation	Korea Securities Finance Corporation	Korea Securities Finance Corporation
	Number of shares owned	Share	2,288,008	623,603	411,390
	Share ratio	%	3	0.8	0.5
Number of people enrolled in pension support	Defined Benefit(DB)	Persons	301	713	1072
	Defined Contribution(DC)	Persons	-	2	5

1) Target: Employees at the end of the current year (including executive officers)

2) Gender proportion is reflected when calculating the average number of employees

Expenses for Fringe Benefits

Category	Unit	2021	2022	2023
Expenses for fringe benefits per person ¹⁾	KRW 1 million	4.0	4.8	5.6
Total expenses for fringe benefits	KRW 1 million	3,778	5,067	6,121

1) 2021 and 2022 data change due to errors

Childcare Leave

Category		Unit	2021	2022	2023
Users of childcare leave	Male	Persons	5	7	8
	Female	Persons	4	5	18
	Sub-total	Persons	9	12	26
Employees who have returned after childcare leave	Male	Persons	2	7	7
	Female	Persons	6	4	7
	Sub-total	Persons	8	11	14
Employees who have served more than one year after reinstatement ¹⁾	Male	Persons	0	2	8
	Female	Persons	4	10	14
	Sub-total	Persons	4	12	22
Average days of use		Day	202	238	228

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

Employee Turnover Status

Category		Unit	2021	2022	2023
Total number of voluntary turnover		Persons	280	64	71
By position	Executives	Persons	0	0	0
	Manager	Persons	10	2	7
	Non-managerial staff	Persons	270	62	64
By age	Under 30	Persons	67	25	23
	30s and under 50	Persons	206	39	46
	50 and above	Persons	7	0	2
By gender	Male	Persons	181	35	44
	Female	Persons	99	29	27

Labor Practices

Category		Unit	2021	2022	2023
Labor Practices	Strikes/closures perceived by the Company	No.	0	1	0
	Number of employees joining the labor union	Persons	67	141	139
	Number of employees entitled to collective bargaining	Persons	67	141	139
	Group membership rate	%	100	100	100

Safety · Health

Safety Training

	Category	Unit	2021	2022	2023
Training hours	Training hours per person (HQ: Non-office Job)	Hour	24	24	24
	Training hours per person (HQ: Office Job)	Hour	12	12	12
	Training hours per person (Andong)	Hour	16	24	24
	Total training hours	Hour	16,872	19,869 ¹⁾	20,343
	Employees who received training	Persons	939	945 ¹⁾	1,021

1) 2022 data change due to errors

Industrial Accident

Category		Unit	2021	2022	2023
Occupational accident	Number of accident ¹⁾	No.(Case)	1	0	0
	Accident rate	%	0.1	0	0
	Lost-Time Injuries Rate, LTIR (employees)	Case/1 million working hours	0.1	0	0
	Total Recordable Injury Rate, TRIR (employees)	Case/1 million working hours	0.49	0	0.48
	Total working hours	Hour	2,030,112	2,140,736	2,186,498
Loss	Lost workday	Day	29	0	0
	Rate	%	0.014	0	0
Number of work-related deaths	Employees	No.(Case)	0	0	0
	Business partners	No.(Case)	0	0	0
	Ratio	%	0	0	0

1) Based on Korea Occupational Safety and Health Agency(KOSHA)

Win-win Management

Business Partners

Category		Unit	2021	2022	2023
Number of business partners	Major partners ¹⁾	No.	32	16	22
	Other partners	No.	334	513	337
	Total	No.	366	529	359

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

Corporate Philanthropy

Category		Unit	2021	2022	2023
Corporate philanthropic activities	Annual participation	Persons	79	429	880
	Total participation time	Hour	221	1,036	1,951
	Participation time per person	Hour	2.8	2.4	2.2
Contribution amount per sales		%	0.3	1.1	0.9
Resources for corporate philanthropy ¹⁾	Volunteering hours	Hour	221	1,036	1,951
	Total expense	KRW 1 million	2,507	5,162	3,498

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

Product Safety & Quality

Quality Inspection

Category	Unit	2021	2022	2023
Number of due diligence targeting client company	No.	2	4	1
Number of quality inspection targeting health authorities	No.	5	7	2
Number of due diligence targeting business partners	No.	103	53	80
Total	No.	110	64	83

