2023 SK Biopharmaceuticals Sustainability Report

# NAVIGATE THE WAY TO A HEALTHIER FUTURE

SK biopharmaceuticals

# ABOUT THIS REPORT

### Overview of the Report

SK Biopharmaceuticals annually publishes our Sustainability Report to communicate transparently with our stakeholders. This report showcases our commitment to ESG management and our achievements in sustainable business practices.

### Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, the Task Force on Climate-related Financial Disclosure (TCFD), and the Biotechnology & Pharmaceuticals Industry Standards of the Sustainability Accounting Standards Board (SASB). Our financial performance data are presented consistently with the criteria for consolidated financial statements as specified in the Korean International Financial Reporting Standards (K-IFRS), unless otherwise specified.

### Reporting Period

This report includes information for the period from January 1, 2022, to December 31, 2022. Information outside this period such as the information for the first half of 2023 has been included and marked separately within the report. For performance data, comparative information over the recent three years (2020~2022) is provided to enable year-over-year trend analysis.

### Reporting Scope

The financial performance of SK Biopharmaceuticals is reported on a consolidated basis, and non-financial performance focuses mainly on our domestic operations (the head office in Pangyo). A portion of the environmental and social performance includes the performance of SK Life Science, our U.S. subsidiary.

### Assurance

To establish credibility of the reporting process and the information disclosed, Korean Foundation for Quality (KFQ), as an independent third-party assurance provider, provided assurance over this report. The assurance criteria and details can be found on page 92 of this report.

### Contact Information for Inquiries about this Report

For any inquiries about this report, please contact us using the email address provided below.

SK Biopharmaceuticals ESG Office
skbp_esg@sk.com

# CONTENTS

## Introduction



## A Healthy Future for Everyone



## ESG Performance & Progress



## Appendix



### INTERACTIVE PDF USER GUIDE

This report is an interactive PDF with dynamic functions. To navigate to a different page, please click on the contents table located on the left side of each page or the icon inserted within the text.

Go to the contents page

Go to the last viewed page

Go to the next page

Go to the previous page

Go to the relevant page

# CEO's Message

SK Biopharmaceuticals CEO/President
**Dong-Hoon Lee**

Dear valued stakeholders,
We are SK Biopharmaceuticals, a leading developer of innovative new medicines in South Korea.

I would like to express my sincere gratitude for your generous encouragement and support for the growth of SK Biopharmaceuticals. Recent global economic downturns and international geopolitical instability have necessitated the establishment of scenario plans to enable quick responses and emphasized the importance of corporate social responsibility.
Against this backdrop, SK Biopharmaceuticals aims to turn these crises into new opportunities in response to an uncertain future, focusing on the following three areas.

**First, we will increase social value by amplifying product sales.**
SK Biopharmaceuticals has been contributing to improving the quality of life for patients with refractory epilepsy through the expanded sales of XCOPRI® in the U.S. market. In 2022, our U.S. sales more than doubled compared to 2021, exceeding our sales targets. Despite the impact of COVID-19, the prescription volume (TRx) also continues to show steady growth. Despite the impact of COVID-19, the prescription volume also continued to show steady growth.

To create even greater social value in the future, SK Biopharmaceuticals has been making efforts to expand product sales. In July 2022, we successfully entered the North American, European, Asian, and Latin American markets with the technology export of Cenobamate to Central and South America. In 2023, we plan to enter the Middle Eastern market and launch additional new drugs in eight European countries. In addition, we plan to advance ur drug development capabilities beyond epilepsy into the fields of neurology, rare diseases, and anti-cancer.

Furthermore, we are actively pursuing specific strategies to uncover new pipelines for future growth. Based on these business growth and diversification efforts, we anticipate that SK Biopharmaceuticals will continue to foster social value in the future.

**Second, SK Biopharmaceuticals will commit to the best practice of ESG management.**
SK Biopharmaceuticals has been recognized for its ongoing commitment to ESG management. In 2022, we earned an overall A rating from the KCGS and were included in the DJSI Korea and FTSE4GOOD indices for the first time.
Nevertheless, we continued to meet higher standards. In 2023, we proudly announced our commitment to join the United Nations Global Compact (UNGC), the world's largest voluntary corporate citizenship initiative. By doing so, we pledge to uphold the 10 UNGC Principles of human rights, labor, environment, and anti-corruption. We are also taking the lead in taking corporate social responsibility by appointing more female directors to enhance Board diversity. Furthermore, in 2022, we achieved and maintained the internationally accredited certification ISO 14001 for our environmental management system. In 2023, we obtained the international standard certification ISO 45001 for our occupational health and safety management system.
In the second half of 2023, we will strive to obtain new certifications in the areas of information security (ISO 27001) and anti-bribery (ISO 37001) to establish a global-level ESG management system.

**Third, we will strive relentlessly for the in-house ESG practices among our employees.**
Through the "Together for ESG" program in our monthly corporate events, SK Biopharmaceuticals encourages employee participation in socially responsible activities that can be practiced in daily life and regularly conducts ESG training programs to increase understanding and interest among our employees. Through one-on-one meetings between all employees and the CEO, we discuss and explore ESG initiatives that can be implemented at an individual level. As such, all of our employees, including the management, are actively participating in driving ESG initiatives across the entire organization.

SK Biopharmaceuticals aims to become a well-balanced "Big Biotech" at the global top level by accelerating the global expansion of new and innovative drugs that are FDA-approved and at the same time by securing advanced technologies through the acquisition of secondary commercial products and development platforms. In addition, we will continue to create a healthier life and sustainable future through the commitment of all employees to sustainable development.
We ask for your continuous support and encouragement

Thank you.

# Company Profile

## SK Biopharmaceuticals, a global innovative new drug developer, striving towards a well-balanced “Big Biotech”

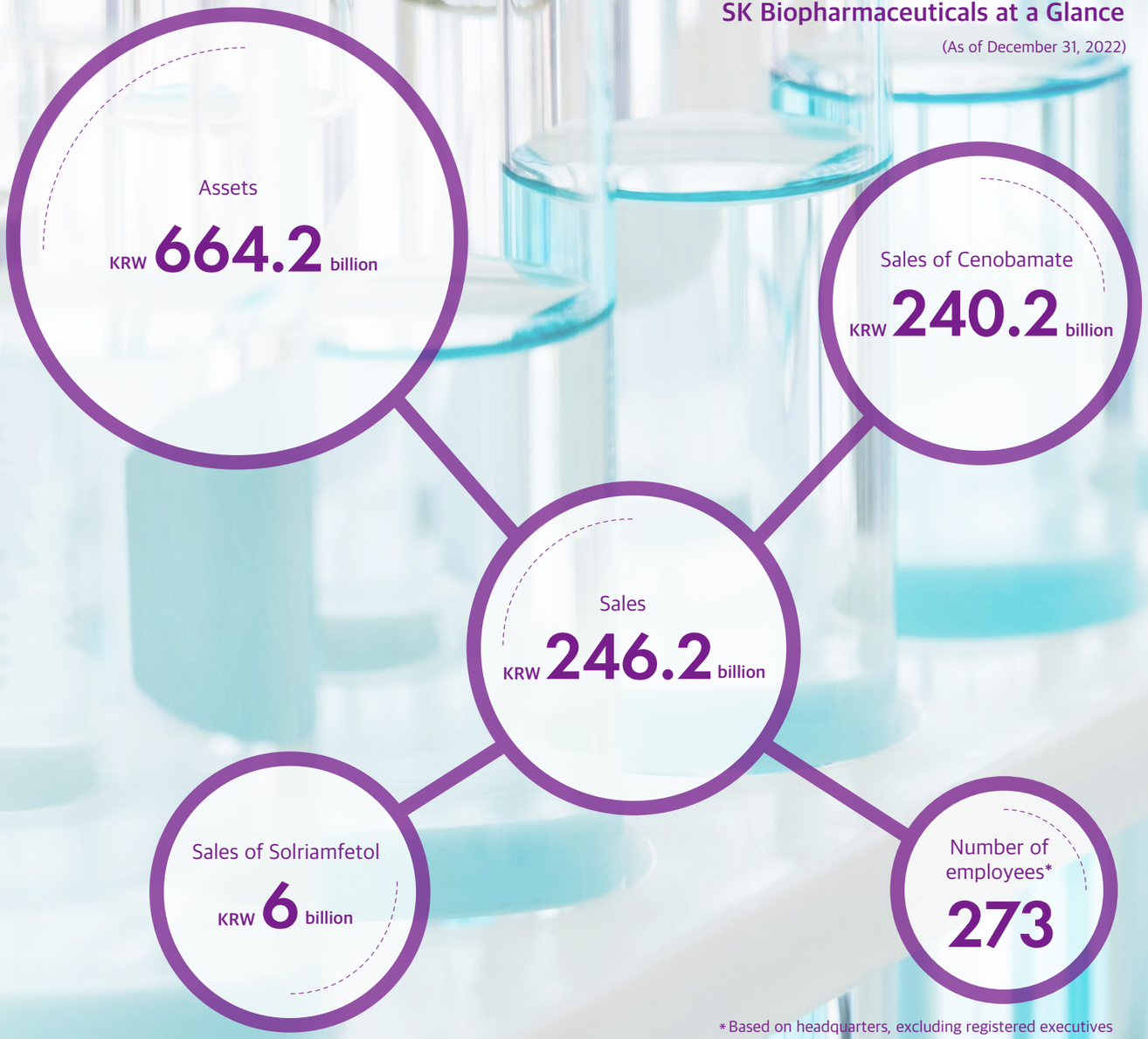
Over the past 20 years since 1993, SK Biopharmaceuticals has been dedicated to innovative drug research and development in the field of Central Nervous System (CNS) disorders. As a result, in 2019, we became the first company in South Korea to obtain U.S. Food and Drug Administration (FDA) approval for the sale of our anti-seizure medication, Cenobamate. We also have exported our product, namely Solriamfetol, and acquired FDA and European Medicines Agency (EMA) approval. SK Biopharmaceuticals endeavors to become a well-balanced “Big Biotech” and lead in developing innovative new drugs in the global market. Based on proven commercialization capabilities and stable cash inflows, we will expand our portfolio beyond neurological disorders to include areas such as oncology, Targeted Protein Degradation (TPD), Radiopharmaceutical Therapy (RPT), Cell and Gene Therapy (CGT), and Digital Therapeutics.

### Company Profile

| | |
|---|---|
| Company name | SK Biopharmaceuticals Co., Ltd. |
| Date of establishment | April 1, 2011 |
| CEO | Dong-Hoon Lee |
| Location of Head Office | 221, Pangyoyeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea |
| Subsidiaries | SK Life Science, Inc., SK Bio-Pharm Tech Co., Ltd. |

### SK Biopharmaceuticals at a Glance

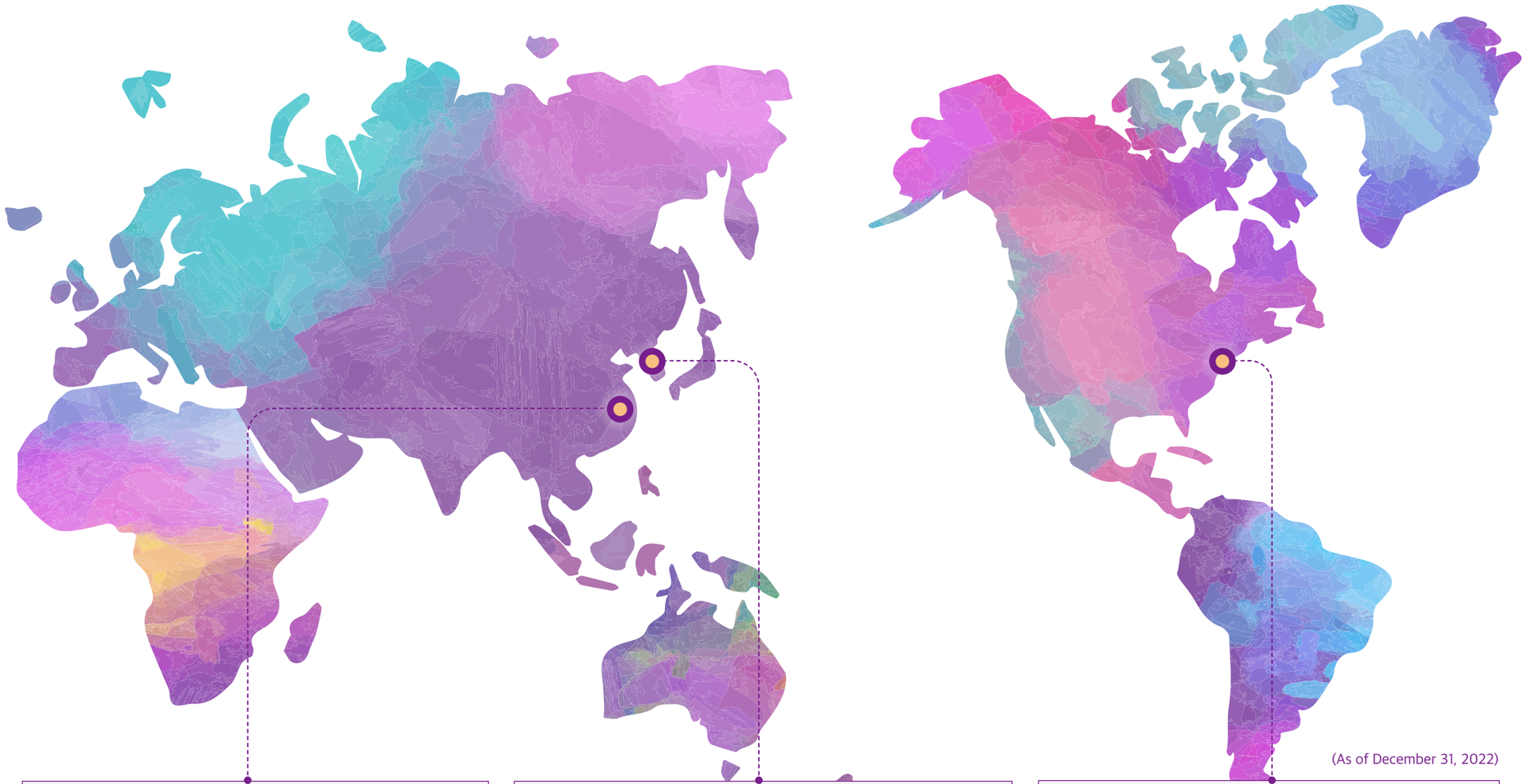
(As of December 31, 2022)




*Based on headquarters, excluding registered executives

## Global Network

SK Biopharmaceuticals is responsible for conducting foundational research, implementing global strategy, and engaging in business development for innovative pharmaceuticals as the Korean headquarters. Our U.S. subsidiary in New Jersey is dedicated to overseeing worldwide clinical trials and mobilizing direct marketing efforts within the U.S. Our subsidiary in Shanghai is also striving to secure opportunities for strategic alliances in the Asian market.



(As of December 31, 2022)

### SK Bio-Pharm Tech Co., Ltd.

Incorporated locally in Shanghai, China, SK Bio-Pharm Tech Co., Ltd. is engaged in securing business opportunities for the development of new drugs and acquiring relevant licenses.

**Address** Floor 61, SK Tower, 149 Youcheng Road, Pudong, Shanghai, China

**Tel** +86-21-6081-9100

### SK Biopharmaceuticals Co., Ltd.

As the headquarter, SK Biopharmaceuticals develops and executes company-wide strategies, stimulates businesses, identifies new drug candidates, and performs clinical development for the Asia region.

**Address** 8th Floor, Twosun Bldg., 221, Pangyoyeok-ro, Bundanggu, Seongnam-si, Gyeonggi-do, Republic of Korea

**Tel** +82-31-8093-0114

**Fax** +82-31-8093-0000

**Website** www.skbp.com

### SK Life Science, Inc.

Incorporated locally in New Jersey, U.S., SK Life Science Inc. performs global clinical development and direct marketing.

**Address** 461 From Road, 5th Floor, Paramus, NJ 07652, USA

**Tel** +1-201-421-3864

**Fax** +1-973-227-4488

**Website** www.sklifescienceinc.com

# R&D and Product Competitiveness

## SK Biopharmaceuticals will lead in developing global innovative new drugs

Technology innovation, securing value chain capabilities, and improving product competitiveness are important issues directly linked to the sustainable growth of pharmaceutical companies. SK Biopharmaceuticals has established capabilities spanning from the discovery of new drug candidates to clinical trials, pharmaceutical production, and sales. With a primary focus on the areas of Central Nervous System (CNS) and oncology, we are dedicated to advancing new drug development, fostering a sustainable expansion of our pipeline. Through these efforts, we aim to provide our customers with highly effective and safe pharmaceuticals, enhancing their quality of life and contributing to the general welfare of society. Our commitment lies in striving to improve well-being and promote a more sustainable future for all.

### Efforts in Developing Research Capabilities

SK Biopharmaceuticals is actively pursuing the development of new drugs in the fields of Central Nervous System (CNS) that involves neurological and psychiatric conditions, rare diseases, and anti-cancer. We are also making efforts in contributing to public health by introducing external pipelines through open Innovation, developing and launching more products.

### Open Innovation

SK Biopharmaceuticals is actively seeking for new pipeline expansion opportunities and growth momentum through open innovation activities, including collaborative research and development (R&D) with external partners and technology licensing. In 2022, we entered into joint R&D agreements with two domestic partners to introduce novel modalities and platform technologies. This collaboration not only allows us to share development costs, resulting in R&D cost savings, but also presents opportunities for increased revenue through profit-sharing upon successful development of innovative products. Through such R&D partnerships, SK Biopharmaceuticals aims to secure technologies and additional human resources that it may not possess in-house. Furthermore, we have pursued license-in agreements to bring in external pipelines that can create synergy with our own pipeline. This strategic approach has enabled us to secure a diverse range of candidates, including those in preclinical stages. By engaging in these technology licensing activities, we aim to minimize the risk of R&D failures, maximize revenue and enhance corporate value based on improved access to novel treatments and therapeutic technologies.

### Improvement of Research Capabilities through Digital Technology

For the purposes of minimizing the duration of drug development and improving success rates, SK Biopharmaceuticals is initiating drug design using Artificial Intelligence (AI). We possess a specialized compound library of over 30,000 compounds focused on the central nervous system and oncology fields. Leveraging this extensive library, we are continuously advancing our AI-based drug design platform to enhance the speed of discovering potential new drug candidates. Furthermore, we promote new drug development through the utilization of phenotype screening platforms while aiming to accurately predict the efficacy and side effects in clinical stages for various disease models and discover optimal new drug candidates. Based on this development, we are conducting research to rapidly screen and identify the mechanism of action and key biomarkers[1] using the integrated analysis of multi-omics data (genomics, transcriptomics, proteomics, metabolomics, and epigenomics, etc.) obtained during the process of new drug development.

1) A parameter that serves as an indicator of a particular physiological state using DNA, proteins, etc.

### R&D Fields

| | |
|---|---|
| Epilepsy | Sleep Disorder |
| Schizophrenia | Oncology |

### R&D Implementation System

The R&D organization of SK Biopharmaceuticals is largely classified into the Drug Research Division including the Drug Research Center and the Cancer Research Center, Drug Development Biz. Unit, and the R&D Innovation Department. As of December 2022, it has a total of 98 research personnel, consisting of 38 doctorate holders, 58 master's degree holders, and 2 bachelor's degree holders, engaged in professional R&D. SK Life Science is in charge of global clinical trials and consists of 4 teams under the Clinical Development Division, 3 teams under the Operation Office, and 3 teams under the direct control of the CEO. As of December 2022, SK Life Science has a total of 63 research personnel, including 22 doctorate holders, 26 master's degree holders, and 15 bachelor's degree holders.

### Research Capabilities

#### SKL CNS-focused Chemical Library

One of our competencies is the ability to design drugs that can penetrate the blood-brain barrier. Based on this capability, we develop candidate drug substances and possess a chemical library of diverse compounds targeting central nervous system disorders.

#### Drug Design Technology

SK Biopharmaceuticals developed its own "big data and artificial intelligence-based drug design platform" and "genomic analysis platform" to identify optimal drug candidates more efficiently through AI-based digital transformation throughout the research process, such as designing new compounds, predicting physical properties, efficacy, and toxicity; and making genome-based drug target discoveries and indication predictions.

#### Phenotypic Screening Platform

SK Biopharmaceuticals is focusing on target-centered research and development (R&D) of new drugs using a phenotype screening platform. In addition, we are proceeding with research that figures out the cause of the diseases and drug mechanisms, and selects the major biomarkers.. This is done by analyzing the data of multiple "omics."

#### Drug Process Development

SK Biopharmaceuticals possesses processing and management capabilities to supply raw materials and finished products through process development and optimal research appropriate for each stage from the initial development stages to the commercialization stage.

## R&D Pipeline


| Pipeline | Indication[1)] | Preclinical | Phase 1 | Phase 2 | Phase 3 | Launch |
|---|---|---|---|---|---|---|
| Cenobamate | Epilepsy – Partial Onset Seizures (U.S., Europe) | | | | | 2020(US)/2021(EU) |
| | Epilepsy – Partial Onset Seizures (Asia) | | | | | |
| | Epilepsy – Partial Onset Seizures (Pediatric patients) | | | | | |
| | Epilepsy – Primary Generalized Tonic-Clonic Seizure | | | | | |
| Solriamfetol | Sleep Disorders | | | | | 2019 |
| Carisbamate | Lennox-Gastaut Syndrome | | | | | |
| SKL24741 | Epilepsy | | | | | |
| SKL27969 | Advanced Solid Tumors (Selective inhibitor of PRMT-5) | | | | | |
| SKL20540 | Schizophrenia | | | | | |

1) Diseases or symptoms for which therapeutic effects are expected on account of medicines and surgeries

## Cenobamate

Cenobamate is an innovative new drug for epilepsy developed independently by SK Biopharmaceuticals for the first time in South Korea, demonstrating significant seizure-free rates in adult epilepsy patients. This pioneering drug has been acknowledged for its efficacy in treating partial-onset seizures in adults and earned NDA approval from the FDA in November 2019. Subsequently, in March 2021, it received marketing authorization from the European Commission, enabling its entry into the European market.

Cenobamate is currently undergoing multinational clinical trials in countries such as the United States, Australia, and Germany to expand its indications, including generalized tonic-clonic seizures[1] and to extend the age range of patients from adults to pediatric and adolescent populations. In South Korea, in March 2023, clinical phase 3 trials for adolescent aged equal and more than 12 years with primary generalized tonic-clonic seizures were initiated after receiving IND approval from the Ministry of Food and Drug Safety. We are addressing options for patients who have difficulty in taking tablet type medications, updating labels with clearer instructions to increase the use of Cenobamate, and endeavoring to enhance product competitiveness.

**Cenobamate**

**contributes to improving the quality of life for patients with refractory epilepsy.**


Cenobamate, under the product name XCOPRI®, has been launched in the U.S. market. After 31 months since its release, it has recorded a total of 17,563 prescriptions, which is approximately twice the average number of prescriptions compared to other new competitors in the antiepileptic drug market. In May 2023, Cenobamate achieved a significant milestone by exceeding a monthly total of 20,000 prescriptions.

In the European market, the product was launched under the brand name ONTOZRY® in June 2021 through our partner, Angelini Pharma. Starting in Germany, we expanded our presence to the five major markets in Europe, including the United Kingdom, Italy, Spain, and France, within a year and a half of its initial release. As of February 2023, ONTOZRY® is available in 17 European countries.

Furthermore, we are actively pursuing market entry into Japan and China through our partners, Ono Pharmaceutical and Ignis Therapeutics, respectively. Our collaboration with Eurofarma and Dexcel Pharma are propelling our expansion into 17 Latin American countries and Israel. Moreover, our strategic partnership with Endo is accelerating commercialization efforts in Canada.

### Solriamfetol

Solriamfetol is a drug that improves wakefulness in adult patients experiencing excessive daytime sleepiness due to sleep disorders and sleep apnea. Solriamfetol earned an FDA approval for the treatment in March 2019 and is currently being sold in the United States under the brand name SUNOSI™ through Axsome Therapeutics. In January 2020, it acquired marketing authorization from the European Commission, enabling its launch in Europe. In May 2021, it was approved by Canadian health authorities and started commercialization in Canada. In February 2023, Axsome Therapeutics, the company selling Solriamfetol, entered into an exclusive licensing agreement with Pharmanovia, aiming to expand its market presence to the European, Middle Eastern, and North African (MENA) regions.

1) A common seizure type observed during generalized seizures, which are a subtype of epilepsy. A patient shows sudden loss of consciousness, followed by respiratory distress, cyanosis, screaming, and stiffening of the entire body. During the seizure, the eyes may roll back, and the head may turn to one side, exhibiting the phenomenon of rigidity.

### Carisbamate

Carisbamate has demonstrated a broad spectrum of efficacy across various types of epilepsy, as revealed in preclinical animal studies, distinguishing it from other antiepileptic drugs. Its effectiveness has been confirmed in clinical trials for photosensitivity seizures, and we also confirmed its efficacy in secondary generalized seizures, which are highly associated with Lennox-Gastaut Syndrome (LGS), based on the analysis of epilepsy subtypes in refractory partial seizure clinical trials. Based on the existing safety data on partial seizures in epilepsy and the results of Phase 1b/2 clinical trials targeting patients with Lennox-Gastaut syndrome, we completed discussions for a New Drug Application (NDA) with the FDA in May 2021. In January 2022, we submitted the protocol for Phase 3 clinical trials to the FDA, and the Phase 3 trials have been ongoing since April.

### Cancer Treatment Field

The Cancer Research Center established in 2017 is working on the development of drugs for the treatment of cancer based on its drug research and development capabilities in the area of the central nervous system.Among the developing drugs, SKL27969, which aims to initiate a targeted therapy for advanced solid tumors, has started clinical phase 1/2 trials after receiving FDA approval. The Cancer Research Center is not only collaborating with other excellent research institutes both at home and abroad to accelerate the development of new anticancer drugs but also concentrating on developing anticancer drugs that can overcome the limitations of existing standard treatments.

### Development of Other New Drugs

The phase 1 clinical trial for SKL20540 has been completed in South Korea to develop a treatment for schizophrenia. SKL24741, our next drug for treating epilepsy, has completed administration in clinical trials and is currently in the stage of analyzing the results and preparing the final report.

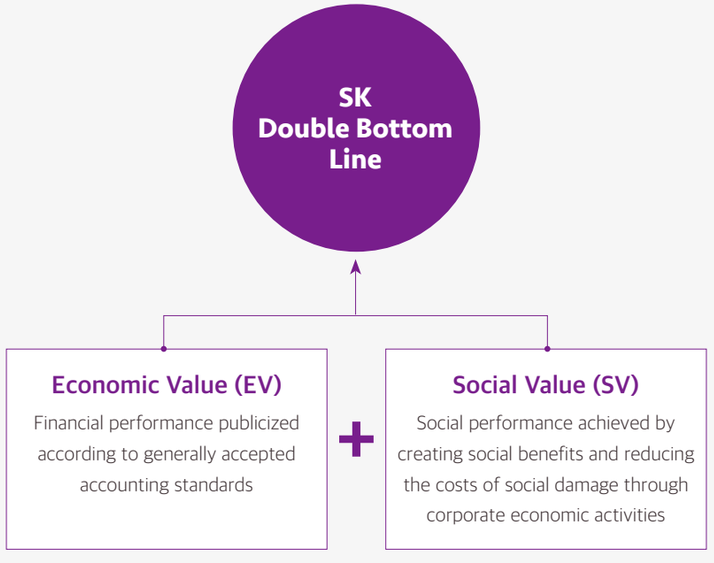
# Creating Social Value

SK Biopharmaceuticals measures its performance on social value creation based on SK Group's DBL management philosophy. The areas of measurement include indirect economic impacts from employment and tax, environmental performance including GHG emissions, water use, and waste, and social performance such as labor, shared growth, and social contribution activities. In 2022, SK Biopharmaceuticals generated a total of KRW 296.4 billion in social value (SV) from increased prescriptions of XCOPRI®.

## Introduction of SK DBL

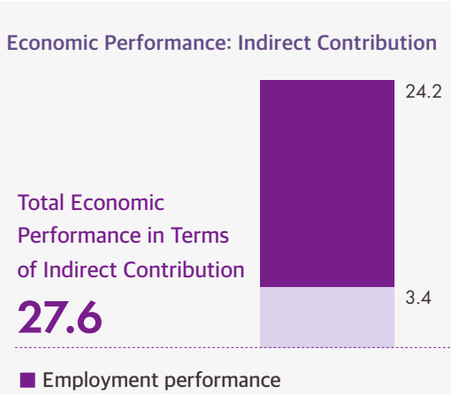
SK Biopharmaceuticals has adopted SK Group's Double Bottom Line (DBL) management philosophy and has been disclosing its Social Value (SV) measured in monetary terms since 2021. For an objective and accurate SV measurement, we manage performance data on our contributions to both economic value and solving social issues by adhering to the three principles of DBL measurement system aligned to our business environment.

### SK Group's DBL Management Philosophy

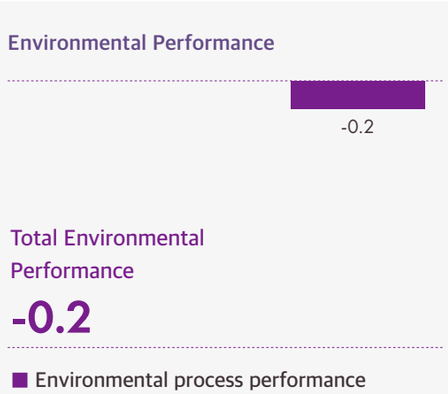



### Results of Social Value Measurement

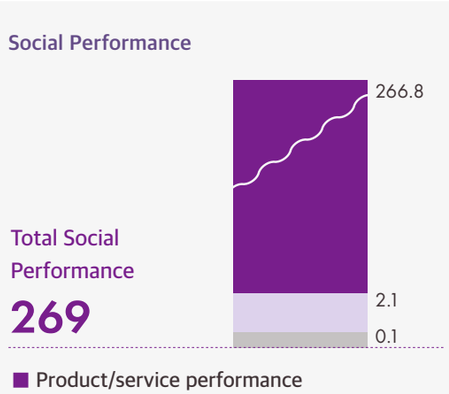
(Unit: KRW billion)




- **Employment performance**
  Performance through employment of employees and provision of salaries
- **Tax performance**
  Taxes paid to the tax authorities in business operating areas




- **Environmental process performance**
  Reduction of GHG emissions, waste, water use, etc., produced during the operation of the business




- **Product/service performance**
  Improvement of quality of lives for patients and caregivers after taking anti-seizure medication
- **Shared growth performance**
  Employing vulnerable populations, improving the quality of life for employees, ensuring employee safety and health, providing financial and technological support to business partners, and promoting fair trade practices
- **Social contribution performance**
  Social and financial assistance to vulnerable populations, distributing benefits of the Happy Narae program, and employee volunteer work

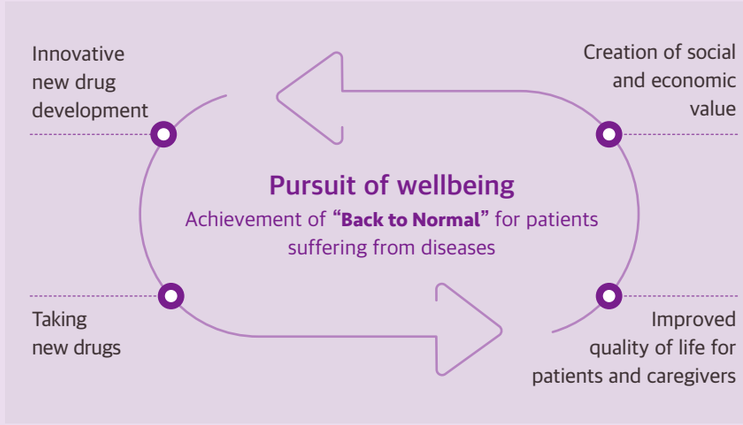
**Total SV created** — KRW **296.4** billion

# SK Biopharmaceuticals Social Story

As a global pharmaceutical company responsible for the wellbeing of our planet, we hope for the welfare of all stakeholders by fulfilling our role in the society.

SK Biopharmaceuticals realizes **"Back to Normal"** for patients with epilepsy and their caregivers by supplying innovative new drugs. Through our advanced therapeutics, we create social value by improving the quality of life of patients who suffer from disease and their caregivers.

### The Virtuous Cycle of SK Biopharmaceuticals




## Challenges in the Daily Lives of Epilepsy Patients

The number of epilepsy patients worldwide is estimated at about 65 million, which is 0.5% to 1% of the total world population.[1] Epilepsy is a condition that occurs repeatedly through a complex outbreak process with various causes, and patients with epilepsy have difficulty in their daily lives suffering from seizures due to the nature of the disease. Patients carry economic and psychological burdens that arise from the long period of prevalence and need for intensive care and are ultimately deprived of otherwise normal day-to-day activities due to social prejudice and the stigma against seizures.[2] It is also a disease that is in urgent need of treatment due to the risk of accidents and other complications such as falls, drowning, driving accidents, depression, anxiety, and Sudden Unexpected Death in Epilepsy (SUDEP).[3]

The difficulties experienced by epilepsy patients cause the following social and economic problems.[4]

Compared to the general population, epilepsy patients are more likely to suffer from:

| Restricted employment opportunities | Deprived educational opportunities | Difficulty in social interactions |
|---|---|---|
| **x3** | **x2** | **x2** |

They are also more likely to encounter life-threatening situations due to epilepsy.


## Improved Lives of Patients and Caregivers Through XCOPRI®

Based on the results of clinical trials conducted in 2019, at the time of FDA approval in the U.S, participants who took our anti-seizure medication showed a decreased incidence of partial-onset seizures.[5] The life of patients and caregivers can be improved by taking this effective medication for epilepsy.

### Letter From a Caregiver of an Epilepsy Patient

I am a father of a daughter with epilepsy.
My daughter has been suffering from drug-resistant epilepsy (DRE)[6] for the past 11 years. During this time, we have tried everything to control her seizures but without much success. Now, she has been seizure-free for three months, and I cannot express how much relief and happiness this remarkable change has brought to our entire family.
I want to share this joy with other epilepsy patients and their caregivers. I hope that just like our family's life has changed, the lives of other families can also be full of joy.

1) World Health Organization. Epilepsy Fact Sheet. Accessed on June 28, 2023.
2) Allers K, et al. BMC Neurol. 2015; 15:245.
3) Epilepsy Foundation. Facts about Seizures and Epilepsy. Accessed on May 3, 2023.
4) SK Life Science. The STEP(Seize the Truth About Epilepsy Perceptions) Survey. 2019.
5) FDA approves new treatment for adults with partial-onset seizures. FDA. 2019.
6) A condition where a sustained seizure-free state cannot be achieved despite the use of two or more appropriate antiepileptic drugs at sufficient doses.

## Creating Social Value Through the Development and Sales of Anti-seizure Medication

SK Biopharmaceuticals has contributed to resolving various issues faced by epilepsy patients and their caregivers through the development and sales of anti-seizure medication, generating a social value of 199.1 million USD in 2022.

Anti-seizure medication prescription

Improved health of prescribed patients

Reduced medical costs

Enhanced productivity and daily lives of patients and their caregivers

| Creation of social value through the development and sales of anti-seizure medication | Improving the quality of life of patients and caregivers | | 2022 Performance[1] |
|---|---|---|---|
| | Reduction in healthcare costs[2] | Reducing medical expenses related to other healthcare costs (Epilepsy patients spend 52% more on healthcare than the general population) | 37.1M USD |
| | Increased patient productivity[3] | Contributing to epilepsy patients' economic activities and their active participation as members of society in the job market discriminative of physical illness | 46.5M USD |
| | Increased caregiver productivity[4] | Improving salary levels and reducing the time and energy required by caregivers whose quality of employment and labor had been deprived relative to the general population | 82.6M USD |
| | Improvement of the patients' living standards[5] | Reducing the time and energy consumed by seizures and alleviating restrictions on daily activities (exercise, participation in groups, etc.) of patients compared to the general population | 11.3M USD |
| | Improvement of caregivers' living standards[6] | Reducing the time and energy required for care and alleviating restrictions on daily activities (exercise, participation in gatherings, etc.) of caregivers compared to general population | 21.6M USD |

Social Value Created by XCOPRI® in 2022 in the U.S.

**199.1M USD**

## SK Biopharmaceuticals gives hope to epilepsy patients through the S.T.E.P.S Toward Zero campaign.

SK Life Science conducts the S.T.E.P.S. (Seizure activity, Treatments, Emotional impact, Personal goals, and Safety) Toward Zero campaign to foster a community of epilepsy patients and effectively give hope for seizure freedom. Patients and their families voluntarily participate in inspiring and encouraging others, instilling hope to not be disheartened by the disease and create new meaning in life. We also promote active exchange of healthcare information, including a seizure diary, effective communication with healthcare professionals, and foster a supportive environment to bring patients closer to the goal of full recovery from the disease.

### Stories of Participants of the S.T.E.P.S Toward Zero Campaign

Raising awareness about epilepsy is of the utmost importance. In that regard, I wholeheartedly support the S.T.E.P.S Toward Zero movement as it instills hope and courage for full recovery from epilepsy.

I believe that having open and honest conversations with healthcare professionals is crucial. Don't be afraid to clearly share your conditions with doctors and ask questions.

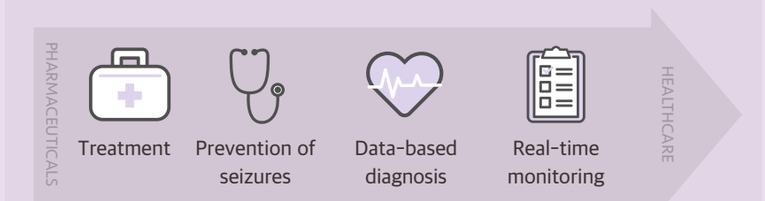
Never forget that the most important thing is your own health. There is no such thing as excessive questioning, excessive clinical trials, or excessive research when it comes to taking care of your health. Utilize all necessary resources to fight against the disease.

1) Based on 1USD=1,340. The figures were calculated based on the clinical usefulness and sales performance of SK Biopharmaceuticals anti-seizure medication identified through clinical trials and may vary depending on the medication. 2) Cramer JA, et al. Healthcare utilization and costs in adults with stable and uncontrolled epilepsy. Epilepsy Behav. 2013.
3) GNI (World Bank) 'Epilepsy and Seizure' academic material 4) GNI (World Bank) and U.S. Department of Labor, 'Epilepsy and Seizure' academic material 5) U.S. Department of Labor, 'Epilepsy and Seizure' academic material 6) U.S. Department of Labor, 'Epilepsy and Seizure' academic material

SK Biopharmaceuticals goes beyond the treatment-centered approach to a proactive care model for the entire patient journey based on preventive data management.

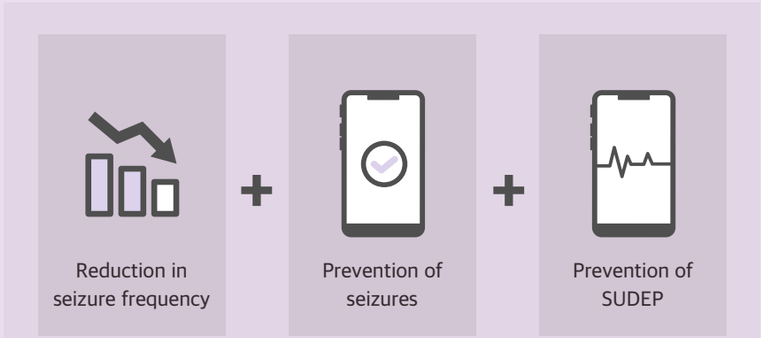
## Development of Digital Healthcare Wearable Devices

The foremost measure to prevent seizures in patients with epilepsy is early prevention through proactive alert systems. SK Life Science contributes to the patients' return to everyday life through not only innovative drug development but also the integration of digital technologies.




Epilepsy is manifested by the occurrence of excessive electrical activity in certain brain cells for a short period of time, and if epilepsy seizure persists, it can lead to impairment of brain function or even death. Therefore, patients with epilepsy and their families inevitably face restrictions in their daily lives due to unpredictable seizures. Against this backdrop, SK Life Science has developed digital therapeutic devices, which can be used in conjunction with our global treatment, XCOPRI®, provide functions including symptom manifestation prevention, AIbased diagnosis, and real-time monitoring, enabling more patients to achieve seizure freedom.

Project ZERO™ is composed of a mixture of wearable devices, AI, and mobile applications, going beyond the limitations of existing digital therapeutics confined to mobile applications. The wearable device measures various multi bio-signals related to epilepsy seizures, such as brainwaves, heart rate variability, and physical movements then transmits data to the patient's smartphone. The transmitted bio-signal data is classified into inter-ictal, pre-ictal and ictal signals using artificial intelligence. The results are delivered in real time to patient and their caregivers through an alarm function.




The mobile application of Project ZERO collects data on various elements known to affect seizures, including medication records, sleep, weather, and menstruation, and supports communication between patients and experts. The collected data can serve as Real World Data for therapeutic drugs, filling the evidence gap that cannot be confirmed in clinical trials and also it can be used to verify the safety and efficacy of medications and serve as foundational information for personalized clinical treatment and the development of new drugs.

## External Awards

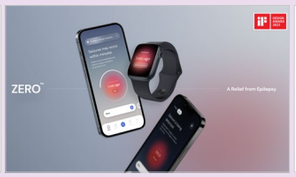
The wearable devices 'Zero Glasses' and 'Zero Wired' received the Innovation Award at CES 2023, the world's largest IT technology exhibition, for the first time in the domestic pharmaceutical industry.

The mobile app 'Zero App' for wearable devices received the Winner Award in Service Design (Healthcare and Wellness) category at the International Forum Design Award 2023.

The wearable devices 'Zero Wired' and 'Zero Earbuds' received Winner Award in the Healthcare category at the prestigious design competition, Red Dot Design Award 2023.

## Project Zero™ Devices and Applications


Zero Wired™



Zero App™


Zero Glasses™

# Sustainable Business Strategy and System

## Sustainable Business Strategy

SK Biopharmaceuticals has selected five key areas for sustainable management to be carried out until 2023. We also identified key objectives to achieve in each strategic area. In the future, we will lay the foundations for maximizing corporate value with a growth story of ESG management and share the related outcomes transparently with our stakeholders.

### Sustainability Focus Areas

| Creating Healthcare Value | Sustainable Partnerships | Employee Competence and Satisfaction | Transparent and Ethical Management | Minimizing Environmental Impacts |
|---|---|---|---|---|

### Stakeholders

| Customers | Business Partners | Employees | Employees, Shareholders, Investors, and Subsidiaries | Local Communities |
|---|---|---|---|---|

### Approaches

| | | | | |
|---|---|---|---|---|
| • Maximizing social values by strengthening technological capabilities and business competitiveness<br>• Establishing a global leadership position in the field of Central Nervous System treatment | • Consolidating business competitiveness by refining the process of managing ESG risks including quality and safety | • Preparing the basis to maximize corporate values by talent attraction, retention, and development in the pharmaceutical industry where the dependency on outstanding human resources is high | • Minimizing corruption and compliance risks and enhancing reliability in the capital market through transparent communication with stakeholders | • Securing sustainability of the business by minimizing environmental impacts |

As a global pharmaceutical company responsible for the wellbeing of our planet, we hope for the welfare of all stakeholders by fulfilling our role in the society.