Drug Safety

Category	Unit	2021	2022	2023
Number of recalls	No.	0	0	0
Drug Safety Total number of units of recalled products	No.	0	0	0
Total amount of products approved for recovery, reuse, or disposal	Ton	0	0 ¹⁾	0

1) 2022 Data change due to errors

Responsible Marketing

Category	Unit	2021	2022	2023
Number of warnings received for violating marketing regulations	No.	0	0	0
Number of fines or penalties received for violating marketing regulations	No.	0	0	0
Number of incidents that violated voluntary self-regulation in marketing	No.	0	0	0



Facts & Figures

| Governance

Board of Directors

Composition of the Board of Directors

	Category	Unit	2021	2022	2023
Composition of the Board of Directors	Executive director(standing)	Persons	2	2	2
	Outside director	Persons	4	4	3
	Other non-executive director	Persons	0	1	1
	Total	Persons	6	7	6
Diversity	Number of executives aged 30-50	Persons	0	0	0
	Number of executives over 50	Persons	6	7	6
	Male	Persons	5	6	6
	Female	Persons	1	1	0
The Board's expertise	Number of members with accounting/financial expertise within the Audit Committee ¹⁾	Persons	1	1	1
	Number of outside directors/other non-executive directors with industry experience	Persons	1	1	1
Efficiency of the Board ²⁾	Average attendance rate of outside directors	%	100	98	100
	Minimum attendance rate	%	100	80	92.8
	Average attendance rate	%	100	96	98.9

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

2) Reflects the attendance of Mi-jin Jo, the former outside director(January 1, 2023 - December 5, 2023) at the 2023 Board meetings

Activities of the Board of Directors

Category		Unit	2021	2022	2023
Board meetings held		No.	17	15	14
Activities of outside directors	Agenda items in which outside directors objected or presented revision opinions	No.	1	1	0
	ESG-related issues reviewed	No.	7	7	2
Number of subcommittee meetings held	ESG Committee	No.	4	6	8
	Audit Committee	No.	7	10	8
	Internal Transactions Committee	No.	2	3	3
	Outside Director Candidate Recommendation Committee	No.	2	0	2
	Nomination and Compensation Committee	No.	5	6	7

Nomination and Compensation Committee

Category		Unit	2021	2022	2023
Number of outside directors		Persons	2	2	2
Attendance rate of outside directors		%	100	100	100
Total number of the committee members		Persons	3	3	3

Outside Director Candidate Recommendation Committee

Category	Unit	2021	2022	2023
Number of outside directors	Persons	3	3	3
Attendance rate of outside directors	%	100	0	100
Total number of the committee members	Persons	3	3	3

Audit Committee

Category	Unit	2021	2022	2023
Number of meetings held	No.	7	10	8
Number of outside directors	Persons	3	3	3
Attendance rate of outside directors	%	100	100	100
Total number of the committee members	Persons	3	3	3

Remuneration for CEO & Employee

Category		Unit	2021	2022	2023
CEO remuneration	Total annual compensation	KRW 1 million	1,000	7,244	5,282
	Year-on-year change	%	50	624	-27
	Total annual compensation	%	1.4	8.5	5.8
	Total annual compensation rate of change	%	-21	607	-32
Employee remuneration ¹⁾	All employees' remuneration excluding the CEO(or equivalent position)	KRW 1 million	68	81	86
	Rate of increase/decrease in employee remuneration excluding the CEO(or equivalent position)	%	55	19	6

1) 2021 and 2022 Data changes in accordance with disclosed data's criteria

Remuneration for Directors & Auditors of the Board

Category		Unit	2021	2022	2023
Average pay per person	Executive director	KRW 1 million	1,015	5,878	5,234
	Outside director	KRW 1 million	74	89	105
	Other non-executive director	KRW 1 million	-	3,143 ¹⁾	-
	Total	KRW 1 million	387	2,570	1,555
Total amount paid	Executive director	KRW 1 million	2,029	17,633	10,468
	Outside director	KRW 1 million	294	355	420
	Other non-executive director	KRW 1 million	-	3,143	-
	Total	KRW 1 million	2,324	21,130	10,888