## Sustainable Governance

SK Biopharmaceuticals has established an ESG/Strategic Committee within the Board of Directors to identify significant ESG issues and discuss plans and directions to address them. The CEO has been appointed to be the Chief ESG Officer responsible for overall ESG management. Under the CEO's leadership, we established an ESG Office, which serves as a direct ESG consultation body, to strengthen the internal ESG management system. The ESG Office performs functions related to ESG strategy tasks, information disclosure, ESG data and performance management, and response to external evaluation under the leadership of the Biz/ESG Support Team within the Corporate Culture & HR Department.

## Strengthening ESG-based Decision-Making Frameworks

SK Biopharmaceuticals internalized ESG in its business decisions, integrating ESG elements to the KPIs set for all executives to maximize sustainable corporate value. The 2022 KPIs for the CEO and management team of SK Biopharmaceuticals were composed of financial and strategic tasks (90%) and ESG-related tasks (10%). The Nomination and Compensation Committee and Board of Directors of SK Biopharmaceuticals evaluated the achievement of CEO and management team targets in improving carbon emissions and key ESG indicators. The evaluation results were reflected in the 2022 performance-based incentives for the CEO and the management.

### Management KPIs

| Category | Tasks | Proportion (%) |
|---|---|---|
| Financial Strategy | Financial performance and Financial Story | 90 |
| ESG | Net-Zero | 10 |
| | Improvement in ESG key metrics and targets | |
| | Implementation of happy management | |
| | Implementation of ethical management | |

### Sustainable Management System


## Efforts to Internalize ESG Among Employees

To internalize ESG management, SK Biopharmaceuticals holds monthly town hall meetings called "Empathy-ing" led by the CEO, where we share ESG issues related to SK Biopharmaceuticals and provide various ESG training videos to enhance the ESG awareness of all employees. In addition, through the "Together ESG" program, the company introduces social value (SV) programs such as community plogging activities and water conservation campaigns, encouraging employees to directly participate in ESG practices. We also expanded communication channels for resolving and discussing ESG issues across departments and conducted quarterly ESG seminars led by the ESG Office to continuously strengthen ESG management.

## Enhancing ESG Management in Subsidiaries

SK Biopharmaceuticals has set the goal of establishing an ESG management system in its subsidiary, SK Life Science, in order to realize and improve ESG management and performance. Both SK Biopharmaceuticals and SK Life Science disclose ESG information and jointly work towards achieving the objectives set for enhancing the level of ESG management within the subsidiary. These objectives include establishing an ESG framework, formulating and implementing internal ESG policies, and further refining them. SK Biopharmaceuticals will also work together with SK Life Science to expand the disclosure of ESG information and enhance overall ESG performance.

ESG Policy for Subsidiaries

### Goals and Achievements in ESG-Based Tasks

| Tasks | Goals and Achievements |
|---|---|
| Net-Zero | Attain GHG emissions reduction targets |
| **Improvement in key ESG metrics and targets** | Improve ESG key metrics and attain targets (Managing a total of 41 ESG quantitative/qualitative metrics) |
| Implementation of happy management | Accomplish Culture Survey goals |
| Implementation of ethical management | Accomplish ethical management goals |

| ESG Key Metrics |
|---|
| **Environment (E):** 15 indicators including total waste generation (intensity) |
| **Social (S):** 14 indicators including prevention of product/service accidents and quality management, support for shared growth with business partners |
| **Governance (G):** 11 indicators including anti-corruption training for employees, understanding stakeholders' ESG needs |
| **Industry-specific:** Disclosure of industry-specific indicators |

## Sustainability Focus Areas

### Creating Healthcare Value

Providing safe and reliable pharmaceuticals and adhering to the principles that must be followed in the research process is the starting point for creating healthcare value. Based on this, we strive to spread healthcare value so that more people can lead healthy lives.

**MATERIAL TOPIC**

- Access to healthcare
- Responsible R&D
- Product safety and quality improvement

Refer to 24-25pg for details

### Sustainable Partnerships

We support the sustainability of partners in our value chain, from the development and manufacturing to the sale of innovative drugs, and contribute to expanding the ESG ecosystem.

**MATERIAL TOPIC**

- Partners' ESG management

Refer to 26-27pg for details

### Employee Competence and Satisfaction

We make efforts to secure and nurture talents with specialized knowledge and creativity required in the development of innovative drugs, and create a satisfying working environment for our employees.

**MATERIAL TOPIC**

- Human resource management

Refer to 28-29pg for details

### Transparent and Ethical Management

As a pharmaceutical company dealing with human lives, we respect fundamental values and ensure trust and confidence from stakeholders by complying with various regulations required by authorities.

**MATERIAL TOPIC**

- Business ethics and compliance

Refer to 30-31pg for details

### Minimizing Environmental Impacts

We contribute to a sustainable and healthy life for future generations through climate change adaptation and systematic management of hazardous substances throughout our business activities.

**MATERIAL TOPIC**

- Response to climate change
- Hazardous substances and waste management

Refer to 32-33pg for details

## Goals and Performances

IN PROGRESS COMPLETE

| Key Areas | Goals | 2022 Achievements | Progress | 2023 Plans | Reporting Pages | UN SDGs |
|---|---|---|---|---|---|---|
| **Creating Healthcare Value** | Create social value through new drugs | • Implemented Patient Assistance Program[1] to increase product accessibility | COMPLETE | • Continuously run the Patient Assistance Program[1] to increase product accessibility<br>• Strengthen product pipeline and stimulate performance | 8, 44 | **3.8** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all |
| | More than double the number of launch countries compared to 2020 | • Launched products in a total of 17 European markets (12 countries in 2022)<br>• Exported technology to Israel (May 2022)<br>• Exported technology to 17 countries in Central and South America (July 2022) | IN PROGRESS | • Enter the Canadian market<br>• Enter the Middle East and North Africa markets<br>• Review plans to enter emerging markets to improve healthcare accessibility | 43 | |
| | Achieve zero product quality and safety related incidents | • Achieved Zero product safety incidents (recalls or violations regarding product safety)<br>• Fully complied with the regulations for timely reporting of drug safety (Zero violations) | COMPLETE | • Maintain Zero product safety-related incidents (recalls or violations regarding product safety)<br>• Establish and disclose a mid- to long-term roadmap for the advanced digitalization of Quality Management System (QMS)<br>• Conduct internal assessments on safety information collected through pharmacovigilance activities<br>• Aim to sustain Zero violations and timely reporting in accordance with regulations of pertaining countries | 47 | |
| **Sustainable Partnerships** | Obtain signatures from 100% of business partners regarding the Partners' ESG Guidelines | • Established and distributed the Partners' ESG Guidelines | IN PROGRESS | • Obtain signatures from 100% of business partners regarding the Partners' ESG Guidelines | 55 | **17.16** Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries |
| | Achieving 100% in Major Partners' ESG Risk Assessment | • Established partners' ESG management areas<br>• Participated as a member of the PSCI Audit Committee | IN PROGRESS | • Promote 100% PSCI Audit for major partners | 55-56 | |
| | | • Established the ESG assessment management system for the supply chain<br>• Conducted supply chain assessment targeting key suppliers<br>• Conducted ESG assessment when selecting new suppliers | IN PROGRESS | • Disclose the proportion of "high-risk" suppliers as a result of ESG assessments | 55-56 | |
| **Employee Competence and Satisfaction** | Strengthen recruitment and retention programs to secure talented individuals | • Established collaborative relationships with graduate research labs for attracting specialized talents in the field of central nervous system and cancer treatment<br>• Obtained certification as a Great Place to Work® (GPTW) | IN PROGRESS | • Implement internship programs to expand the talent pipeline in key business areas such as central nervous system and oncology<br>• Expand support for degree and certification programs<br>• Sponsor and participate in the KASBP Pharmaceutical/Biotech Symposium in the United States and hosting job fairs for recruiting outstanding talents<br>• Conduct on-site Advanced Pharmacy Practice Experiences at SK Life Science<br>• Implement a Medical Doctor career development program (preceptorship) to expand the talent pipeline | 48-49, 52 | **4.4** By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university |
| | Provide job expertise training programs for employees | • Supported learning through the specialized training platform mySUNI<br>• Supported overseas training and customized education programs aligned with job competencies | IN PROGRESS | • Establish support for attending domestic and international seminars and conferences, as well as exchange programs with overseas branches<br>• Diversify training programs through collaboration and partnerships with external educational institutions | 49 | |

1) Program to provide free XCOPRI® products for low-income customers who are not covered by health insurance in the U.S.

IN PROGRESS COMPLETE

| Key Areas | Goals | 2022 Achievements | Progress | 2023 Plans | Reporting Pages | UN SDGs |
|---|---|---|---|---|---|---|
| **Transparent and Ethical Management** | Attain 100% completion rate of anti-corruption and ethical training for employees | • Conducted online ethics management training and ethics practice workshops for all employees at least once a year (Training completed by all employees)<br>• Sent Compliance letter related to anti-corruption and ethics to all employees | ✓ | • Conduct online ethics management training and ethics practice workshops for all employees at least once a year<br>• Regularly send Compliance Letters to all employees regarding anti-corruption and ethical practices<br>• Obtain ISO 37001 certification | 71 | **16.5** Substantially reduce corruption and bribery in all their forms |
| | Enhance audit systems and compliance driven by the Board of Directors | • Reported annual audit plan and annual interim and final audit results to Audit Committee<br>• Reported to the board of directors on the status of compliance control standards in 2021 | ✓ | • Report the ethics management system to Audit Committee<br>• Report the annual audit plan and interim/final audit results to Audit Committee<br>• Report to the board of directors on the status of compliance control standards in 2022 | 70 | |
| | Establish an anti-corruption and compliance system for subsidiaries and business partners | • Conducted ethics management surveys among business partners<br>• Established Partner Code of Ethics | ✓ | • Perform ethics management support activities for business partners, such as ethics training and sending Compliance Letters<br>• Support the establishment of ethics management systems in subsidiaries<br>• Promote regular inspection activities through internal inspection system | 70 | |
| **Minimizing Environmental Impacts** | Achieve Net-Zero in GHG emissions by 2040 | • Converted 20% of the total leased vehicles to eco-friendly cars to reduce Scope 1 GHG emissions<br>• Procured 950MWh of electricity from renewable energy sources through a Green Pricing (Reduction of 436t$CO_2$eq in Scope 2 emissions)<br>• Set mid- to long-term goals for carbon neutrality and developed short-term implementation plans | ↻ | • Accomplish a 50% reduction in Scope 2 emissions<br>• Enhance the methodology for calculating Scope 3 emissions, set emissions reduction targets, and conduct third-party verification<br>• Establish a roadmap for reducing GHG emissions at SK Life Science<br>• Promote the replacement of company leased vehicles with electric cars | 37, 76 | **13.2** Integrate climate change measures into national policies, strategies, and planning |
| | Reduce the generation of hazardous substances by 1% annually until 2025 | • Achieved a reduction of approximately 10% in waste generation compared to the target for 2022 (Target: 46.3 tons, Results: 41.8 tons) | ✓ | • Set a target of 41.4 tons for waste generation in 2023, (Reduction of approximately 1% compared to 2022) | 39-40, 77 | **12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse |

# Materiality Assessment

The materiality assessment is a critical process in identifying and selecting priority ESG issues that significantly impact the company's sustainability. SK Biopharmaceuticals has incorporated the concept of Impact Materiality from the Global Reporting Initiative (GRI) guidelines to evaluate its environmental and social impacts. We conducted surveys targeting employees, business partners, customers, and shareholders/ investors to reflect stakeholder impact. In accordance with the revised Global Reporting Initiative (GRI) Reporting Principles, which will be implemented from 2023, SK Biopharmaceuticals has designed a four-step materiality assessment process and identified key management issues with significant impact on the environment and society.

STEP

### 1 Identifying issues

- Derive an ESG issue pool by reflecting stakeholder(employees, business partners, customers, and shareholders/investors) survey results, pharmaceuticals sector-specific ESG disclosure criteria, both domestic and international ESG rating agency requirements, media coverage, and industry reports

### 2 Identifying key impacts by issue

- Identify key impacts by conducting assessments of environmental and social impacts for each ESG issue
- Review policy and legal analysis, shareholder and investor suggestions, media analysis, ESG/Strategic Committee agenda, global initiatives, mega trends, and other stakeholder communication channels to identify significant impacts

### 3 Evaluating environmental and social impact levels

- Carry out external and internal expert assessments of identified impacts
- Assess the significance of impacts based on four criteria (scale, scope, irremediable character, and likelihood of an impact)
- Identify key issues with high impact on the environment and society

### 4 Managing and reviewing material issues

- Board of Directors and the management review the materiality assessment results and consider material issues in the decision-making process of management activities

#### 1 Scale

Evaluate the impact level of an issue based on how grave the impact is.

#### 2 Scope

Evaluate the impact based on how widespread the impact is.

#### 3 Irremediable character

Evaluate the impact based on how hard it is to counteract or make good the resulting harm.

#### 4 Likelihood

Evaluate the impact based on the chance of the impact happening.

## Materiality Assessment Results

According to SK Biopharmaceuticals 2022 materiality assessment, environmental and social impacts linked to a total of eight issues across ESG domains (2 in environmental, 5 in social, and 1 in governance) were selected as top material impacts. As a result, compared to the previous year's material issues, "Hazardous substances and waste management" and "Partners' ESG management" have been selected as new material issues.

●●● High, ●●○ Medium, ●○○ Low ⊕ Positive impact ⊖ Negative impact

| Category | Material Issues | Key impacts | Features | Environmental/Social impact level* |
|---|---|---|---|---|
| Society | Product safety and quality improvement | • Contribute to patient health improvement and cost reduction in healthcare through the provision of proven effective and safe products.<br>• Potential negative impact in case of non-compliance with product quality and safety regulations, leading to unexpected quality incidents that may harm customer health. | ⊕ Actual<br>⊖ Potential | ●●● |
| Society | Responsible R&D | • Contribute to reducing the potential harm to subjects in experiments by complying with global ethical regulations for experimentation and fostering an ethical culture in the research and development industry. | ⊕ Actual | ●●● |
| Society | Access to healthcare | • Strengthen healthcare accessibility by expanding the supply medicines in medically underserved areas. | ⊕ Actual | ●●○ |
| Society | Human resource management | • Enhance employment market stability through reduced new hiring and job turnover rates, while providing self-realization opportunities to employees through the acquisition of knowledge and skills. | ⊕ Actual | ●●○ |
| Society | ESG management of business partners | • Potential occurrence of environmental and social negative impacts if preemptive risk management of ESG risks from business partners fails in the supply chain. | ⊖ Potential | ●●○ |
| Governance | Business ethics and compliance | • Damage to stakeholder trust and hinderance to fostering a healthy market order as a result of corporate ethical violations. | ⊖ Potential | ●●○ |
| Environment | Response to climate change | • Expand eco-friendly business opportunities through risk mitigation in transitioning to low-carbon business. | ⊕ Actual | ●●○ |
| Environment | Hazardous substances and waste management | • Potential negative impacts such as chemical accidents, environmental incidents, and occupational diseases due to inadequate hazardous substances management. | ⊖ Potential | ●●○ |

## Material Issue Management System

Stakeholders' expectations for sustainable management are rapidly changing in line with global trends, and the level of their expectations is also increasing. To address this situation, SK Biopharmaceuticals has identified the company's impact on the environment and society and derived relevant risk and opportunity factors to integrate them into its sustainability strategy. We transparently disclose our management system for addressing material issues aligned with the focus areas of the company's sustainable management, utilizing the sustainability disclosure framework of the International Sustainability Standards Board (ISSB)[1].

### Key Issue Management System Based on ISSB Disclosure Framework

| Sustainable Management Focus Areas and Key Issues | 1 GOVERNANCE: Governance, processes, controls, and procedures used by companies to monitor and manage sustainability-related risks and opportunities. | 2 STRATEGY: Approaches to address sustainability-related risks and opportunities that may impact the company's strategy in the short and long term. | 3 RISK MANAGEMENT: Processes to identify, assess, and manage sustainability-related risks within the company. | 4 METRICS & TARGETS: Information used to evaluate, manage, and monitor performance related to sustainability risks and opportunities. |
|---|---|---|---|---|
| Creating Healthcare Value | • Access to healthcare: Establish strategies to enhance access to healthcare.<br>• Responsible R&D: Systems and activities to comply with ethical principles such as safety, objectivity, and integrity throughout the research and development process.<br>• Product safety and quality improvement: Activities to improve product safety and ensure consistent quality throughout the pharmaceutical process. | | | |
| Sustainable Partnerships | • ESG management of business partners: Activities such as developing Code of Conduct for business partners, conducting risk assessments and audits, monitoring improvement progress, and implementing ESG collaboration programs to enhance the ESG performance of business partners. | | | |
| Employee Competence and Satisfaction | • Human resource management: Establish strategies to recruit and retain professionals, including R&D personnel, and implement effective training programs to foster exceptional talent. | | | |
| Transparent and Ethical Management | • Business ethics and compliance: Manage business ethically through compliance with Code of Ethics and relevant laws and regulations, and ensure transparent information disclosure to gain stakeholder trust. | | | |
| Minimizing Environmental Impacts | • Response to climate change: Establish strategies, goals, and response systems based on climate change-related risk analysis.<br>• Hazardous substances and waste management: Establish systems to manage waste generated in business activities and hazardous substances throughout their lifecycle, from development to use and disposal while ensuring compliance with regulations. | | | |

1) Based on the publicly available draft as of June 2023

MATERIAL TOPIC 1

# Creating Healthcare Value

The COVID-19 pandemic exacerbated global supply chain risks while highlighting inequalities in healthcare systems across countries and regions. Therefore, stakeholders' interest in the social value of the healthcare industry has increased alongside its economic value. Global pharmaceutical companies, including SK Biopharmaceuticals, recognize that they can positively transform the well-being of all individuals by developing innovative drugs to treat diseases that impact patients' lives. By introducing responsible pricing policies that take into consideration different economic levels among countries, we can improve accessibility to medications.
Furthermore, by conducting ongoing research on priority diseases[1] in developing countries and supporting efforts to strengthen healthcare systems, the healthcare industry can achieve the ultimate goal of pursuing healthy lives for everyone. SK Biopharmaceuticals contributes to enhancing patient health and reducing medical costs through the provision of proven effective and safe medications.
To this end, we focus on the central nervous system and cancer treatment fields to develop innovative new drugs for the treatment of chronic diseases, thereby improving the quality of life for their customers. To ensure a healthy future for all, we manage pricing policies that reasonably determine the prices of medications, delivering new value to customers and healthcare professionals.

1) Priority diseases defined by the Access to Medicine Index (ATMI)

## Governance

### Healthcare Accessibility Governance

ESG/Strategic Committee under the Board of Directors takes responsibility for making decisions in improving access to healthcare. The ESG/Strategic Committee and the ESG Office have established a collaborative system with relevant departments to manage healthcare accessibility issues. They set the strategic direction for long-term healthcare value creation and develop a company-wide implementation plan to enhance healthcare accessibility.

### Quality Management Governance

SK Biopharmaceuticals' Quality Assurance department established the Quality Metrics to prevent product and service safety-related incidents and strengthen product quality management, and the department conducts periodic evaluations and monitoring on Contract Manufacturing Organizations (CMOs) that manufacture SK Biopharmaceutical's products. C-Level reporting is carried out as a quarterly management review for the monitoring results including overall quality management system performance.

## Strategy

### Healthcare Accessibility Policy

SK Biopharmaceuticals adopts a value-based pricing approach when determining the price of its products. By setting prices based on the economic and social value of medicines provided to patients, medical professionals and other stakeholders, we stive to establish reasonable drug prices. Through this approach, we pursue the improvement of patients' quality of life and enhancement of accessibility to medications while striving to incorporate cost savings from the perspective of insurers and healthcare systems in drug prices.

Healthcare Accessibility Policy

### Research Ethics Regulations

SK Biopharmaceuticals has established and complies with the "SK Biopharmaceuticals IACUC Operating Regulations" to promote the protection and ethical treatment of research animals. We have established an Institutional Animal Care and Use Committee (IACUC) to comply with legal requirements and other necessary guidelines for IACUC.

Research Ethics Regulations

### Quality Management Policy

SK Biopharmaceuticals and SK Life Science continue to manage the safety and efficacy of products, complying with each country's regulations, that are related directly to the improvement of customer's health and quality of life. For thorough quality management, we manufacture products in accordance with current Good Manufacturing Practice (cGMP) guidelines through Contract Manufacturing Organizations (CMO) that comply with advanced regulations such as the Korean Ministry of Food and Drug Safety (MFDS), U.S. Food and Drug Administration (FDA), and European Medicines Agency (EMA).

Product Safety Management Policy

Quality Management Policy

## Risk Management

SK Biopharmaceuticals operates a company-wide risk management system to proactively prevent and mitigate healthcare value creation-related risks. We respond to both short-term issues and actual or potential risk factors from a long-term perspective. The key risks identified through materiality assessment related to healthcare value creation are as follows.

### Regulatory Compliance and Product Launch Risks

The business activities of pharmaceutical companies are subject to domestic and international regulations. Non-compliance with these regulations can lead to penalties and even prohibition of product sales. Delays in the release of new drug products can limit opportunities for potential innovative drug prescriptions for patients and can impact SK Biopharmaceuticals' market positioning and revenue generation. Restricted pharmaceutical sales activities in specific regions can weaken SK Biopharmaceuticals' future growth potential and hinder the opportunity to establish a foundation for long-term business expansion through increased medicine supply in relatively underserved healthcare areas.

### Product Quality and Safety Risks

In the event of safety incidents arising from quality management failures of pharmaceuticals in circulation, recalls and compensation for damages could directly impact the company's financial performance, including decreased revenue and increased operational costs. There could be constraints on the company's market dominance due to decreased customer trust, potentially impeding its inherent role as a new drug development company contributing to the overall health improvement of all patients in the mid- to long-term.

## Metrics & Targets

SK Biopharmaceuticals aims to boost business competitiveness through improved technology and product capabilities. This involves establishing key healthcare value creation goals and tracking progress towards their accomplishment.

| Goals | Key Achievements in 2022 | 2023/2024 → |
|---|---|---|
| Create social value through new drugs | • Implemented Patient Assistance Program[1] to increase product accessibility | • Continuously run the Patient Assistance Program to increase product accessibility<br>• Strengthen product pipeline and stimulate performance |
| More than double the number of launch countries compared to 2020 | • Launched products in a total of 17 European markets (12 countries in 2022)<br>• Exported technology to Israel (May 2022)<br>• Exported technology to 17 countries in Central and South America (July 2022) | • Enter the Canadian market<br>• Enter the Middle East and North Africa markets<br>• Review plans to enter emerging markets to improve healthcare accessibility |
| Achieve zero product quality and safety related incidents | • Achieved Zero product safety incidents (recalls or violations regarding product safety)<br>• Fully complied with the regulations for timely reporting of drug safety (Zero violations) | • Maintain Zero product safety-related incidents (recalls or violations regarding product safety)<br>• Establish and disclose a mid- to long-term roadmap for the advanced digitalization of Quality Management System (QMS)<br>• Conduct internal assessments on safety information collected through pharmacovigilance activities<br>• Aim to sustain Zero violations and timely reporting in accordance with regulations of pertaining countries |

## Stakeholder Engagement

SK Biopharmaceuticals defines key stakeholders affected by activities to create healthcare value as shareholders, customers, and business partners. We actively engage with them through open communication channels to respond to their opinions and suggestions.

| Stakeholders | Matter of interests | Communication Channels | Response Activities |
|---|---|---|---|
| Shareholders | • Expand product launches and secure market dominance<br>• Stimulate financial performance | • Shareholders' meeting<br>• Investor meetings<br>• Media press releases<br>• Corporate disclosure channels such as the company website | • Financial story briefings for enhancing healthcare value<br>• Set the direction for creating healthcare value through the ESG/Strategic Committee |
| Customers | • Expand the treatment of diseases through new drug development<br>• Enhance access to pharmaceuticals<br>• Comply with research ethics<br>• Provide safe and efficacious products with proven effectiveness | • SK Life Science sales/marketing customer touchpoints<br>• Patient support service program (SK Life Science Navigator)<br>• Provide product information through a dedicated page for XCOPRI® | • Expand indications for new drug development and existing pharmaceuticals<br>• Promote ethical marketing and quality management<br>• Drug quality monitoring and counterfeit drug management<br>• Implement a Patient Assistance Program |
| Business Partners | • Enhance product competitiveness<br>• Comply with product quality and safety regulations | • Online communication channels with business partners<br>• 1-on-1 meetings (weekly meetings, quarterly business reviews, etc.)<br>• Periodic meetings/audits with CMOs and training programs for CPOs | • Operate a Harmonized Global Quality Policy<br>• Support for maintaining and improving product safety and regulatory compliance through simulated audits of business partners |

MATERIAL TOPIC 2

# Sustainable Partnerships

In the healthcare industry, supply chain management capability is one of the key areas for a company's sustainable growth. As global geopolitical risks such as the Ukraine-Russia conflict and the US-China trade tensions escalate, the pharmaceutical industry's emphasis on managing supply chain risks has become even more important. SK Biopharmaceuticals conducts systematic reviews of its supply chain management policies and practices at the Board level to address potential ESG risks in the supply chain. We also obtain ESG guideline signatures from key suppliers based on our Partners' ESG Management Policy. We manage communication channels and support trainings for our suppliers to promote sustainable partnerships and facilitate shared growth activities.

## Governance

SK Biopharmaceuticals defines its suppliers as raw material suppliers, CMOs, and material procurement companies required for overall business operations, and manages them accordingly. The final decision on supply chain management is made through the ESG/Strategic Committee within the Board. The Drug Development Biz. Unit is responsible for supply chain ESG risk assessment and management, global partnership engagement. The Corporate Culture& HR Department is responsible for procurement policy implementation and shared growth program planning and operation.


## Strategy

### Partners' ESG Management Policy

SK Biopharmaceuticals aims to promote awareness of ESG topics such as ethics, labor and human rights, health and safety, and the environment among all business partners and secure their management capabilities, with the goal of growing together.

Partners' ESG Management Policy

| | | |
|---|---|---|
| **Ethics** | • Business integrity<br>• Information disclosure<br>• Intellectual property<br>• Fair trade/advertising practices | • Whistleblower protection<br>• Responsible mineral procurement<br>• Privacy protection |
| **Labor/ Human Rights** | • Forced labor<br>• Child labor<br>• Working hours<br>• Wages/benefits | • Humane treatment<br>• Prohibition of discrimination/harassment<br>• Freedom of association |
| **Health/ Safety** | • Industrial safety<br>• Occupational accidents and diseases | • Hygiene, food, and housing<br>• Health/safety communication |
| **Environment** | • Environmental permits and reporting<br>• Energy consumption and GHG Emissions<br>• Hazardous substances<br>• Water management | • Air pollutants and emissions<br>• Pollution prevention and resource conservation<br>• Solid waste |

### Shared Growth Policy

SK Biopharmaceuticals is practicing shared growth with its business partners to enhance the overall competitiveness of the supply chain and establish a sustainable supply chain. We are identifying collaborative tasks from clinical trials to commercialization and expanding collaboration with our partners by introducing the four key practice policies. Through these efforts, we strive to maintain mutually beneficial relationships with our partners.

Shared Growth Policy

## Risk Management

SK Biopharmaceuticals has established and operates a system to prevent and mitigate supply chain-related risks for sustainable growth. We promote risk-based selection and management of suppliers to ensure compliance with Good Manufacturing Practice (cGMP) standards and safety requirements of regulatory authorities such as the FDA and EMA. Through our Partners' ESG Management Policy, we aim to effectively implement ESG risk management for our partners and strive to improve the ESG level within our supply chain. The key risks identified through materiality assessment related to supply chain are as follows.

### Production Disruption Risks

SK Biopharmaceuticals manages its major product manufacturing through CMOs. CMO's significant contravention of policies relating to product quality, environment, and labor could disqualify the relevant CMO from manufacturing and result in end to production. This could have negative impacts on SK Biopharmaceuticals' reputation and revenue and potential health risks for patients and caregivers.

### Partners' Environmental and Social Risks

As stakeholder interests in environmental and human rights issues throughout the supply chain increase and global regulations related to ESG in supply chains strengthen, the failure to manage environmental and social risks by business partners could lead to increased compliance costs, reputational damage, and decreased customer satisfaction and trust.

### Maintaining Sustainable Partnerships

By fostering close collaboration with outstanding partners, SK Biopharmaceuticals aim to maintain long-term trading relationships and expand opportunities for increased revenue and profit through the enhancement of product competitiveness.

## Metrics & Targets

SK Biopharmaceuticals not only focuses on the quality management of CMOs but also enhances ESG risk management to strengthen the competitiveness of the supply chain and pursues sustainable partnerships.

| Goals | Key Achievements in 2022 | 2023/2024 → |
|---|---|---|
| Obtain signatures from 100% of business partners regarding the Partners' ESG Guidelines | • Established and distributed the Partners' ESG Guidelines | • Obtain signatures from 100% of business partners regarding the Partners' ESG Guidelines |
| Achieving 100% in Major Partners' ESG Risk Assessment | • Established partners' ESG management areas<br>• Participated as a member of the PSCI Audit Committee | • Promote 100% PSCI Audit for major partners |
| | • Established the ESG assessment management system for the supply chain<br>• Conducted supply chain assessment targeting key suppliers<br>• Conducted ESG assessment when selecting new suppliers | • Disclose the proportion of "high-risk" suppliers as a result of ESG assessments |

## Stakeholder Engagement

SK Biopharmaceuticals defines key stakeholders for sustainable partnerships as business partners and actively engages with them through open communication channels to respond to their opinions and suggestions.

| Stakeholders | Matter of interests | Communication Channels | Response Activities |
|---|---|---|---|
| Business Partners | • ESG risk analysis and training<br>• Develop opportunities for shared growth<br>• Support training and infrastructure | • Online communication channels with business partners<br>• 1-on-1 meetings | • Participate in the Pharmaceutical Supply Chain Initiative for HealthCare (PSCI)<br>• Establish and implement the partners' ESG management policy<br>• Prepare ESG guidelines and request signatures<br>• Run the Vendor Selection program based on risk assessment<br>• Support co-prosperity programs such as research and development collaboration<br>• Implement the four major policies for shared growth |

MATERIAL TOPIC 3

# Employee Competence and Satisfaction

The healthcare sector is an industry that highly relies on skilled professionals with expertise in pharmaceutical development, conducting clinical trials and research projects, and responding to relevant local regulations. As a result, companies face severe competition in securing talents, and human resource management plays a critical role in enhancing corporate value. Global pharmaceutical companies, including SK Biopharmaceuticals, have implemented recruitment strategies to attract talents and make continuous efforts to retain them through ongoing motivation and training opportunities. We also established a corporate culture that encourages employee engagement, personal growth, and the realization of individual potentials, contributing to the creation of high-quality jobs.

Based on the belief that investing in its employees directly translates into the company's competitiveness, SK Biopharmaceuticals actively invests in cultivating capabilities and promoting a learning culture needed for maintaining competitiveness and achieving sustained growth. To address the rapidly changing business environment, we create infrastructure that enables employees to independently plan and execute strategies to acquire the skills required in the changing landscape while aiming to cultivate talents with expertise and SK Values[1].

## Governance

The HR team under the Corporate Culture & HR Department plays a central role in talent management as an organization that oversees human resource management tasks, including human rights management. The establishment of management KPIs, performance evaluations, and compensation distributions are carried out through fair and transparent procedures performed by the Nomination and Compensation Committee and the Board of Directors.


## Strategy

### Recruiting Diverse Talents

SK Biopharmaceuticals considers the required capabilities and demands for talents by taking into account its management objectives and core responsibilities for each position, and establishes relevant plans. We aim to promote diversity among our employees and expand opportunities for women's social participation. To achieve this, we conduct fair hiring practices that do not discriminate based on race, age, gender, or medical history. In 2022 and 2023, representation of women in our workforce exceeded 49%. We are continuing our efforts to expand systematic education programs and foster female leaders. Moreover, we are dedicated to increasing job opportunities for people with disabilities, achieving an employment rate of 3.7%, which exceeds the legal obligation rate of 3.1% by 0.6%p.

### Employee Competency Development Policy

SK Biopharmaceuticals operates systematic programs, including external institution training, and provide learning opportunities for employees to foster talent and enhance competencies for all employees. We also provide online and offline training content through SK Group's online training platform called mySUNI while actively creating a learning-friendly environment where employees can actively participate.

Employee Competency Development Policy

### Work and Life Balance Policy

SK Biopharmaceuticals established policies to support the work and life balance for employees' satisfaction. We have set three general approaches of "changing the way of work," "employee health management," and "employee family care" and implemented employee support policies that involves welfare benefits and flexible working arrangements, to create a balanced and satisfactory working environment.

Work and Life Balance Policy

1) A core value that all SK members should share and uphold as a guiding principle for their actions and decision-making. It is to pursue SUPEX (Super Excellent Level), the highest level achievable through human capabilities.

## Risk Management

SK Biopharmaceuticals considers securing excellent talents and enhancing the professional expertise of its employees as the top priority for sustainable growth. To this end, we have established a strategic talent recruitment plan, diversified recruitment channels, and customized job-specific training programs. The key risks identified through materiality assessment related to human resources management are as follows.

### Talent Attrition Risks

SK Biopharmaceuticals recognizes the importance of securing excellent talents as a global innovative new drug development company. The limited supply of labor force due to the decrease in the domestic and international working-age population has led to intense competition among companies in securing talent. Accordingly, failure to secure and retain excellent talents can pose risks such as increased operating costs for new recruitment and talent retention in the short term, a decline in research competitiveness, product quality deterioration, and failure to discover next-generation growth drivers in the long term, leading to decreased profitability.

### Employees' Capabilities of Responding to Environmental Changes

Securing employees' expertise and flexibility in response to rapidly changing industry environments is recognized as an opportunity factor for maximizing corporate value. Through this approach, we can expect new drug development and increased productivity based on cutting-edge technologies.

## Metrics & Targets

SK Biopharmaceuticals has set goals to pursue continuous improvement and provides programs to enhance the satisfaction of its employees and increase corporate competitiveness.

| Goals | Key Achievements in 2022 | 2023/2024 |
|---|---|---|
| Strengthen recruitment and retention programs to secure talented individuals | • Established collaborative relationships with graduate research labs for attracting specialized talents in the field of central nervous system and cancer treatment<br>• Obtained certification as a Great Place to Work® (GPTW) | • Implement internship programs to expand the talent pipeline in key business areas such as central nervous system and oncology<br>• Expand support for degree and certification programs<br>• Sponsor and participate in the KASBP Pharmaceutical/Biotech Symposium in the United States and hosting job fairs for recruiting outstanding talents<br>• Conduct on-site Advanced Pharmacy Practice Experiences at SK Life Science<br>• Implement a Medical Doctor career development program (preceptorship) to expand the talent pipeline |
| Provide job expertise programs and training programs for employees | • Supported learning through the specialized training platform mySUNI<br>• Supported overseas training and customized education programs aligned with job competencies | • Establish support for attending domestic and international seminars and conferences, as well as exchange programs with overseas branches<br>• Diversify training programs through collaboration and partnerships with external educational institutions |

## Stakeholder Engagement

SK Biopharmaceuticals manages communication channels to achieve employee satisfaction and consistently works towards enhancing communication. We also make efforts to respond to the opinions of our employees in organizational decision-making.

| Stakeholders | Matter of interests | Communication Channels | Response Activities |
|---|---|---|---|
| Employees | • Support for personal growth<br>• Protect human rights in the workplace<br>• Diversity among employees<br>• Flexible work environment<br>• Fair and reasonable evaluation<br>• Achieve work-life balance<br>• Welfare benefits | • In-house communication board<br>• Internal grievance handling channels<br>• Hotline system<br>• Employees' meetings<br>• Management council meeting<br>• Regular SKMS workshops<br>• Work satisfaction and commitment surveys (Culture Survey)<br>• Empathy-ing program<br>• CEO 1-on-1 communication | • Implement Diversity, Equity, and Inclusion (DEI) and human rights management surveys<br>• Operate Women in Leadership Program<br>• Obtain GPTW certification<br>• Operate optional work hour system, telecommuting policy, and smart office<br>• Operate employee health management programs and welfare benefits |

MATERIAL TOPIC 4

# Transparent and Ethical Management

The nature of the healthcare industry, which is directly linked to patients' lives, makes the operations of pharmaceutical companies subject to domestic and international regulations and as the influence of the healthcare industry grows, demands from stakeholders to carry on ethical business are significantly increasing. In particular, it is imperative to manage risks when it comes to compliance issues with medical professionals and abide by ethical marketing requirements, and foster ethical practices throughout business operations.
Both SK Biopharmaceuticals and SK Life Science have established ethical values and behavioral standards that all employees must adhere to, with the aim of continuously improving them. Based on these guidelines, we continuously monitor and manage risks to ensure that all stakeholders can perform their duties fairly and transparently. In addition, we regularly facilitate ethics training programs and workshops to instill a sense of compliance and take a leading role in fostering a transparent and ethical corporate culture.

## Governance

SK Biopharmaceuticals' Board of Directors appoint a compliance officer to promote ethical management. The compliance officer performs activities in accordance with compliance control standards and regularly reports to the Audit Committee or the Board of Directors. The Audit Committee has the right to consent to the appointment and dismissal of the Head of the internal audit part based on its powers of independent decision-making and exercises the authority to: enact and amend major internal audit-related regulations; approve the internal audit part's audit plan; and review, approve, and provide feedback on the audit results. The Head of the Legal & Compliance Department reports to the Audit Committee three times annually, presenting plans, interim reports, and results reports related to ethics and audits. Additionally, they report to the CEO or the Audit Committee within the Board of Directors based on the nature of ad-hoc issues. Moreover, the Compliance Team within the Legal & Compliance Department, reporting directly to the CEO, handles ethical management activities including compliance and internal audit tasks. SK Biopharmaceuticals' Head of the Legal & Compliance Department oversees ethical management, including that of SK Life Science, and reports to SK Biopharmaceuticals' Board of Directors on compliance management status and ethical management issues. Through these efforts, SK Biopharmaceuticals applies ethical management standards across the headquarters and subsidiaries, effectively managing potential risks.

## Strategy

### Code of Ethics and Guidelines for Practicing the Code of Ethics

SK Biopharmaceuticals has its own Code of Ethics, Guidelines for Practicing the Code of Ethics, and Anti-corruption Code of Conduct to foster a transparent management environment and fulfill its social responsibility. We continuously improve these codes by monitoring regulatory changes and market practices in both domestic and international markets and operating channels for ethical management consultation and reporting. In addition, we established a Code of Ethics for our business partners and request them to comply with it. SK Life Science also has established and implements a Code of Conduct and an Anti-Bribery & Anti-Corruption Policy.

Code of Ethics
Guidelines for Practicing the Code of Ethics
Partner Code of Ethics
SK LSI Code of Conduct
SK LSI California Compliance Declaration

### Employees' Anti-Corruption Education Policy

SK Biopharmaceuticals emphasizes ethical management by conducting online ethics training and ethics practice workshops for all employees at least once a year, as well as surveys to practice ethical management. All employees of SK Biopharmaceuticals are required to write an ethics pledge, while SK Life Science mandates training on the Code of Ethics and anti-corruption policies and keeps track of employees' completion records.

Employees' Anti-Corruption Education Policy

## Risk Management

SK Biopharmaceuticals conducts annual internal audit activities based on the Code of Ethics, Practical Guidelines for the Code of Ethics, and the Anti-corruption Code of Conduct at the group level to achieve transparent and ethical business practices. Through regular audits, we identify key risks and establish improvement plans to address the key risks.

### Compliance Risks

SK Biopharmaceuticals identifies financial losses, damage to social reputation, and constraints on business activities due to non-compliance with local regulations and policies as major risks. We recognize that failure to mitigate compliance risks could not only pose business risks but also jeopardize our social responsibility to improve patients' health.

### Anti-Corruption Risks

Failure to mitigate anti-corruption risks may cause operational costs due to fines and lawsuits. In the event of legal sanctions, such as business suspension due to serious corrupt practices, the business operation can be disrupted. Such actions could harm the company's reputation, leading to limitations in bidding and fund-raising, loss of talented professionals, and other operational risks.

## Metrics & Targets

SK Biopharmaceuticals considers transparent and ethical management as essential elements for sustainable corporate growth. To achieve this, we set annual goals, review and manage our performance.

| Goals | Key Achievements in 2022 | 2023/2024 |
|---|---|---|
| Attain 100% completion rate of anti-corruption and ethical training for employees | • Conducted online ethics management training and ethics practice workshops for all employees at least once a year (Training completed by all employees)<br>• Sent Compliance letter related to anti-corruption and ethics to all employees | • Conduct online ethics management training and ethics practice workshops for all employees at least once a year<br>• Regularly send Compliance Letters to all employees regarding anti-corruption and ethical practices<br>• Obtain ISO 37001 certification |
| Enhance audit systems and compliance driven by the Board of Directors | • Reported annual audit plan and annual interim and final audit results to Audit Committee<br>• Reported to the board of directors on the status of compliance control standards in 2021 | • Report the ethics management system to Audit Committee<br>• Report the annual audit plan and interim/final audit results to Audit Committee<br>• Report to the board of directors on the status of compliance control standards in 2022 |
| Establish an anti-corruption and compliance system for subsidiaries and business partners | • Conducted ethics management surveys among business partners<br>• Established Partner Code of Ethics | • Perform ethics management support activities for business partners, such as ethics training and sending Compliance Letters<br>• Support the establishment of ethics management systems in subsidiaries<br>• Promote regular inspection activities through internal inspection system |

## Stakeholder Engagement

SK Biopharmaceuticals actively engages with internal and external stakeholders to practice transparent and ethical management through the operation of open communication channels to respond to their opinions and suggestions.

| Stakeholders | Matter of interests | Communication Channels | Response Activities |
|---|---|---|---|
| Shareholders | • Business ethics and compliance<br>• Risk management | • Shareholders' meeting<br>• Corporate disclosure channels such as the company website<br>• Media press releases | • Public disclosure of audit committee operations and activity results<br>• Internal control activities such as self-inspection system and internal accounting management system |
| Employees | • Comply with Code of Ethics and Guidelines for Practicing the Code of Ethics<br>• Foster an ethical organizational culture | • Internal communication bulletin board<br>• Internal grievance handling channel<br>• Hotline system | • Manage internal grievance handling process<br>• Conduct online ethics training and ethics practice workshops for all employees |
| Business Partners | • Fair competition<br>• Risk analysis and training for business partners | • Online communication channel for business partners<br>• 1-on-1 meetings<br>• Ethical management reporting channel | • Manage Vendor qualification program based on risk assessment<br>• Provide responsible marketing-related training courses |

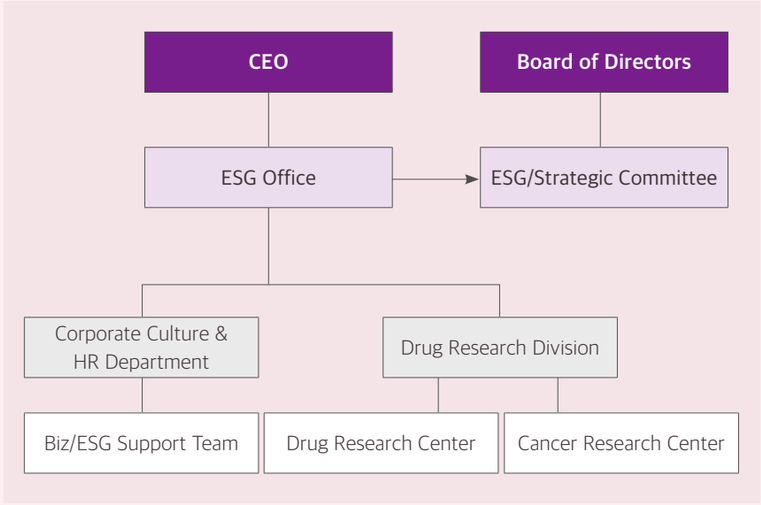
MATERIAL TOPIC 5

# Minimizing Environmental Impacts

The healthcare industry, from pharmaceutical R&D to production and sales, and waste disposal, heavily relies on natural resources and has a significant impact on the environment due to GHG emissions and pollution. As SK Biopharmaceuticals produces medications through CMO, we have relatively low direct environmental impacts during the manufacturing process. Nevertheless, we strengthen discharge standards for pollutants that can affect the environment, such as air and water quality pollutants, beyond legal requirements, reflecting and managing these standards in the internal regulations. Through SK Group's joint declaration, SK Biopharmaceuticals has established a five-year roadmap to reduce emissions to achieve "Net-Zero" by 2040 and prioritizes direct emissions reduction through measures such as replacing previous facilities with high-efficiency facilities. In addition, to minimize the environmental impact throughout the entire process, from drug development to sales, we have obtained ISO 14001 certification for environmental management and practice systematic environmental management at a global level.