1) Gains on the exercise of stock option

Business Ethics · Compliance

Business Ethics Training

Category		Unit	2021	2022	2023
Completion percentage of entire employees		%	100	99	99
Training hours per employee	Business ethics workshop	Hour	1	1	1
	Online training on business ethics	Hour	1	1	1
Participants	Business ethics workshop	Persons	719	861	807
	Online training on business ethics	Persons	821	918	941

Violation of Laws/Regulations

Category		Unit	2021	2022	2023
Violation of regulations relating to clinical trials in developing countries	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Unfair business practices prohibited by competition and antitrust laws	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Violation of customer information protection	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Violation of domestic marketing activities	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Violation of regulations regarding counterfeit products	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Violation of provision of product information	Number of violations	No.	0	0	0
	Fine	KRW	0	0	0
Incidents received warnings ¹⁾		No.	0	0	0
Incidents received fines or penalties ²⁾		No.	0	0	0
Incidents that violated voluntary regulation ³⁾		No.	0	0	0

1) Incidents received warnings for violating laws, regulations, and voluntary regulations regarding the safety and health impacts of products and services

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

3) Incidents that violated laws, regulations, and voluntary regulations regarding the safety and health impacts of products and services

Ethics Report / Consultation / Violation / Discipline¹⁾

Category		Unit	2021	2022	2023
Ethics report status	Number of violations filed in the reporting channel	No.	7	19	13
	Number of handled cases among violations filed in the reporting channel	No.	7	19	13
	Percentage of handled cases among reports filed in the reporting channel	%	100	100	100
Ethics report type	Unfair practices & abuse of power against business partners	No.	0	0	0
	Lack of respect for personality among employees	No.	2	6	3
	Improper handling of work	No.	3	10	8
	Conflict of interest	No.	1	2	1
	Undermining social value	No.	0	1	0
	Compliance violations	No.	1	0	1
	Dismissal	No.	0	0	0
Status of treatment & disciplinary actions taken in response to ethics reports	Suspension	No.	0	6	2
	Reduction in pay	No.	1	11	1
	Reprimand	No.	0	9	1
	Warning (verbal/written)	No.	0	14	3
	Others (unconfirmed, rejected)	No.	0	0	0

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

Risk Management

Information Security

Category		Unit	2021	2022	2023
Information security training implementation	Web/API development security guideline training	Persons	-	82	56
	Privacy training ¹⁾	Persons	58	74	106
	Security training for employees	Persons	543	895	1,020
	Information security training	Hour	2	2	2
	Security training for employees of suppliers	Persons	15	66	106
Information security investment	The ratio of investment in information security to the total IT budget	%	11.1	17.9	16.6
	Total IT budget	KRW 1 million	5,906	15,721	17,540
	Information security-related investments	KRW 1 million	658	2,807	2,789
Customer Information Security Violation Status	Information security violations and accidents related to customers' personal information	No.	0	0	0
	Number of complaints received by external parties/informants and verified by authority	No.	0	0	0
	Number of complaints by regulatory authorities related to information breaches	No.	0	0	0
	Total amount of information security-related fines or administrative fines paid	KRW	0	0	0
	Customers affected by data breach	Persons	0	0	0

1) Only for those handling privacy

Ownership Structure & Shareholders

Share Structure & Annual General Meetings

Category		Unit	2021	2022	2023
Issued Stocks	Number of voting stocks	Share	76,500,000	76,784,046	76,827,750
	Number of non-voting stocks	Share	0	0	-
	Total number of Issued Stocks	Share	76,500,000	76,784,046	76,827,750
General Meeting	Date of advance notice of regular general meeting location and agenda	Days (before)	17	24	26



Reporting Scope & Assurance

| About this Report

Overview

SK bioscience has published ESG reports since 2022 to transparently share our ESG strategies and performances with our stakeholders. We will disclose our ESG management outcomes by publishing annual ESG report and incorporate the opinions of stakeholders into our management activities.

Reporting Guidelines

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

Reporting Period & Scope

This report covers performance and activities from January 1 to December 31, 2023. It includes partial data for the first half of 2024. For some indicators, data for the past three years are presented to show the latest trend of quantitative performance. The scope of this report encompasses the entire ESG performance of the domestic business sites of SK bioscience. Financial information is prepared based on consolidated financial statements under K-IFRS(Korean International Financial Standards). Non-financial information is also prepared in accordance with the fiscal year.