## Governance

SK Biopharmaceuticals established systematic environmental policies based on the ISO 14001 environmental management system to efficiently manage environmental risks and opportunities and minimize the environmental impact of our business operations and achieve meaningful results. The ultimate responsibility and decision-making related to environmental management lie at the board level and the ESG/Strategic Committee within the Board of Directors is oversees ESG activities, including environmental management, related strategies, and major management issues. In addition, company-wide environmental management practices are conducted under the leadership of SHE (Safety, Health, and Environment) specialists within the Corporate Culture & HR Department, while environmental performance management in R&D activities is carried out by designated responsible personnel in each research laboratory within the Drug Research Center and Cancer Research Center under the Drug Development Biz. Unit. We are strengthening company-wide environmental management practices and decision-making processes through proactive communication and cooperation between research departments and SHE specialists.




## Strategy

### Safety, Health, and Environment Policy

SK Biopharmaceuticals has been establishing and implementing a Safety, Environment, and Health Policy to effectively incorporate environmental management elements into the company's decision-making and overall management activities. In response to the increasing social demands for environmental impact management and commitment, we revised our existing policy in 2023 into "Safety, Health, and Environment Policy" and added new regulations to make the policy more suitable for both internal and external regulatory trends and stakeholder requirements and expanded the policy's scope from research activities to encompassing all business activities.

Safety, Health, and Environment Policy

### Establishment of 2040 Net-Zero Roadmap

To achieve Net-Zero emissions by 2040, in the short term, SK Biopharmaceuticals plans to participate in Green Pricing to continuously receive electricity generated from renewable energy sources and will gradually change to purchasing Renewable Energy Certificates (RECs) to enhance our commitment to RE100. In addition, we have obtained third-party verification for Scope 3 emissions data, ensuring the accuracy and reliability of emissions data in accordance with international standards. In the mid- to long term, SK Biopharmaceuticals will expand the range of Scope 3 emissions calculation and disclose more enhanced calculation methods. Moreover, for early achievement of Net-Zero emissions by 2040, SK Biopharmaceuticals will implement specific reduction measures, such as phasing out LNG boilers, converting emergency power generators to alternative fuels, transitioning work vehicles to electric vehicles, adopting self-generation of renewable energy and high-energy efficiency equipment.

## Risk Management

Our SHE(Safety, Health, and Environment) specialists, responsible for corporate environmental management, and the ESG manager, in charge of establishing and implementing ESG strategies, regularly identifies climate-related risks and opportunities. The identified issues are shared with relevant departments across the company, and the relevant information is reported to the management team. The response plans to these risks and opportunities are integrated into the company's ESG implementation strategy, and annual performance is monitored. In the event of long-term investment decisions related to climate change risk response, the ESG/Strategic Committee under the Board reviews and approves relevant matters. Key risks and opportunities that SK Biopharmaceuticals manages in relation to minimizing environmental impacts are as follows.

### Environmental Regulatory Risks

Failure to comply with regulatory requirements such as GHG emissions reduction and hazardous substances management could have a negative impact on the environment, result in reduced market access due to complaints from local communities, and lead to increased costs for compliance with stricter environmental regulations. There is a possibility of increased operational costs in response to future Certified Emission Reduction (CER) price hikes.

### Physical Risks in Business Operations

Climate change caused by GHG emissions could result in increased intensity and frequency of natural disasters, potential outbreaks of diseases, and pandemics, leading to global supply chain crises. This could also lead to risks such as increased costs for supply of raw materials.

## Metrics & Targets

SK Biopharmaceuticals set the following key objectives to minimize environmental impact. Based on these objectives, we evaluate the environmental management performance and check the progress of tasks from a mid- to long-term perspective.

| Goals | Key Achievements in 2022 | 2023/2024 |
|---|---|---|
| Achieve Net-Zero in GHG emissions by 2040 | • Converted 20% of the total leased vehicles to eco-friendly cars to reduce Scope 1 GHG emissions<br>• Procured 950MWh of electricity from renewable energy sources through a Green Pricing (Reduction of 436t$CO_2$eq in Scope 2 emissions)<br>• Set mid- to long-term goals for carbon neutrality and developed short-term implementation plans | • Accomplish a 50% reduction in Scope 2 emissions<br>• Enhance the methodology for calculating Scope 3 emissions, set emissions reduction targets, and conduct third-party verification<br>• Establish a roadmap for reducing GHG emissions at SK Life Science<br>• Promote the replacement of company leased vehicles with electric cars |
| Reduce the generation of hazardous substances by 1% annually until 2025 | • Achieved a reduction of approximately 10% in waste generation compared to the target for 2022 (Target: 46.3 tons, Results: 41.8 tons) | • Set a target of 41.4 tons for waste generation in 2023, (Reduction of approximately 1% compared to 2022) |

## Stakeholder Engagement

SK Biopharmaceuticals defines key stakeholders related to environmental impact management in business activities as shareholders, customers, and business partners. We actively engage with them through open communication channels to respond to their opinions and suggestions.

| Stakeholders | Matter of interests | Communication Channels | Response Activities |
|---|---|---|---|
| Shareholders | • Environmental risk management, including climate change risks | • Shareholders' meeting<br>• Media press releases<br>• Investor meetings<br>• Corporate disclosure channels such as the company website | • Establish the 2040 Net-Zero roadmap<br>• Establish mid- to long-term sustainable strategies through the ESG/Strategic Committee |
| Customers | • Provide eco-friendly products | • SK Life Science sales/marketing customer touchpoints<br>• Manage stakeholder feedback channels on the website | • Establish the 2040 Net-Zero roadmap |
| Business Partners | • Education and infrastructure support for environmental management implementation | • Online communication channel for business partners<br>• 1-on-1 meetings (weekly meetings, quarterly business reviews, etc.)<br>• Regular ESG assessment and evaluation of business partners | • Participate in the Pharmaceutical Supply Chain Initiative (PSCI)<br>• Establish and implement Partners' ESG Management Policy |

# ENVIRONMENTAL

- Response to Climate Change
- Management of Environmental Impact

Greenhouse gas emissions
(Scope 1+2 emissions)

**1,361**

$tCO_2eq$

Consumption of
renewable energy
(Participation in K-RE100
Green Premium)

**950**

MWh

Global Environmental
Management System
(May 2022)

**ISO 14001**

certification obtained

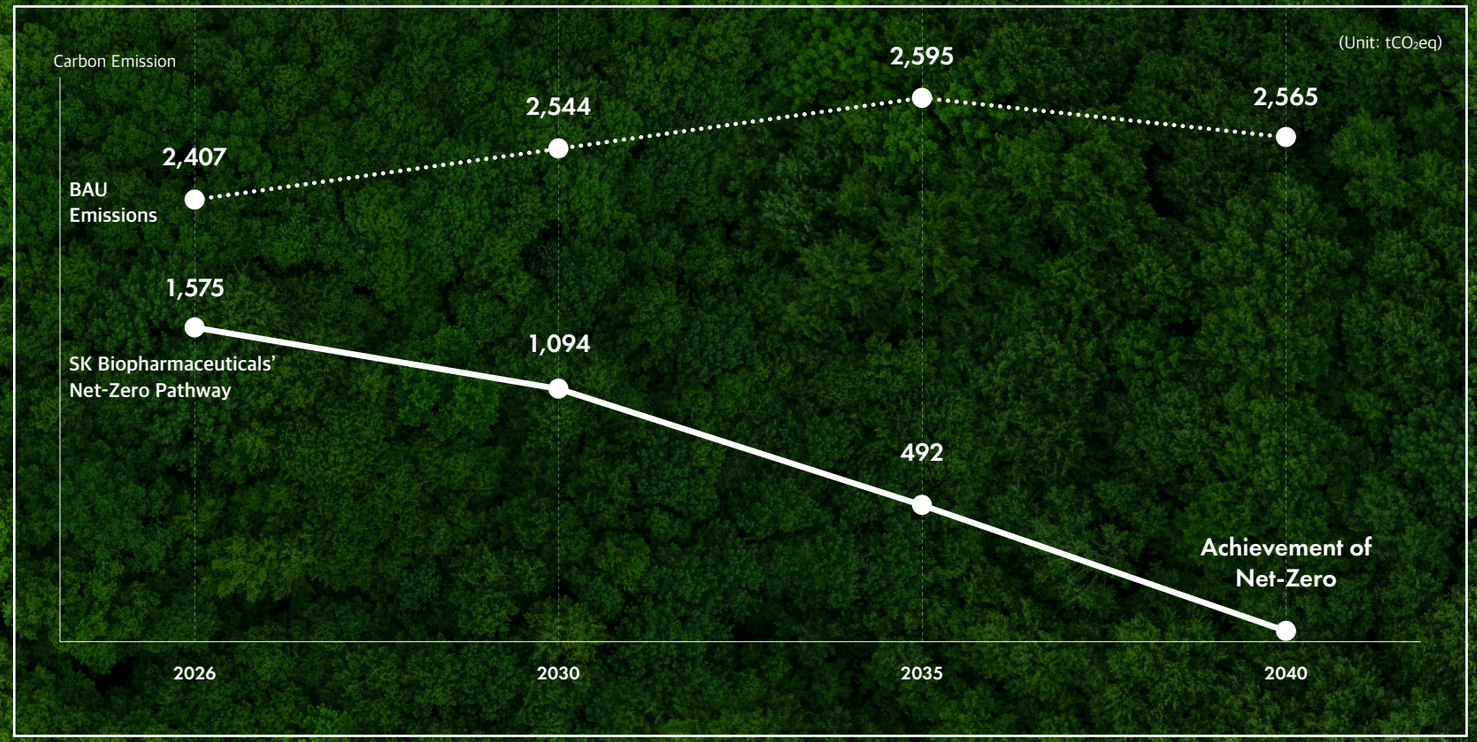
# Response to Climate Change

## 2040 Net-Zero

SK Biopharmaceuticals has established a Net-Zero roadmap to achieve net GHG emissions of "0" across its entire business operations by 2040. The roadmap applies the RCP-2.6 scenario used in the 5th IPCC Assessment Report and incorporates the SSP1-2.6 (Shared Socioeconomic Pathways) scenario used in the 6th IPCC Assessment Report to reflect social and economic factors. Based on the roadmap, SK Biopharmaceuticals has set short- and long-term initiatives in five-year planning cycles until 2040. SK Biopharmaceuticals plans to increase the consumption of renewable energy through continued participation in green premium purchases by 2025. We plan to directly reduce GHG emissions by 2030 through the purchase of REC, replacement of LNG boilers, the introduction of renewable energy, and energy self-generation. We will also enhance energy efficiency through the implementation of eco-friendly BEMS[1)] and the use of high-efficiency heating and cooling facilities. SK Biopharmaceuticals will participate in efforts toward limiting the global average temperature increase to 1.5℃ to achieve emissions on a global scale and also develop and implement practical means of reduction.

1) Building Energy Management System

### Plan to Achieve Net-Zero




### Net-Zero Roadmap

**~2025**

**Establishing a Net-Zero pathway centered on RE100**
- Participate and continuously engage in green premium purchases
- Review REC purchases

**~2030**

**Enhancing Scope 3 measurement methods and establishing emissions reduction roadmap**
- Establish GHG emissions reduction roadmap for SK LSI
- Upgrade the calculation methodology for Scope 3 emissions

**Pursue direct emissions reduction through construction of/relocation to Zero Energy Buildings**
- Review implementing environmentally friendly elements during relocation or the design stage of new buildings

**2040 Net-Zero**

**RE100 73%**

Internal reduction **27%**

## Management of GHG Emissions

SK Biopharmaceuticals is actively pursuing direct greenhouse gas reduction initiatives and devoting efforts to transition direct and indirect greenhouse gas emissions from its facilities to renewable energy sources. To accomplish RE100, we plan to shift from acquiring electricity generated from renewable sources through the green premium to buying Renewable Energy Certificates (RECs) based on the conditions of the electricity market. We will continue our efforts towards achieving Net-Zero by considering Renewable Energy Power Purchase Agreements (PPAs) and direct solar power installations. Given the unique characteristics of the pharmaceutical industry, Scope 3 emissions can be significant. To ensure transparency, we have already disclosed our Scope 3 emissions for 2022 with a third-party verification statement, and we plan to gradually widen the calculation scope. Going forward, we are committed to sharing specific greenhouse gas reduction targets and Net-Zero progress with our stakeholders to gain trust and reliability.

## Management of Energy Consumption

SK Biopharmaceuticals strives to achieve Net-Zero by reducing electricity consumption and direct use of fossil fuels. In 2022, we implemented energy-saving activities such as improving the efficiency of air compressors and controlling indoor temperatures. Through operation analysis, we improved energy efficiency by increasing the idle time of air compressors that had previously been operating for 24 hours. As a result, we achieved a reduction of 80MWh in electrical energy consumption. SK Biopharmaceuticals attached Net-Zero guidelines to temperature control devices, encouraging employees to carry out energy-saving activities to reduce excessive use of system air conditioners during summer.

## Management of Air Pollutants

SK Biopharmaceuticals conducts self-monitoring of air pollutants on a monthly basis, which is a stricter standard than the legally required management criteria stipulated in the Clean Air Conservation Act. Apart from our existing activities, we have established and are operating an indoor air quality measurement program to reduce the emission of harmful air pollutants within the research laboratories.

While there is no legal obligation to measure indoor air quality, SK Biopharmaceuticals conducts quarterly measurements of laboratory air quality to estimate the volume of Volatile Organic Compounds (VOCs) and other pollutants in the air and improve the facilities that collect hazardous substances.

### Enhancement of Air Pollutant Reduction Facilities in 2022

| | |
|---|---|
| Installation of additional local exhaust devices in the laboratory | In addition to the existing exhaust devices in the laboratory, three local exhaust devices were installed to improve the removal efficiency of residual air pollutants. (Construction period: August 2022, invested approximately KRW 3.6 million) |

### Major Air Pollutant Reductions in 2022

| Substance | Concentration before and after facility enhancement | | Reduction rate |
|---|---|---|---|
| | Before enhancement (Measured in April 2022) | After enhancement (Measured in May 2023) | |
| Fine dust (PM10) | 15.4 ug/m³ | 8.7 ug/m³ | 43.5% |
| Formaldehyde | 9.5 ug/m³ | 7.5 ug/m³ | 21.1% |
| $NO_2$ | 0.019 ug/m³ | 0.017 ug/m³ | 10.5% |
| Total Volatile Organic Compounds (TVOCs) | 461.8 ug/m³ | 132.1 ug/m³ | 71.4% |

## Expansion of Zero-Emission Vehicles

In order to minimize air pollution and GHG emissions from our company's leased vehicles, SK Biopharmaceuticals has developed a plan to purchase zero-emission vehicles from 2023 and gradually replace existing vehicles with environmentally friendly vehicles such as electric cars. As of April 2023, 20% of our entire leased vehicles is already comprised of zero-emission vehicles and from 2025 onwards, all newly acquired vehicles will be electric cars. SK Biopharmaceuticals aims to achieve a complete transition to 100% zero-emission vehicles by 2030.

### Reduction Plan and Implementation Measures

| | | Reduction Plan | Implementation Measures |
|---|---|---|---|
| RE100 | Green Premium Purchases | • Convert a portion of electricity consumption to renewable energy by participating in bidding | • **Participate in KEPCO Green Premium auction in 2023** (Convert 50% of electricity consumption to renewable energy) |
| | Purchase of REC | • Participate in the REC market | • **Purchase REC in 2023** (Join REC platform) |
| Direct Reduction | Electrification of Fossil Fuels | • Phase out LNG boilers<br>• Convert diesel emergency power generators to alternative fuels<br>• Transition to electric vehicles | • **Introduce electric boilers (2025)**<br>• **Upgrade emergency power generators (2025)**<br>• **Convert all company leased vehicles to electric vehicles (by 2030)**<br>(All new vehicles to be electric from 2025) |
| | Self-generation of Renewable Energy | • Install solar panels on buildings | • **Install a 85kW-scale solar power generation facility** |
| | Energy Efficiency | • Replace existing equipment with highly efficient refrigeration equipment<br>• Implement environmentally friendly design of new HQ buildings | • **Replace equipment and incorporate environmentally friendly design of new HQ buildings** |

### Standards for Management of Air Pollutants

| No. | Measurement Items | Legal Standards | | Internal Standards | |
|---|---|---|---|---|---|
| | | Measurement cycle | Concentration | Measurement cycle | Concentration |
| 1 | Dust | Once every 6 months | 30mg/Sm3 | Once every month | 27mg/Sm3 |
| 2 | SOx (Sulfur Oxides) | | 35ppm | | 0ppm |
| 3 | NOx (Nitrogen Oxides) | | 40ppm | | 36ppm |
| 4 | THC (Total HydroCarbon) | - | - | | 500ppm |

# Management of Environmental Impact

## Strategy for Environmental Management

SK Biopharmaceuticals is implementing environmental management strategies to respond to climate change and minimize environmental impacts. To achieve this, SK Biopharmaceuticals has revised its Occupational Safety and Health Environmental Policy to reflect essential requirements of environmental management including enhanced alignment with the ESG management objectives for 2023, widening the scope of stakeholder engagement, and maintaining ISO 14001 certification. SK Biopharmaceuticals has formalized the ongoing environmental improvement activities and revised the policy to include environmental research outcomes and external stakeholders within the categories of innovation, improvement, and communication. We also expanded the scope of consideration for occupational safety and health environmental factors from research activities to encompass the entire workforce of SK Biopharmaceuticals. Since 2022, we have been encouraging each department to establish environmental goals and submit them, and the company checks the achievement of KPIs and incorporates them into the performance evaluation of executives and departments.

### Environmental Management Strategy

**Healthy Future for Everyone**

| Maintaining Climate Change Response | Minimizing Environmental Impacts | Strengthening ESG Management |
|---|---|---|
| • Transparent disclosure of climate change information<br>• Green transition through RE100<br>• Strengthening the third-party verification of data | • Introduction of KPIs related to environmental management<br>• Transition to a prevention system based on ICT<br>• Encouragement of employee participation | • Alignment of management systems with international standards<br>• Strengthening environmental training for employees<br>• Promoting environmental contribution activities in the community<br>• Strengthening disclosure of environmental information |

## Operation of the Environmental Management System

SK Biopharmaceuticals has obtained the ISO14001 certification, a globally recognized environmental management system certification, for all of its local operations to manage potential environmental impacts across its business activities. We are undergoing a post-assessment in 2023 to maintain the certification. We have established and implemented an Environmental Management System (EMS) based on ISO14001 to identify and manage environmental risks and opportunities. SK Biopharmaceuticals' environmental management system includes measures to reduce energy consumption, GHG emissions, and waste. We manage the performance of key environmental indicators such as energy, water consumption, and waste to monitor our environmental management status. We have also established compliance management procedures and prepared and maintained compliance evaluation sheets at least once a year to check the status of compliance with laws, regulations, and other requirements through legal information services provided by external organizations. Furthermore, we identify areas for improvement and conduct regular audits and internal reviews to ensure compliance with environmental regulations and other legal requirements. In 2022, we conducted an internal audit according to the improved environmental management system and confirmed that it had neither significant nor minor non-conformities.

## Environmental Incident Response System

Environmental accidents such as laboratory fires and explosions, leaks of toxic substances, and other forms of pollution can have significant impacts not only on the company but also on the surrounding community. In this regard, SK Biopharmaceuticals has established an emergency response system, including procedures for initial response, reporting, and communication, to minimize damage and also respond promptly and effectively in the event of an accident. In particular, the facility operating department conducts annual training to strengthen preparedness for environmental accident, documenting its outcome. The company has a separate accident management procedure for containment, recovery, and reporting after an accident, ensuring the efficient operation of an environmental incident response system.

### Environmental Management System (EMS)

| | |
|---|---|
| Environmental Policy | Summarize environmental procedures and guidelines and establish the company's environmental objectives and strategies to uphold the commitment to sustainability |
| Assessment of Environmental Impact | Conduct regular environmental impact assessments every three years to identify potential environmental impacts and establish risk management plans to mitigate or eliminate the identified impacts |
| Performance Measurement | Set mid- to long-term environmental performance objectives and measure and report the progress towards achieving these objectives on a regular basis |
| Employee Engagement | Implement training and awareness programs to ensure that employees understand the environmental policy and procedures and participate in relevant initiatives |
| Stakeholder Engagement | Disclose information such as environmental management performance, regulatory compliance status, and emergency situations transparently through communication channels, and seek and incorporate stakeholder views |

### Major Details of the Environment Policy

- Comply with environmental laws and regulations
- Contribute to ESG management through continuous activities for environmental improvement
- Strengthen innovation to achieve environmentally friendly research outcomes
- Support stakeholders in their efforts to improve the environment
- Communicate and cooperate with external stakeholders

## Operation of EMS

SK Biopharmaceuticals obtained ISO 14001 certification in 2022 to further strengthen environmental management. We continue to conduct periodic environmental regulatory compliance checks and compliance audits in accordance with international standards. These efforts aim to enhance our environmental management system.