Reporting Assurance

SK bioscience conducted an independent assurance process from the British Standards Institution(BSI), a professional assurance agency, to secure the data reliability and improve the quality of the report. And the assurance followed the AA1000 Assurance Standard(AA1000AS) serving as a global standard for assurance on sustainability information.

Report Contact

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- E-mail : esg.bs@sk.com

Reporting Scope & Assurance

| Independent Assurance Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

To: The Stakeholders of SK bioscience

Overview

The British Standards Institution (hereinafter referred to as the "Assurer") was requested to verify the Sustainability Report 2024 (hereinafter referred to as the "Report"). The Assurer is independent to SK bioscience and has no major operational financial interest other than the assurance of the Report. This assurance opinion statement is intended to provide information related to the assurance of the SK bioscience's report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any other purpose. This assurance opinion statement is prepared based on the information presented by the SK bioscience. The verification does not extend beyond such information and is solely based on it. In performing such verification, the Assurer has assumed that all such information is complete and accurate.

SK bioscience is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the Report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to SK bioscience only.

The Assurer is responsible for providing SK bioscience's management team with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of SK bioscience. The Assurer will not, in providing this Independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person or party by whom the Independent assurance opinion statement may be read.

Scope

The scope of engagement agreed upon with SK bioscience includes the following:

- Report contents during the period from January 1st to December 31st 2023 included in the Report, some data of 2024 are included.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- Confirmation of the Report's compliance with the AA1000 AccountAbility Four Principles and, where applicable, the reliability of the sustainability performance information contained within the Report, based on the type of sustainability assurance performed in accordance with AA1000 AS v3.

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

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

Assurance Level and Type

The assurance level and type are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

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Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the Assurer reviewed the following disclosures based on the sampling of information and data provided by SK bioscience.

[Universal Standards]

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

[Topic Standards]

201-1~4, 203-1&2, 205-2&3, 206-1, 207-1&2, 302-1, 302-3&4, 303-2~5, 304-1, 305-1~5, 305-7, 306-1, 306-3~5, 308-2, 401-1~3, 402-1, 403-1~9, 404-1~3, 405-1&2, 406-1, 408-1, 409-1, 413-1, 414-1, 416-2, 417-2, 417-3, 418-1

Methodology

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

- Validation of the materiality assessment and internal analytical process for determining assurance priorities, and a top-level review of issues that may be raised by external stakeholders in the context of sustainability.
- Discussion with managers and representatives on stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of the materiality issue analysis process and prioritization and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures.
- An assessment of SK bioscience's reporting and management processes against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the Mainsite of SK bioscience to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by SK bioscience. It implies that the Assurer is therefore subject to limitations relating to inherent risks that may exist without the identification of material errors. The Assurer does not provide assurance on possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

British Standards Institution (BSI) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with over 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with SK bioscience. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

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Opinion Statement

The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain SK bioscience's approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out as below.

Inclusivity: Stakeholder Engagement and Opinion

SK bioscience selected Employees, customers, partners, communities, professional organizations and NGOs as key stakeholder groups, and operated communication channels for each stakeholder group for engagement. SK bioscience reflected key issues derived from stakeholder channels to sustainability management decisions and disclosed the process in the Report.

Materiality: Identification and reporting of material sustainability topics

SK bioscience established a sustainable management strategy and a process to derive reporting issues. A total of 11 major topics were derived by conducting a social and environmental impact analysis based on Global standards and guidelines, domestic disclosure standards, evaluation agency requirements, and industry benchmarking. Also, financial impact analysis based on international standard indicators such as MSCI and SASB, analysis of corporate ESG strategies, and survey of executives and employees.

Responsiveness: Responding to material sustainability topics and related impacts

SK bioscience has established a management process for critical issues determined by the materiality evaluation. To respond appropriately in a way that reflects the expectations of stakeholders, the results of Management systems and strategies for critical topics, risk management activities, and performance are disclosed in the report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

SK bioscience has established a process to identify and evaluate the impact on organizations and stakeholders related to critical issues. In particular, strengthening the risk management system is used to make decisions to establish response strategies, and is disclosed through reports.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, an assurance Type 2 were conducted against the following disclosers based on the information and data provided by SK bioscience. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the Report were not found through assurance processes. The SK bioscience manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected and the Assurer confirmed the final version of the Report prior to its final publication.