### ISO 14001 Certification

| Subject | Scope of Certification | Date of Acquisition | Certification Body |
|---|---|---|---|
| SK Biopharmaceutical (Headquarters) | Headquarters: Development of new drug (Completed 100%: 1 out of 1 site) | May 23, 2022 | Korea Foundation for Quality (KFQ) |

※ Overseas subsidiaries are excluded from the scope of certification as they are office facilities without research or production processes

### Details of Certification Audit

| Category | Audit Cycle | Relevant Body/Department |
|---|---|---|
| Initial Stage1+2 | Once in the initial stage (April 2022) | Korea Foundation for Quality (KFQ) |
| Internal Audit | Annually (March 2023) | SHE specialists |
| Surveillance | Annually (April 2023) | Korea Foundation for Quality (KFQ) |
| Re-certification | Once in every three years (Scheduled for 2025) | Third-party organization |

## Environmental Management and Support for the Supply Chain

SK Biopharmaceuticals defines the requirements that partners must comply with based on Partners' ESG Management Policy to manage environmental impacts throughout the supply chain. It covers various aspects of environmental management, such as environmental permits and reporting, energy consumption and GHG emissions, managing hazardous substances, water management, control of air pollutant emissions and noise, pollution prevention and resource conservation, management of solid waste, and more. We conduct effective monitoring and support for capacity enhancement in the supply chain while managing environmental issues and performance and supporting key suppliers in improvement activities.

## Environmentally Friendly Investment Activities

It is essential for companies to make environmental investments in order to comply with relevant regulations, meet stakeholder demands, reduce operational costs, manage risks, and fulfill social responsibilities. Accordingly, SK Biopharmaceuticals continues to make environmental investments every year. In 2022, we carried out environmental investment activities with focus on facilities related to air and water pollutant emissions.

### Environmental Investment Performance in 2022

| | |
|---|---|
| Air Pollutant-Emitting Facilities | Installed flow meters capable of real-time flow measurement to ensure proper operation and accurate management of environmental data pertaining to air pollutant-emitting facilities (Construction period: December 2022, invested approximately KRW 10 million) |
| Water Pollutant-Emitting Facilities | Changed facilities to direct all potentially polluted water to a wastewater storage tank by conducting construction that transfers all water discharged from cooling towers to a wastewater pipeline. (Construction period: August 2022, invested approximately KRW 44 million) |

## Environmental Training for Employees

SK Biopharmaceuticals conducts environmental training to enhance employees' awareness of environmental management. Since 2023, we have been organizing SHE TALK sessions at least once a month, where employees prepare training materials and share ideas about the selected theme from the Safety, Health and Environment fields. We aim to cultivate specialized knowledge in the SHE field among employees of the research department, address any concerns or issues, and comply with mandatory legal training requirements. We also provide online and offline training courses covering topics such as compliance with ISO14001 and other environmental issues.

## Waste Management

SK Biopharmaceutical is committed to fulfilling not only its legal responsibilities but also its social role throughout the entire life cycle of waste until it is converted into a resource for reuse. Accordingly, we make efforts to reduce landfill waste by conducting internal waste reduction campaign to minimize the environmental impact on local communities and process waste in a manner that goes beyond proper disposal that just complies with Waste Control Act.

## Waste Reduction Campaign

SK Biopharmaceuticals carries out activities to ensure separating recycling items from non-recycling items in the workplace. In 2022, we implemented a major waste reduction campaign called "Separation/Reduction Campaign for Designated Waste." As a part of that campaign, we installed collection bins to separate and dispose of used batteries properly, preventing them from being treated as general office waste. This effort contributed not only to reducing waste but also to minimizing the environmental hazards of waste at SK Biopharmaceuticals' facilities. For designated waste, we differentiate and categorize waste clearly based on its characteristics to achieve a reduction in discharge. To prevent situations where employees dispose of general waste as designated waste or mix wastewater with designated waste, we provide trainings on the separation of waste and conduct campaigns to enhance environmental awareness among our employees.

## Strengthening Chemical Management

SK Biopharmaceutical manages a wide range of chemical substances due to the nature of its business and has established an internal policy known as the Chemical Management Procedures to manage the entire process of importing, manufacturing, handling, and disposing of chemical substances in a systematic manner. We are committed to establishing MSDS management guidelines, taking into account MSDS training as a prerequisite for handling chemical substances. Our goal is to enhance systematic chemical substance management. To enhance safety management in the chemical storage room, we installed CCTV cameras and Tagging Pads inside and outside laboratory entrances, establishing a monitoring system and put to use specially designed carts to prevent spillage accidents during the transportation of waste materials. SK Biopharmaceuticals acknowledges that handling chemical substances can pose significant risks in research environments. Therefore, we have implemented policies exceeding expectations set by the legal requirements, such as providing top-grade protective equipment for different types of chemical substances and installing CCTV systems to prevent the leakage or spillage of solid reagents.

## Training for Chemical Substances-Handling Employees

SK Biopharmaceuticals conducts special safety and health training for researchers who handle chemical substances, and includes contents related to MSDS in the training programs. To strengthen understanding of regulations relating to chemical substances and ensure practical management of chemicals at the research site, we conduct special safety and health trainings for researchers under the supervision of the SHE specialists.

### Training Agenda

- How to read and understand MSDS and warning labels
- How to protect workers' health from hazards and risks posed by chemical substances
- How to identify and use appropriate personal protective equipment during the handling of chemical substances
- How to evacuate and take action in the event of chemical spills

## Management of Hazardous Chemicals

SK Biopharmaceuticals recognizes the need for minimizing the handling of hazardous chemicals in order to ensure a healthy future for employees, society, and the environment. We encourage employees to replace hazardous chemicals such as benzene with low-hazard substances whenever possible and implement hazard management strictly by referring to the Health Code of the National Fire Protection Association (NFPA). We also discharge wastewater separately to minimize the volume of hazardous chemicals, such as solvents, acids, and alkalis, in the discharged effluent, reducing our environmental impact. To ensure compliance, we provide guidance to all employees on procedures for the management of chemical substances and waste.

## Management of Medical Waste

SK Biopharmaceuticals manages medical waste in compliance with the "Waste Control Act" and the "Transboundary Movement of Living Modified Organisms Act," to ensure that medical waste is handled legally and safely for the safety and health of all workers throughout the entire process, from the laboratory to the final disposal stage. We also take caution to reduce impact on the ecosystem by separating and disposing medical waste properly after eliminating its biological activity. To enhance waste discharger verification, we have installed beacon tags and implemented an automated recognition system using portable readers when carriers visit the storage for waste handover.


Beacon Tag

## Management of Water Resources

SK Biopharmaceuticals conducts campaigns targeting its employees to advance water resource management to fulfill the company's environmental responsibility. In particular, we consider the accessibility of water resources, cost savings, and compliance with relevant laws and regulations.

### Access to Water Resources

Water resources are essential for various operations such as research, cooling, and cleaning. SK Biopharmaceuticals aims to secure an adequate water supply for business operations through effective water resource management, including conservation and recycling. We plan to establish future water resource management plans to ensure ongoing water conservation through investment and efficiency validation.

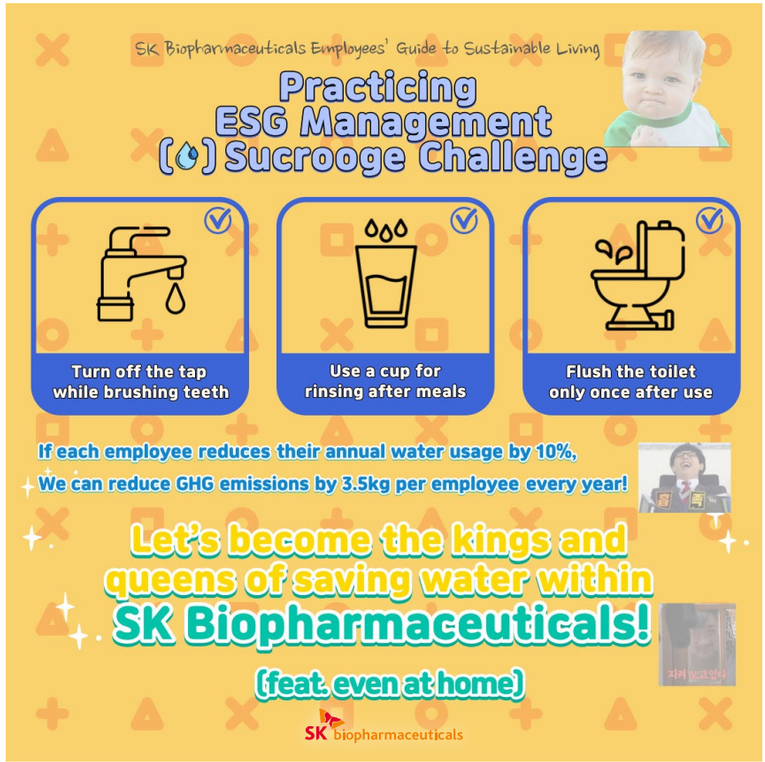
### Compliance with Regulations Relating to Water Use and Wastewater Discharge

SK Biopharmaceuticals recognizes the importance of activities related to water use and wastewater discharge. Authorized external contractors manage all wastewater to be discharged in the laboratory for proper treatment. Although there are no specific legal standard for discharging wastewater, we voluntarily measure 59 substances on a monthly basis in accordance with the Water Environment Conservation Act.

### Cost Savings with Regard to Water Resources

Reducing water use not only lowers operational costs but also has positive effects on reducing social costs. SK Biopharmaceutical has launched the “Sucrooge” campaign, which focuses on water conservation. We have placed posters to raise awareness and encourage employees to voluntarily reduce water usage in their daily lives.

Sucrooge Campaign




### Standards for the Management of Water Pollutants

| No. | Measurement Items | Legal Standards | | Company Standards | |
|---|---|---|---|---|---|
| | | Measurement Cycle | Concentration | Measurement Cycle | Concentration |
| 1 | Chemical Oxygen Demand (COD) | - (All fully outsourced for treatment) | - (No legally mandated measurement cycles) | 75mg/L or less | Once/ Month |
| 2 | Suspended solids | | | 120mg/L or less | |
| 3 | Total nitrogen compounds (Total nitrogen) | | | 60mg/L or less | |
| 4 | Total phosphorus compounds (Total phosphorus) | | | 8mg/L or less | |
| 5 | Oil (Animal and vegetable oil) | | | 30mg/L or less | |

## Programs for the Reduction of Hazardous Substances in the Supply Chain

SK Biopharmaceuticals conducts internal inspections of our contractors who manage waste and wastewater treatment facilities at least once a year. From these inspections, we verify the proper handling of waste and wastewater, and appropriateness of the treatment services rendered by our contractors. We continuously update the checklist items to enhance our contractor management efforts.

### Inspection Status

| Inspection Targets | No. of contractors | Inspection cycle | Inspection outcome |
|---|---|---|---|
| Waste Transportation Companies | 1 | At least once a year | No significant issues (as of December 2022) |
| Waste Treatment Companies | 1 | | |
| Wastewater Transportation · Treatment Companies | 2 | | |

### Key Inspection Items

1. Conformance between the facilities stipulated in the Waste Treatment Permit and the actual operating facilities
2. Possession of adequate transportation/treatment capabilities (Facilities, vehicles, personnel, etc.)
3. Compliance with permissible storage quantities and storage periods
4. Proper treatment of additional pollutants generated during transportation/ treatment processes
5. Timely input of transportation/treatment information into the legal registration system (Allbaro System)

# SOCIAL

- Enhancing Access to Healthcare
- Responsible Research and Development
- Product Quality and Safety
- Human Resource Management
- Protection of Human Rights and the Improvement of Employees' Quality of Life
- Workplace Health and Safety
- Sustainable Supply Chain
- Responsible Marketing and Customer Relations Management
- Privacy and Information Security
- Community Development and Corporate Citizenship Action

Free provision of medicine for underprivileged groups through Patient Assistance Program (PAP)

More than

**10,000**

cases

Selected as

**Great Place to Work**

by Great Place to Work Institute Korea

Obtained signatures on ESG guidelines from new suppliers

**100** %

# Enhancing Access to Healthcare

SK Biopharmaceuticals is making efforts to treat more intractable diseases that the world is facing by conducting research not only on new drugs for epilepsy and sleep disorders but also on treatments for brain tumors. In order to ensure a healthy future for everyone, SK Biopharmaceuticals manages a fair and transparent pricing policy to deliver new value to customers and healthcare professionals by reasonably pricing pharmaceutical products.

## Contribution to Enhancing Access to Healthcare

SK Biopharmaceuticals acknowledges that innovative drug development and expansion in the sales market can contribute to improving the quality of life for more patients. In particular, it has been observed that patients with epilepsy, classified as rare and severe chronic conditions, face higher medical expenses compared to the general population.[1)2)] SK Biopharmaceuticals continues to invest extensively in research and development activities to develop innovative therapies with higher efficacy in complete seizure freedom and seizure frequency reduction, ensuring that epilepsy patients do not suffer from belated treatment due to financial burdens. Furthermore, our commitment lies in establishing fair drug pricing while seeking approaches for global expansion, all aimed at improving access to medicines for a broader patient population. In pursuit of improved access to healthcare, SK Biopharmaceuticals has given out licenses (License Out) to 18 countries classified as developing countries in the Access to Medicine Index (ATMI) in July 2022 and is initiating commercialization for product sales.

## Affordability

SK Biopharmaceuticals adopts a value-based pricing policy and determines fair prices based on the value of its products. To maintain competitiveness in the global market, we convene a Global Pricing Committee consisting of C-level decision-makers, and the committee reviews and approves pricing policies to maintain competitive pricing while delivering the full value of the products to customers. SK Biopharmaceuticals sets drug prices at a level that is in accordance with the insurance drug price policy of the countries where the drugs are sold. In the case of the U.S. market, SK Biopharmaceuticals considers factors such as privately insured to publicly insured patient ratios, inflation rates, etc., to establish reasonable drug prices. In addition, through the prescription of XCOPRI®, SK Biopharmaceuticals contributes to improving medical accessibility by reducing the number of hospitalized patients and medical expenses and enhancing the accessibility of XCOPRI® prescription through the Patient Coupon program, which provides support for patient copayments.

## Patent Policy

Although intellectual property protection is an important source of innovation in healthcare for facilitating market entry of new drugs, SK Biopharmaceuticals recognizes the need for a flexible and multifaceted approach to intellectual property rights in order to contribute to solving the healthcare problems facing the least developed and low-income countries. SK Biopharmaceuticals plans to support pharmaceutical companies in regions with low drug accessibility to create an environment in which they can manufacture and supply products of SK Biopharmaceuticals. We plan to expand the product sales market but not apply for or exercise patent rights in the the least developed countries defined by the UN and low-income countries defined by the World Bank.

## Our Approach to Market Expansion

Based on the experience of the successful launch of the anti-seizure medication drug Cenobamate (Brand name: XCOPRI®) in the United States, where the demand for product safety is the highest in the world, SK Biopharmaceuticals is exerting its influence into global markets, including Europe and Asia. Cenobamate has been available in Europe (Brand name: ONTOZRY®) since June 2021 through our partner, Angelini Pharma, and is contributing to the treatment of over 12,822 epilepsy patients in 17 European countries as of March 2023. With high complete seizure-free rates, Cenobamate has demonstrated cost-effectiveness and is recognized as a medication recommended in the National Institute for Health and Clinical Excellence (NICE) epilepsy prescribing guidelines in the United Kingdom. SK Biopharmaceuticals plans to expand its market presence by launching Cenobamate in eight additional countries within the year, including Poland, Ireland, Hungary, Iceland, Greece, Portugal, Canada, and Israel.

As part of the global partnering initiative for Cenobamate, SK Biopharmaceuticals has successfully entered the market including Japan (October 2020), China (November 2021), Canada (December 2021), Israel (May 2022), and 17 Latin American countries (July 2022) through technology exports. We are also actively pursuing additional partnering opportunities in Australia and the Middle East and North Africa (MENA) region. To contribute to improving medication accessibility for early-stage epilepsy patients as well as refractory epilepsy patients, SK Biopharmaceuticals is establishing collaborative systems with clinical institutions in France, Germany, and the UK, collecting early prescription data for Cenobamate.

1) Cramer JA, et al. Healthcare utilization and costs in adults with stable and uncontrolled epilepsy. Epilepsy Behav. 2013.
2) OECD Data (Health Spending)

## Extension of Treatment

SK Biopharmaceuticals continues research in the field of central nervous system and conducts studies for expanding therapeutic indications. Currently, we are advancing phase 3 clinical trials for epilepsy with generalized seizures and rare epileptic conditions, with the hope of enhancing the quality of life for numerous epilepsy patients. Building on our expertise in the central nervous system research, we are also engaged in the investigation of anti-cancer therapeutics. In 2022, we initiated phase 1 clinical trials of SKL27969, a therapeutic agent targeting various cancer types, including brain tumors and brain metastases.

## Contributions to Improving Healthcare Efficiency

SK Biopharmaceuticals manages the efficiency of its products through cost-effectiveness analysis to reduce the financial burden on customers. Our flagship product, XCOPRI®, has demonstrated significant seizure reduction rates of 28% and 21%, respectively, in phase 2 and late-stage clinical trials, showing the effect of reducing total healthcare costs. The findings of the cost-related financial impact analysis were presented at the International Society for Pharmacoeconomics and Outcomes Research (ISPOR) and the American Epilepsy Society (AES) poster sessions in 2022. In this study, which included a cost analysis comparing competitor products with the same indications, both drug costs and medical expenses were comprehensively considered in analyzing cost-effectiveness. As a result, when patients take XCOPRI®, which has higher efficacy compared to competitor products (assuming a 2.6% adherence rate), medical costs over the patient's lifetime decreases by approximately USD 12,664.

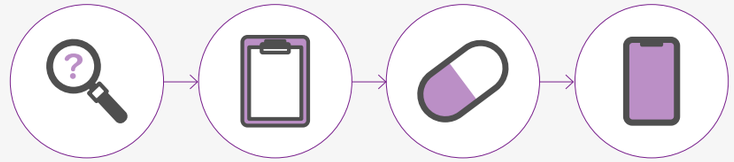
## Activities to Increase Accessibility to Medicine

SK Biopharmaceuticals implements an Expanded Access Program (EAP) to help customers who face difficulties in purchasing medication due to financial reasons. As of December 31, 2022, approximately 50 patients have been receiving free support for Cenobamate through this program. We also enhanced the access to medicines for patients in need through a Patient Assistance Program (PAP). Through the online platform Navigator, customers who meet certain income criteria can submit relevant forms and receive free support for XCOPRI® products. Furthermore, we provide information, including patient group details, to patients and caregivers to help them for successful treatment. In 2022, SK Biopharmaceuticals supported over 1,000 patients and provided over 10,000 free products in total through the Patient Assistance Program.

## Support for the Full Cycle of Care

SK Life Science supports the full cycle of care for patients suffering from epilepsy through the Navigator program and works with healthcare professionals to provide easy access to XCOPRI®. Through the Navigator program, we determine whether to support patients based on information about the patients themselves and medical professionals, insurance and diagnosis history, and prescription information. Customers can also place their inquiries through our call center. In 2022, we supported more than 1,250 patients through the Navigator. We also received approximately 47,000 Copay Assistance Claims requests and provided assistance for copayments, while offering 939 Trial Offers to support patients with XCOPRI® medication.

### Procedure for Supporting Treatment Cycle through Navigator




### Results of Support for the Full Cycle of Care

(As of December 2022)

| | |
|---|---|
| Number of Supported Patients | Approximately **1,250** |
| Copay Assistance Support | Approximately **47,000** cases |
| Trial Offers Support | **939** cases |

## Activities to Improve Awareness of Epilepsy Patients

SK Biopharmaceuticals contributes to improving the quality of life for epilepsy patients by engaging in awareness-raising activities in countries where our anti-seizure medication is available. As part of these initiatives, we offer assistance to customers and caregivers to foster a deeper comprehension of epilepsy.

### Operation of Our Product Website

According to research, it is estimated that there are approximately three million adults in the United States who display symptoms of epilepsy, and among them, about 60% may experience disruptions in their daily lives due to generalized and partial seizures. Thus, SK Biopharmaceuticals provides relevant information on the symptoms and treatment methods of epilepsy on the XCOPRI® website.

### Participation in the "Glow Walk Run" Campaign

SK Life Science is driving epilepsy awareness activities through collaboration with stakeholders by participating in the Glow Walk Run event organized by the Epilepsy Patients Association. The Glow Walk Run event attracts an annual participation of 50 to 70 individuals, including SK Life Science employees who provide epilepsy-related information and support the epilepsy community in New Jersey, USA. We also support and collaborate with various nonprofit organizations to increase disease awareness and improve the quality of life for epilepsy patients. Notable organizations include the Epilepsy Foundation, Epilepsy Alliance America, and Cure Epilepsy, with whom we engage in regular partnerships to support social contributions for epilepsy patients.

## Providing Information About Epilepsy and Promoting the Epilepsy Community

SK Biopharmaceuticals and SK Life Science recognize the importance of communication between patients and medical professionals in improving access to products, and provide information to support them. We provide S.T.E.P.S (Seizures, Treatment, Emotional Impact, Personal Goals, Safety) based self-diagnosis method through the XCOPRI® product website enabling patients to conduct a self-diagnosis of epilepsy and helping them plan their treatment with medical professionals. We also provide resources such as Treatment Flashcards, Patient Brochures, and Caregiver Brochures to support patients and caregivers in taking the medication appropriately. As part of the S.T.E.P.S Toward Zero campaign, five epilepsy patients and one caregiver participate as representatives to share their stories and actively engage in discussions using the hashtag #STEPSTowardZero, fostering an active epilepsy patient community. Through the S.T.E.P.S Toward Zero website, SK Biopharmaceuticals and SK Life Science provide remote health tip sheets, seizure journals, and other resources to help epilepsy patients to pursue seizure freedom in their daily lives.

S.T.E.P.S Toward Zero Website

### Collaborative Institutions for Raising Epilepsy Awareness


### S.T.E.P.S Discussion Guide

| | |
|---|---|
| Seizures | • Frequency of seizures<br>• Time of major seizure occurrence<br>• Symptoms experienced during seizures |
| Treatment | • Effectiveness and intensity of current medication<br>• Side effects of current medication<br>• Improvement in seizure frequency after medication intake<br>• Recent experiences of non-compliance with medication and reasons |
| Emotional Impact | • Emotional changes due to epilepsy<br>• Impact of seizures on interpersonal relationships<br>• Impact of seizures on occupation and education<br>• Need for assistance due to emotional changes caused by seizures |
| Personal Goals | • Reasons and goals for today's visit<br>• Goals for the upcoming year<br>• Consideration for changing current medication to achieve goals |
| Safety | • Daily life activities disrupted by epilepsy<br>• Compliance with safety measures in daily life<br>• Awareness of SUDEP (Sudden Unexpected Death in Epilepsy) |

# Responsible R&D

SK Biopharmaceuticals promotes clinical trial safety measures and systematic data management to ensure the safety of clinical trial participants and obtain reliable research results. We run an Institutional Animal Care and Use Committee (IACUC) to evaluate the ethical and scientific validity of unavoidable animal experiments conducted during the development of new drugs while providing training to employees to enhance their awareness of respecting life and ethical considerations.

## Our Ethics on Experiments

SK Biopharmaceuticals strictly complies with regulatory requirements for clinical trials to assess the efficacy, toxicity, and safety of new drug candidates and for non-clinical studies conducted on animals. We continuously comply with local ethical regulations to ensure the development of safe and effective drugs. We increase the awareness of our employees regarding ethics on experiments and respect for life through training and campaign activities to prevent any potential regulatory violations or rectify ethical concerns during the research process.

## Safety Management in Clinical Trials

SK Biopharmaceuticals and SK Life Science manage all clinical trials in compliance with the Good Clinical Practice (GCP) set by the International Council for Harmonization (ICH). The ongoing clinical trials conducted by SK Biopharmaceuticals comply with the clinical trial regulations and procedures of each country, including South Korea, China, and Japan, ensuring safety and ethical conduct. We have established Standard Operating Procedures (SOP) for CROs to monitor compliance with clinical trial ethical regulations. All relevant departments within SK Pharmaceuticals manage and check the compliance of CROs with these regulations. SK Life Science runs its internal medical oversight called the SK LSI Medical Monitor, in addition to the CROs medical oversight. The Pharmacovigilance Group conducts clinical trials under the approval of appropriate health authority and the site's Institutional Review Board (IRB) or the Ethics Committee (EC). The IRB or EC reviews and approves the ethical and scientific aspects of the research to ensure the rights, safety, and welfare of the participants are maintained.

## Consent Process for Participants in Clinical Trials

The clinical trials conducted by SK Biopharmaceuticals through CROs are carried out based on the pre-approved informed consent forms and the voluntary participation of the clinical trial participants, under the responsibility of the sites running the trials. SK Biopharmaceuticals provides the required research information to ensure that the participants can make informed decisions.

## Data Management in Clinical Trials

SK Biopharmaceuticals and SK Life Science run the Data Monitoring Committee (DMC), an independent organization that objectively monitors and controls clinical trial data to ensure patient safety and the effectiveness of clinical trials. The DMC periodically reviews data accumulated from clinical trials to ensure participants' safety and the validity of clinical trials. During the trials, patient-level data related to safety and effectiveness, post-clinical trials and post-launch observations results, product cost-effectiveness analysis results, and pharmacology and health economy data are collected. SK Biopharmaceuticals discloses these data in accordance with legal procedures, ensuring stakeholders' right to access information and increasing trust.

## Compliance with Animal Testing Ethics

SK Biopharmaceuticals is making thorough efforts to ensure the ethics, safety, and reliability of experiments in inevitable animal experiments during the development of new drugs. To ensure adherence to the Animal Protection Act and the Laboratory Animal Act, SK Biopharmaceuticals runs an Institutional Animal Care and Use Committee (IACUC). The committee reviews and assesses in advance the ethical and scientific feasibility of all animal experimentation plans. The committee determines the approval of animal experiments based on the 3R principles: Replacement of animal experiments, Reduction in animal numbers used for experiments, and Refinement of unnecessary pain on experimental animals. In addition, post-approval monitoring (PAM) procedures, pre-approval of experimental plans involving Living Modified Organisms (LMOs) animal experiments, and at least two on-site inspections per year for in-house animal experiments are conducted. SK Biopharmaceuticals appoints an attending veterinarian to ensure ethical animal experimentation and maintain the health and welfare of experimental animals. Furthermore, SK Biopharmaceuticals conducts regular ethics training on animal experimentation and facilitates Life-Respect Day events to increase the respect for life and ethical considerations among employees.

Research Ethics Regulations

# Product Quality and Safety

SK Biopharmaceuticals and its subsidiary, SK Life Science, prioritize the quality management of products and investigational drugs under a Harmonized Global Quality Policy to ensure efficacy and safety of products. Operating a Quality Management System (QMS), we conduct continuous monitoring of quality incident, drug surveillance, and quality and safety management training. Furthermore, we are building a top-level global quality management system by digitalizing of quality management system.

## Quality Management Policy

SK Biopharmaceuticals and SK Life Science manage contract manufacturing organizations (CMOs) based on strict quality and safety regulations of domestic and international regulatory authorities, including the Korean Ministry of Food and Drug Safety (MFDS), U.S. Food and Drug Administration (FDA), and European Medicines Agency (EMA). In addition, monitoring activities are carried out through periodic on-site inspections, and the product is discarded in the event that regulatory violations are found. The Quality Assurance departments of SK Biopharmaceuticals and SK Life Science have strengthened the existing Quality Management Systems (QMS) by integrating quality policies and developing and implementing a Harmonized Global Quality Policy. Currently, both companies operate QMS tailored to their respective situations under the same Harmonized Global Quality Policy.

Product/Service Safety Accident Prevention and Quality Management System

## Quality Test Management

SK Biopharmaceuticals performs product quality testing through the QC Lab of CMOs, and it is validated and managed through periodic on-site inspections of the QC Lab. All quality test results for the products are monitored by SK Biopharmaceuticals' Quality Assurance Department on a batch basis and continuously managed according to the internal review procedures.

## Quality Risk Management

SK Biopharmaceuticals has established Quality Metrics to assess and monitor the quality management indicators of CMOs that manufacture our products. We evaluate and monitor the quality management indicators of each CMO on a quarterly basis. Additionally, based on management reporting and feedback, we continuously assess and improve the overall quality status. Both SK Biopharmaceuticals and SK Life Science conduct monthly monitoring of quality and safety incidents, achieving zero event of them in the year 2022.

## Quality Management Training for Employees

Employees of SK Biopharmaceuticals are required to take training under the annual job training plan in accordance with the Good x Practice (GxP)[1] procedure, and participation status is monitored periodically. SK Life Science provides training for its employees on the duty to manage and disclose abnormal cases regarding products. All employees involved in activities related to product quality and safety receive training on job requirements according to internal policies based on the Good x Practice (GxP), and SK Life Science supports additional job-related external training courses once a year, where necessary. In addition, SK Life Science conducts internal and partner audits to periodically monitor the implementation of the training programs. In 2022, SK Biopharmaceuticals established a quality management system strategy and a digital quality management training system is currently being introduced accordingly. It is expected to enhance the quality management capabilities of employees through the improvement of GxP training methods and the digitization of learning history management.

## Operation of Pharmacovigilance System

SK Biopharmaceuticals collects and analyzes adverse events and safety-related information throughout the lifecycle of pharmaceutical products through the operation of pharmacovigilance system and reports them to pertaining regulatory authorities in accordance with their regulations. Efficacy and safety information of all marketed products is collected through Postmarketing Surveillance (PMS), and if any adverse events are found, it is promptly reported reported through expedited and periodic reporting in accordance with the Korean Ministry of Food and Drug Safety, the U.S. FDA, and other national and international regulations. Furthermore, all types of adverse events related to the currently marketed product XCOPRI® are reported through the FDA Adverse Event Reporting System (FAERS), which is the public adverse event reporting system of the U.S. FDA. While safety evaluation is conducted through continuous monitoring activities, labels and safety information are updated continuously through internal control, and updated labels are made available to the public.

## Management of Counterfeit Drugs

Counterfeit medicines may pose a significant threat to customer health and can have a negative impact on the trust of stakeholders in the product. To eradicate counterfeit pharmaceuticals, SK Life Science assigns unique serial numbers (serialization) to all marketed products and rigorously tracks and manages them in accordance with the Drug Supply Chain Security Act. There were zero incidents related to counterfeit drugs in 2022, and we will continue to strengthen monitoring efforts to ensure the safe distribution of legitimate pharmaceuticals.

1) Criteria applied to meet safe and stringent quality standards in drug production, including Good Clinical Practice (GCP), Good Manufacturing Practice (GMP), and Good Laboratory Practice (GLP)

# Human Resource Management

With the belief that securing and retaining key talents is essential for the survival of the company, SK Biopharmaceuticals makes best efforts to create an environment in which employees can develop and demonstrate their expertise. We ensure recognition of employee efforts and directly link their performance to remuneration.

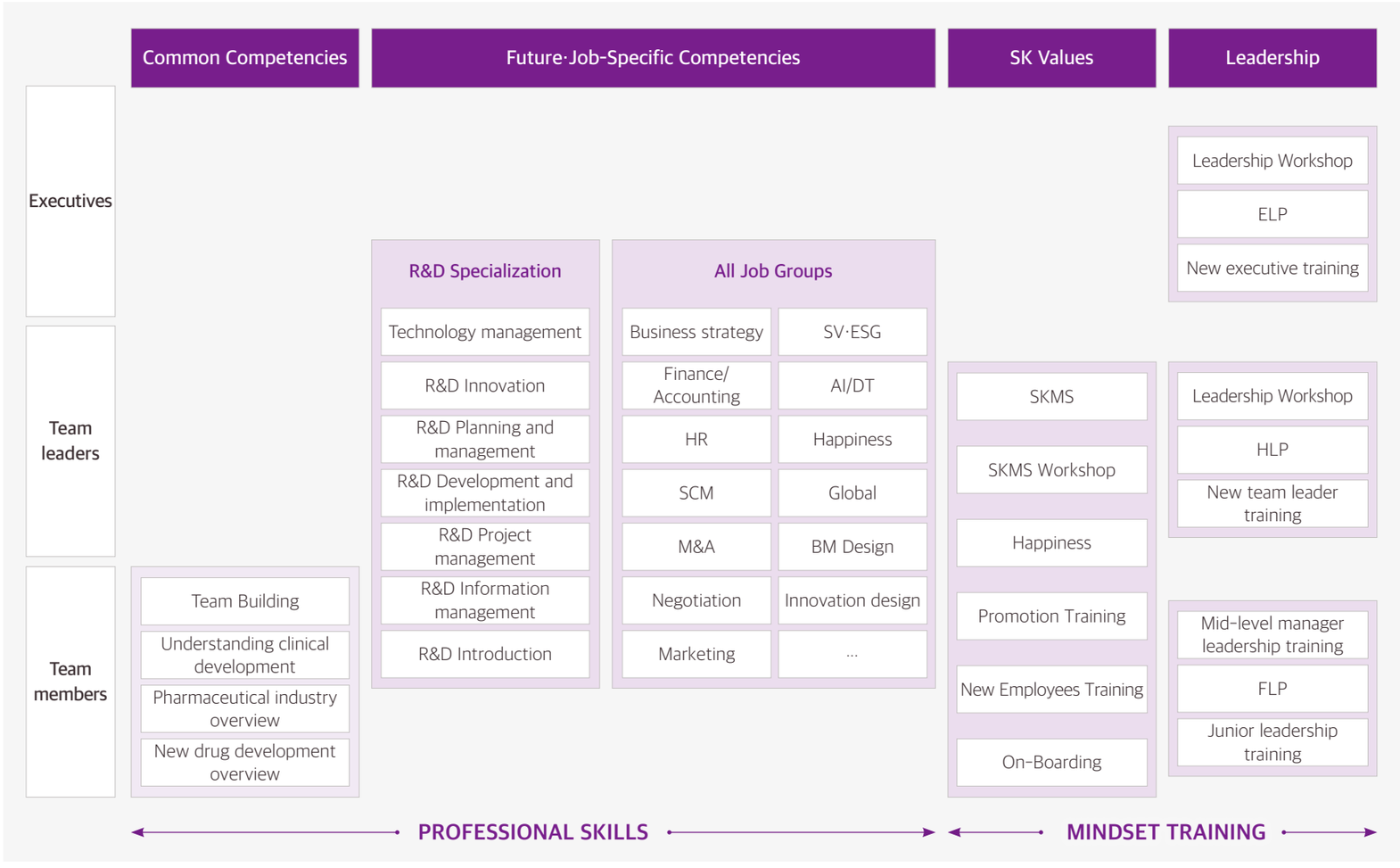
## Human Resource Planning

SK Biopharmaceuticals is involved in estimating the demand for human resources required to achieve our management goals, contemplating how to secure excellent talent, establishing and implementing optimal talent acquisition strategies. SK Life Science also establishes detailed human resource plans and attempts to secure competent human resources through workload analysis and job analysis.

## Recruitment Process for Talents and Experts

SK Biopharmaceuticals operates an internship program targeting undergraduate/master's students and graduates to proactively secure outstanding talents in the R&D field. We have initially implemented the R&D internship system and expanded it to include staff positions. Furthermore, we conduct one-on-one communication sessions between the CEO and all employees to understand their career goals and needs. Through an internal recruitment system called Talent Market, we actively support an environment for employees to grow as experts. Additionally, we utilize both offline and online channels, such as domestic and international campus recruiting, global forums, sponsorship of U.S.-based KASBP Pharmaceutical/Bio Symposium, and local talent recruitment fairs, to attract talents. We have also established a cooperative system with key university research labs to attract specialized professionals in SK Biopharmaceuticals' core business areas such as the central nervous system and oncology.

Talent Nurturing System



## Competency Development Programs

SK Biopharmaceuticals runs a systematic training program that takes into account the interests and autonomy of its employees, and provides supplementary internal training programs, such as mentoring sessions to enhance understanding of company and organizational adaptability for new employees. In addition, we conduct annual satisfaction surveys on training programs, collecting employee feedback, identifying areas for improvement, and setting future improvement direction to increase employee satisfaction. Furthermore, SK Life Science has developed a training module called the "Virtual Comprehensive Epilepsy Center," which allows sales representatives to experience the clinical environment of an epilepsy center and utilize it for job-specific training. The training module was recognized for its innovation, receiving the Innovation Award at the LTEN (Life Science Trainers & Educators Network), a conference for pharmaceutical industry training professionals, in 2023.

### Job-Specific Training

SK Biopharmaceuticals provides job-specific training programs tailored to R&D roles, such as technology management, R&D planning and management, and R&D innovation, and offers content customized to staff positions, such as Business Modeling Course, M&A Intensive Course, and Marketing/HR/Capital Expert Program, to support the enhancement of employees' professional expertise in their respective roles. We also provide Foundation Skill training courses, including AI/DT and Design skills, which are capabilities required to respond to future changes, to all employees.

### Leadership Training

SK Biopharmaceuticals actively participates in the HIPO Team Leader Program (HLP), an executive candidate nurturing initiative, the Executive Leader Program (ELP), and the Future Leader Program (FLP), all designed to identify potential future CEO candidates within the SK Group. Furthermore, we offer a range of programs, including the Ignite Leadership Program (ILP), Leadership Transformation Program (LTP), Leader as Coach Program (LCP), and 1-on-1 Workshop, all aimed at cultivating leadership skills and capabilities among professionals at SK Biopharmaceuticals.

### Partnership with Training Institutions

SK Biopharmaceuticals collaborates with external training institutions to enrich the professional expertise of its workforce. We offer specialized R&D training contents, covering areas like Research and Development (R&D), Good Manufacturing Practices (GMP), and licensing affairs, in partnership with the Korea Pharmaceutical and Bio-Pharma Manufacturers Association (KPBMA). These programs actively contribute to enhancing the capabilities of our employees. Additionally, we provide a diverse array of educational opportunities for employees in staff positions, including the Patent Dispute Expert Program of KAIST and the Capital Market Expert Program of Korea University, to further strengthen their expertise and competencies. Furthermore, we administer a comprehensive university degree acquisition program and an executive leadership program accessible to all employees, including contract staff, to nurture future experts.

## Employee Performance Management

SK Biopharmaceuticals conducts annual performance evaluations and competency assessments for all its employees. We have established a performance management system that ensures continuous feedback throughout the year. Achievement evaluations are aligned with established job responsibilities, taking into account the unique characteristics of each department. Leadership and peer assessments focus on evaluating individual capabilities and growth. At the end of the year, a final evaluation is carried out based on self-assessment and peer evaluation to assess annual achievements. Team leaders consolidate the evaluation results and seek final approval from executives. Furthermore, we actively support career development planning and goal attainment through at least one annual development meeting. We also hold regular development discussion sessions, and the evaluation results directly inform decisions regarding compensation and promotion, ensuring alignment with our HR system.

SK Life Science similarly conducts regular performance evaluations for all employees, assigning a five-level evaluation rating based on comprehensive assessments of performance, competency, and organizational contributions using task-based work plans. Furthermore, through the Commercial Field Tiering Program or MSL Tiering Program, employees are provided with annual promotion opportunities if they meet specific performance criteria and if their scope of work, responsibility, and impact expand.

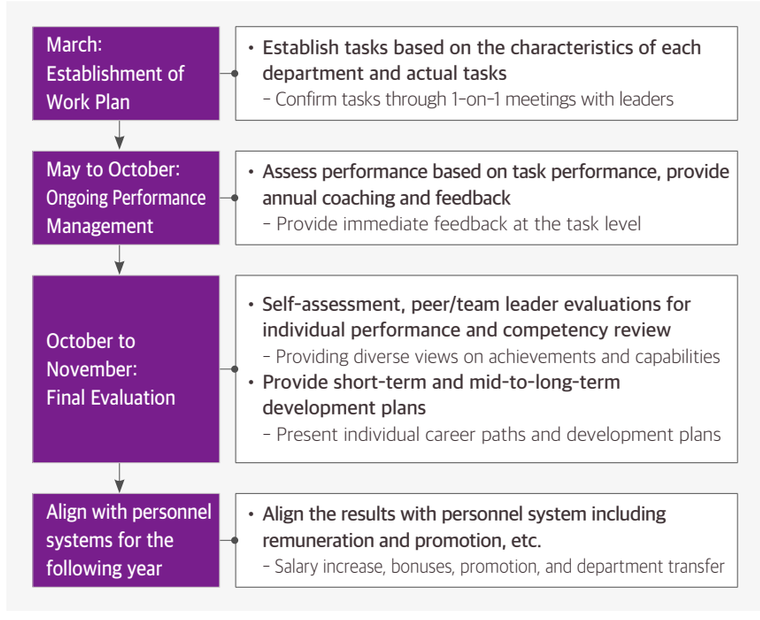
## Performance-based Remuneration System

SK Biopharmaceuticals provides distinct rewards based on performance evaluations. When determining salary increases and bonuses, we take into account the evaluation results of employees' performance. We continuously strengthen a performance-oriented remuneration system by providing additional rewards to employees who consistently achieve high performance, thus motivating them. In addition, we provide opportunities for overseas workshops and conferences for outstanding performers and award excellent projects and outstanding employees.

## Stock-Based Compensation Program

SK Biopharmaceuticals established an employee stock ownership association in 2020, and as of the end of 2020, a total of 116 members (42.4% of the total) hold our company's shares. SK Life Science implements a long-term incentive program, linked to the company's stock price, for all employees. We plan to expand the employee stock ownership program and further develop stock-linked compensation for all employees in the future.

SK Biopharmaceutical's Employee Performance Management



# Protection of Human Rights and Improvement of Employees' Quality of Life

With the understanding that respect for human dignity and values is the foundation of sustainable management, SK Biopharmaceuticals strives to prevent human rights violations among stakeholders through a human rights protection policy that covers aspects such as the protection of human rights, compliance with labor standards, and non-discrimination. We are committed to fostering an inclusive organizational culture that ensures diversity and respects human rights.

## Human Rights Protection Policy

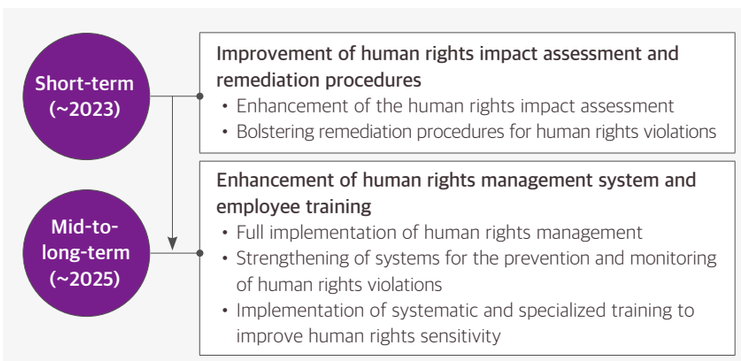
SK Biopharmaceuticals has established a human rights management policy to support and comply with human rights protection and labor standards, emphasized by the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the ILO[1]'s Declaration on Fundamental Principles and Rights at Work. The policy consists of ten detailed guidelines addressing major human rights issues that include employees, suppliers, and customers. It serves as the fundamental principle underlying human rights management and is applied throughout the entire organization.