- GRI Topic standards: 201-2, 205-2&3, 206-1, 305-1~4, 305-7, 306-3~5, 401-1~3

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Recommendations and Opportunity for improvement

The Assurer provides the following observations to the extent that they do not affect the assurance opinion;

- In the process of deriving materiality, expanding the scope of stakeholders to customers and conducting an evaluation can help SK bioscience manage ESG issues.

GRI-reporting

SK bioscience has self-declared compliance with GRI Standards. Based on the data and information provided by SK bioscience, the Assurer confirmed that the Report is prepared in accordance with the GRI Standards, and confirmed there are no errors in the disclosures related to the Universal Standards and Topic Standards Indicators. No sector standard is applied.

Issue Date: 19/06/2024

For and on behalf of British Standards Institution (BSI):

BSI representative

Doowon Kim, Lead Assurer

Seonghwan Lim, Managing Director of BSI Korea

BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea

Hold Statement Number: SRA 790017



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| Greenhouse Gas Verification Statement

GI-24219

Verification Opinion Statement

GHG Emissions

Verification Target
Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Scope 1, 2 Greenhouse Gas Emissions (hereinafter 'GHG emissions') of SK Bioscience Co., Ltd. (hereinafter 'Company') for 2023.

Verification Scope
KFQ's verification scope covered on all facilities and emission sources under the operational control and organizational boundary of SK Bioscience Co., Ltd. during 2023.

Verification Criteria
The verification process was based on 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'¹⁾, '2006 IPCC Guidelines for National Greenhouse Gas Inventories' and 'ISO14064-1' for every applicable part.

1) Notification No. 2023-221 of Ministry of Environment

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

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

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

- 1) GHG emissions for 2023 of Company were properly calculated according to the verification standards.
- 2) The data and information used in calculating the GHG emissions were appropriate, reasonable, and no significant errors or omissions could affect verification statement were not found. The materiality assessment result of GHG emissions has met the agreed-upon criterion of less than 5%.
- 3) Thus, KFQ concludes that the GHG emissions of Company in 2023 is correctly calculated and stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'.

SK Bioscience Co., Ltd.

Unit : tCO₂eq

Business site	Scope 1	Scope 2	Total
Andong Plnat ¹⁾	5,691.174	12,112.798	17,803
Eco Hub	147.822	827.332	975
Eco Lab	24.241	813.098	837
Sum	5,863.237	13,753.219	19,615

1) In the case of the Andong plant, the verified emission value designated for the greenhouse gas target management system is included.
* The totals in this verification statement do not match the totals in emission trading scheme because the total emissions of each facility are calculated by truncating to integer units.

April 22th, 2024

CEO Ji-Young Song
Korean Foundation for Quality

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Policies & Certifications

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SHE Management

Safety, Health & Environment(SHE) Policy

Korean

English

ISO 45001

Korean

English

ISO 14001

Korean

English

Human Rights Management

Declaration of Human Rights Management

Korean

English

Human Rights Management Practice Guidelines

Korean

English

Win-win Management

Supplier Code of Conduct

Korean

Governance

Articles of Incorporation

Korean

English

Corporate Governance Charter

Korean

English

Corporate Governance Report

Korean

Audit Report

Korean

Board of Directors

Regulations of the Board of Directors	Korean	English
Guidelines on Outside Directors Independence	Korean	English
Guidelines on the Board Diversity	Korean	English
Audit Committee Regulations	Korean	English
ESG Committee Regulations	Korean	English
Nomination and Compensation Committee Regulations	Korean	English
Outside Director Candidate Recommendation Committee Regulations	Korean	English
Internal Transaction Committee Regulations	Korean	English

Business Ethics

Code of Ethics	Korean	English
Code of Ethics Practice Guidelines	Korean	English
Compliance Regulations	Korean	English
Handbook for Voluntary Compliance with Fair Trade	Korean	

Risk Management

Information Security and Privacy Statement	Korean	
ISO 27001	Korean	English