## UNGC Membership

In 2023, SK Biopharmaceuticals joined the United Nations Global Compact (UNGC) in a commitment to bolster our ESG (Environmental, Social, and Governance) management practices, which are aligned with international standards, and to advance our dedication to social responsibility. As a member, SK Biopharmaceuticals is dedicated to upholding the UNGC's ten principles across its four core domains: human rights, labor, environment, and anti-corruption.

Human Rights Protection Policy

### Human Rights Management Roadmap




We are steadfast in our commitment to transparently report on our sustainable management performance to stakeholders, including the submission of COP (Communication on Progress) reports to help achieve the Sustainable Development Goals (SDGs).

## Preventive Activities for Human Rights Risks

SK Biopharmaceuticals conducts an annual Human Rights Impact Assessment and Due Diligence, following the procedures outlined in global guidelines, to identify and address the actual and potential negative impacts of its business activities on the human rights of stakeholders and develop and implement the improvement plans accordingly. In 2022, the Human Rights Impact Assessment resulted in an 81% positive response rate, demonstrating the company's excellent operation of human rights management in terms of compliance with labor regulations and protection of human rights. In addition, for any negative responses from each department, thorough investigations and analyses were conducted, followed by corrective measures. Furthermore, we will establish and systemically implement a short- to long-term roadmap to advance human rights management.

## Grievance Mechanisms

SK Biopharmaceuticals provides a grievance-handling channel that is available to all employees at all times to listen to human rights concerns and opinions. The grievance channel operates according to the strict principles of anonymity protection under the internal whistleblower protection system, ensuring that the whistleblower does not suffer from any disadvantage. Grievance reports are sent to the responsible personnel via the e-HR system, and the registered cases are promptly processed in accordance with internal regulations and procedures, categorized according to the nature of the grievance (such as workplace sexual harassment, workplace bullying, etc.). SK Life Science also utilizes a compliance hotline to allow all employees and external stakeholders in business relationships with the company to anonymously report human rights issues. In 2022, there were no reported cases of human rights violations received through the grievance mechanisms of SK Biopharmaceuticals and SK Life Science.

## Activities for Raising Human Rights Awareness

To instill a culture of human rights respect internally, SK Biopharmaceuticals conducts annual human rights training for all its employees. This training encompasses legal guidance, promoting non-discrimination, fostering diversity, preventing workplace harassment, addressing sexual harassment, and other pertinent subjects. In 2022, we hosted a human rights management briefing to heighten employee awareness regarding human rights issues. We achieved a 100% participation rate in training programs for preventing sexual harassment, raising disability awareness, and deterring workplace harassment. Furthermore, our online training platform, "mySUNI," offers courses like "Asking Human Rights to Management" and "Business and Human Rights: What Should We Do?," encouraging voluntary employee engagement in human rights management. SK Life Science provides a handbook to all employees, offering guidance to ensure a thorough understanding and awareness of the company's human rights policy. In 2022, it introduced interview guidelines to assist interviewers in evaluating candidates' sensitivity to human rights issues when applying for People Manager and Professional/Individual Contributor positions.

1) The International Labour Organization

## Diversity and Inclusiveness

At SK Biopharmaceuticals, we commit to non-discrimination based on gender, race, age, disability, religion, nationality, or any other characteristic. Each year, we provide comprehensive diversity and inclusivity training to all employees, with a diversity awareness course available on the 'mySUNI' platform. As of the end of 2022, approximately 49% of our workforce was females, and the percentage of female executives increased by 8.3%p, reaching 25%. Moreover, as of 2023, the proportion of female directors among registered directors stands at around 40%, reflecting a 20%p increase from the previous year. In assessing employee awareness, SK Life Science participates in group-level surveys on Diversity, Equity, and Inclusion and organizes monthly Diversity Awareness Improvement events starting from April 2023. SK Biopharmaceuticals' aim is to further enhance diversity within our workforce, targeting a 30% ratio of female executives and a 4% employment rate for individuals with disabilities by 2025. We conduct annual diversity training sessions, including disability awareness, prevention of discrimination, and respect for diversity. Executives are accountable for managing the outcomes of diversity policy and human rights training, along with survey results, reporting them to the board of directors and the HR committee. In 2022, we achieved a 100% completion rate for sexual harassment prevention and disability awareness training.

## Diversified Human Resources Policy

SK Life Science has explicitly outlined in its Code of Conduct and recruitment website its commitment to achieving non-discriminatory and equal employment opportunities for individuals, irrespective of their race, religion, gender, sexual orientation, gender identity, nationality, disability, or veteran status. Additionally, under the guidance of company executives, the company administers an Affirmative Action Program and conducts assessments of workforce composition, considering factors such as gender, race/ethnicity, and disability, among others. The results of these assessments serve as the foundation for establishing annual objectives and implementing strategies to enhance workforce diversity. To expand the outreach of job postings to minority groups, the company leverages digital tools like Circa, and it evaluates performance by measuring effectiveness through data analysis made available by such tools.

## Pursuit of Work and Life Balance

SK Biopharmaceuticals strives to support work-life balance for its employees to enhance job engagement and organizational satisfaction. Accordingly, we established a Work and Life Balance Policy that encompasses areas such as "Changes in Work Environment," "Employee Health Management," and "Family Care," To ensure that the voices of employees are heard, we conduct an annual work-life balance satisfaction survey, and the survey results are actively utilized for addressing issues and improvement. In 2022, the satisfaction score reached 71 out of 100, and based on employee feedback, improvements were made to the existing support system for weddings, funerals and other family events, such as eliminating distinctions between maternal/paternal side, married/unmarried employees and applying equal criteria for providing support from March 2023.

## Changes in Work Environment

SK Biopharmaceuticals has implemented a flexible work system, called the optional work hour system, which does not have fixed mandatory working times. This system allows employees to autonomously decide the start and end times of their work and the duration of their daily work within a range of 160 hours over a four-week period. Furthermore, we have introduced and operated a smart office system that eliminates designated spaces, enabling employees to freely choose the workspace that best suits their work requirements. In addition, to promote the use of vacation days, the company has implemented a vacation planning system twice a year. Taking into account the characteristics of each organization and job, SK Biopharmaceuticals also selectively implements remote-working systems, enhancing work flexibility.

## Employee Welfare System

SK Biopharmaceuticals provides a diverse range of welfare benefits and programs for all employees beyond legal requirements, aiming to enhance their quality of life and increase job satisfaction.

Work and Life Balance Policy

| Category | Welfare |
|---|---|
| Health | Medical expenses, health check-ups, group personal accident insurance |
| Living stability support | Loan for financial stability(loan interest rate support), lunch/dinner support, communication expenses |
| Congratulatory and Condolence Support | Financial support, consumables |
| Refresh/Leisure | Club activities, support for vacation facilities |
| Childcare | Support for child educational expenses |
| Welfare Facilities | Childcare centers, health keeping service |

## Employee Health Care

SK Biopharmaceuticals provides support for general/comprehensive health check-ups and influenza vaccinations for employees and their spouses and implements a monthly professional health counseling program. To ensure that employees and their families do not face financial difficulties due to unexpected medical expenses, we provide medical expense support based on company guidelines. In addition to physical health, to ensure employee mental health care, we run a Health Keeping Service program for relieving stress and relaxation for employees. SK Biopharmaceuticals has dedicated Health Keeper rooms equipped with professional staffs with disabilities who are certified in national qualifications of massage to provide massage services for all employees. Since the introduction of the Health Keeper program in 2022, it has achieved an average reservation rate of 70% and shown high satisfaction. SK Biopharmaceuticals will continue to improve the program with the goal of achieving 100% usage by employees by 2025.

Healthcare Support for Employees

## Employee Family Care

SK Biopharmaceuticals provides family-friendly employee welfare programs to ensure not only the well-being of employees but also the happiness of their families. These programs include support for child educational expenses, support for leisure activities through optional welfare systems, support for housing stability, and support for weddings, funerals and other family events. Furthermore, we have implemented various leave, day-offs, and flexible working arrangements, including a 1-year statutory paid parental leave, to help employees alleviate the burdens of childbirth and childcare and to allow them to focus on their work. In addition to statutory leave, the company has established a separate maternity leave system of 1-10 months for pregnant employees to ensure the stability of mothers and their unborn children. We provide childcare facilities and flexible work arrangements as part of our parenting support program, enabling employees to balance childcare and work responsibilities. These efforts have led to us receiving the "Great Place to Work" certification in 2022.

## Vitalizing Employee Communication

SK Biopharmaceuticals creates an environment for smooth communication and collaboration among employees by establishing platforms for communication, including Management Council meetings and employee meetings.

### Management Council Meeting

SK Biopharmaceuticals established a labor-management council, internally referred to as the Management Council Meeting, to foster a better working environment and corporate culture through the participation and collaboration of both management and employees, seeking mutual harmony. The Management Council Meeting consists of nine employee representatives, representing each organizational unit. We hold quarterly meetings to discuss a range of issues, facilitating employee grievances and suggestions. The decisions made by the Management Council apply to all employees (100%) of SK Biopharmaceuticals. In 2022, through the Management Council Meeting, we have reviewed and improved the employee welfare benefits related to financial support for weddings, funerals and other family events.

### Employee Meeting

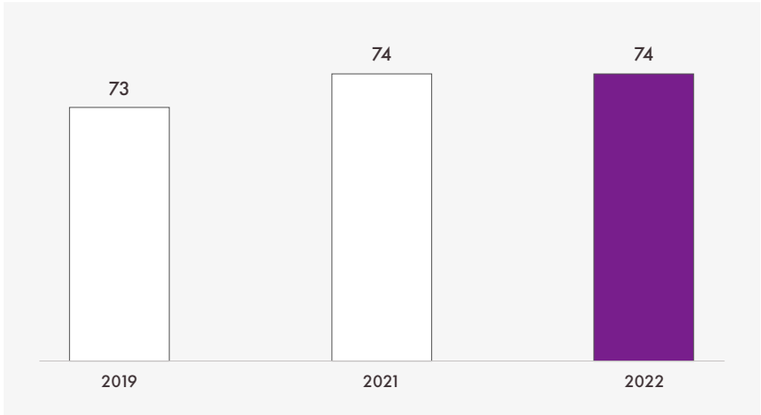
SK Biopharmaceuticals is focused on securing communication channels to move away from vertical communication and foster two-way communication. We hold monthly "Empathy-ing" town hall meetings where we share SK Biopharmaceuticals' vision, strategy, and key management issues, while also collecting diverse opinions from all employees. We engage in close communication with employees through CEO-employee one-on-one meetings, CEO-team luncheons, meetings with executives, newly promoted employees and newly appointed leaders, CEO-executive one-on-one meetings, and company-wide workshops. We also maintain transparent communication through various channels, including informal gatherings, SKMS workshops, employee management council, and HR system briefings (performance evaluation, compensation, human rights management, etc.).

## Employees Work Satisfaction Survey

SK Biopharmaceuticals conducts an annual group-wide employee satisfaction survey called SK Culture Survey to assess the level of corporate culture and identify areas for improvement. Through this survey, we gather employee opinions on SK Group's management philosophy, VWBE (Voluntarily, Willingly, Brain Engagement) culture[1], SUPEX[2] realization, employee happiness and stress management, and sustainable community and social values while listening to the voices of employees regarding areas of focus such as job satisfaction, autonomy, sense of belonging, and the value of work within SK Biopharmaceuticals. Recent survey results over the past three years have shown a slight increase and maintenance in employee commitment scores. To enhance employee satisfaction and commitment, SK Biopharmaceuticals has introduced new policies such as summer leave in addition to legal annual leave and implemented Happy Friday, a monthly four-day workweek system. Through these initiatives, we strive to create a more favorable environment for employees and build a culture where employees can work happily.

### Culture Survey: Results[3] of Employee Commitment[4]

(Unit: Score)




## Great Place to Work Certification

SK Biopharmaceuticals has been certified as a Great Place to Work in South Korea by GPTW (Great Place to Work Institute) Korea, a global corporate culture research organization. We were also recognized as an excellent company in the areas of Great Place to Work for working moms and millennials (certification period: 2022.11~2023.11). This certification has significant meaning as it is the result of SK Biopharmaceuticals' efforts to foster a corporate culture that values work-life balance, diversity, and fairness. SK Biopharmaceuticals will not satisfy with this certification and will continue to build a healthier and happier work environment and corporate culture.


1) Group's management philosophy that emphasizes employees' Voluntary and Willing Brain Engagement
2) An abbreviation for "Super Excellent Level," representing the highest level achievable through human capabilities
3) The Culture Survey was not implemented in 2020
4) Calculated through the criteria of Voluntarily, Willingly, Brain Engagement (VWBE) among the survey questions

# Workplace Health and Safety

SK Biopharmaceuticals prioritizes the health and safety of our employees. We manage a health and safety system centered around risk assessment, which involves identifying potential harmful and hazardous factors in research sites and establishing improvement measures. We have continuously achieved a zero Lost Time Injury Rate (LTIR) within domestic workplaces.

## Health and Safety Management System

SK Biopharmaceuticals acknowledges the significant implications that workplace health and safety concerns can bear, encompassing personal injuries and potential harm to our corporate reputation. Therefore, we convene Industrial Health and Safety Committees, convening at least once every quarter, to solicit employee perspectives on various health and safety matters and proactively oversee their resolution. Furthermore, we have established mid- to long-term objectives spanning three years, focusing on the advancement of safety management and health systems. We are dedicated to ensuring the commitment of both our employees and suppliers to the management of health and safety, all in pursuit of these objectives.

### Health and Safety Management System Advancement Roadmap

| | Phase1 (2023) | Phase2 (2024) | Phase3 (2025) |
|---|---|---|---|
| **Safety Management System Advancement Goals** | • Strengthening the compliance system for the Serious Accidents Punishment Act<br>• Establishing a system for evaluating and registering suppliers | • Enhancing the environment for employee participation in health and safety initiatives<br>• Establishing an evaluation system for selecting and evaluating suppliers | • Continuously improving the employee-driven health and safety management system<br>• Enhancing the suppliers' SHE management system |
| **Health Management System Advancement Goals** | • Basic research for health management systemization<br>• Developing a program for health management in confined spaces | • Establishing plans for health management systemization<br>• Enhancing the program for health management in confined spaces | • Implementing policies and programs for health management systemization<br>• Evaluating the program for health management in confined spaces |

### Safety, Health, and Environment Policy

SK Biopharmaceuticals has established a Safety, Health, and Environment Policy that shows our commitment to complying with relevant regulations, creating a safe and pleasant research environment, identifying and reducing hazards, and engaging in communication and cooperation with stakeholders. This policy applies to all employees, subsidiaries, investment companies, partner organizations, subcontractors, and workers in special employment arrangements associated with SK Biopharmaceuticals' business activities. It serves as the fundamental principle for company-wide safety and health management.

### Key Contents of Safety, Health, and Environment Policy

| | | | |
|---|---|---|---|
| Compliance with health and safety regulations and implement relevant policies | Creating a safe and pleasant research environment | Identification and reduction of hazardous and risky factors | Effective communication and cooperation with external stakeholders |

### Strengthening Health and Safety Management System

SK Biopharmaceuticals has the ESG/Strategic Committee under the Board of Directors to increase its commitment to occupational health and safety management. Led by the CEO and the Safety and Health Officer, we establish and implement safety plans and ensure swift and effective emergency response through departmental emergency contact systems and designated roles and responsibilities. We set safety goals for each department and evaluate their achievement, which is reflected in the performance assessments of executives and organizations. In 2023, we enhanced the awareness of occupational health and safety among research department employees through SHE Talk.

### Establishing Health and Safety Management System

SK Biopharmaceuticals obtained ISO 45001 certification (Occupational Health and Safety Management System), a global standard in the field of occupational health and safety, issued by the International Organization for Standardization (ISO) in May 2023. ISO 45001 sets minimum requirements for organizations to identify and manage risk factors enabling prevention for occupational hazards. Through this certification, we provide a safe and pleasant work environment for our employees and establish a systematic approach to assess and manage occupational health and safety risks that may arise during work. SK Biopharmaceuticals considers the health and safety of its employees and maintains constant communication with stakeholders such as employees and suppliers while committing to continuous improvement of our occupational health and safety system.

### First Half of 2023 Monthly SHE Talk Training Topics

| Category | Topic | Participating Department | Total Training Hours | Total No. of Participants |
|---|---|---|---|---|
| January | Preparation of exemption documents for the registration of imported/exported chemicals | All R&D Departments, SCM/QA Teams, etc. | 36 | 24 |
| February | Preparation of daily log for special management substances and regulated substances | | 52.5 | 35 |
| March | Compliance with ISO 14001 | All R&D Departments | 27 | 9 |
| April | Compliance with ISO 45001 | | 88 | 11 |
| May | Compliance with the Narcotics Control Act | | 102 | 51 |
| June | Compliance with Act on the Establishment of Safe Laboratory Environment | | 100 | 50 |

## Management of the Work Environment

SK Biopharmaceuticals visits research sites at least twice a year to assess safety management practices and conduct investigations on additional substances requiring examination. If any additions, changes, or omissions related to hazardous factors[1] are identified during the assessments, we incorporate them into the biannual workplace environmental measurements and regular special health examinations for all our R&D employees, aiming to identify and manage potential health hazards that could threaten employees' well-being in advance. We explicitly state this approach in our Healthcare Support for Employees Policy. Furthermore, we enhance the working environment by conducting indoor air quality measurements four times a year. Through the annual risk assessment, carried out in collaboration with employees and management, we actively work toward effectively managing occupational health and safety issues.

1) Hazardous factors include chemical substances, dust, physical factors, night work, or other factors that may affect the health of employees.

## Facility Safety Management

SK Biopharmaceuticals strives to go beyond legal obligations in managing the safety of facilities, including air conditioning systems and boilers, in order to achieve a high level of safety management that prevents all occupational health and safety incidents. We have separately developed operational manuals for equipment with high accident risks to enable prompt response to accidents. Through daily checks and regular safety inspections, we prevent potential safety accidents within the workplace. Additionally, we offer supplementary safety training in addition to mandatory legal training to facility management employees of our business partners to strengthen their safety capabilities.

## Employee Healthcare Program

SK Biopharmaceuticals manages programs and systems based on its Healthcare Support for Employees Policy, which are established for disease prevention and healthcare management of employees. These initiatives include regular health check-ups for employees and their immediate family members, monthly health consultations with medical professionals, regular vaccinations, medical expense support for employees and their families, and the Health Keeper program. Furthermore, we conduct specialized health screenings at designated intervals for all R&D employees who may be exposed to hazardous experimental environments, aiming to closely monitor their health status and promptly identify any risks or illnesses for timely intervention. We are actively promoting activities for the prevention of respiratory diseases among employees by implementing respiratory infection response guidelines and management programs.

### Health and Safety Management Activities

- Establishment and operation of procedures for health examination and management
- Conducting health examinations before and after the placement of research personnel
- Conducting customized health examinations based on research personnel's specific hazardous factors
- Providing pleasant research environment for employees through biannual environmental measurements
- Conducting annual risk assessment

# Sustainable Supply Chain

SK Biopharmaceuticals actively monitors and manages the sustainability of suppliers based on the Partners ESG Management Policy. Under this policy, we evaluate the sustainability risks of suppliers and provide support for improvement activities while making efforts to establish a sustainable supply chain through its Shared Growth Policy. SK Biopharmaceuticals and SK Life Science maintain close cooperative relationships and communication with suppliers to fulfill social responsibilities across the entire supply chain.

## Our Approach to Supply Chain Management

SK Biopharmaceuticals operates its production facilities through contract manufacturing organizations (CMOs). Our partners are categorized into raw material suppliers, CMOs, and procurement partners for operational needs. Particularly, through our CMOs, we execute all manufacturing-related tasks, including raw material sourcing, product manufacturing, and process improvement, starting from the commercialization phase after obtaining new drug sales authorization. Additionally, we ensure that CMOs comply with current Good Manufacturing Practices (cGMP) and other safety standards set by regulatory authorities such as the FDA and EMA.

## Plan to Mitigate Supply Chain Risks

SK Biopharmaceuticals has established and implemented a diversification strategy by having multiple CMOs at different stages of the product manufacturing process to prepare for potential supply chain risks. Through this supply chain diversification strategy, we are able to reduce dependency on a single supplier, thereby securing supply stability to ensure the prompt and continuous provision of products to meet global demand in the event of any supply disruption.

## Partners ESG Management Policy

SK Biopharmaceuticals has established a Partners ESG Guideline, encompassing 25 management items across four key areas through our Partners ESG Management Policy. We prioritize managing our key suppliers by requesting their compliance and signature. SK Life Science also performs a risk-based selection of suppliers and runs an audit program for its suppliers, maintaining collaborative relationships with contract manufacturing organizations (CMOs) and contract packaging organizations (CPOs) that adhere to this program.

## Supply Chain ESG Management System

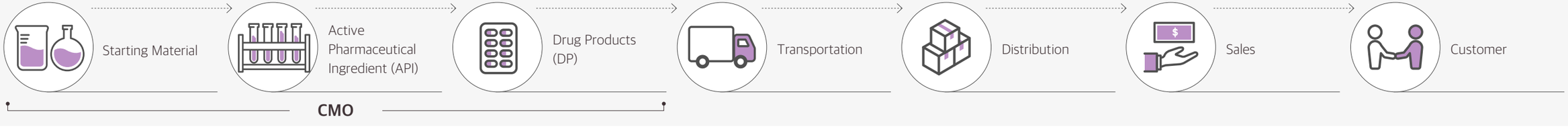
SK Biopharmaceuticals has been actively engaged as a member of the Pharmaceutical Supply Chain Initiative (PSCI) audit committee since October 2022. We plan to implement ESG risk management based on PSCI principles for all CMOs in the mid- to long-term perspective. PSCI is a significant initiative in the healthcare supply chain, and SK Biopharmaceuticals was the first domestic pharmaceutical company to join in April 2022 and now serves as an Associate Member. We have utilized the PSCI internal database to identify suppliers requiring audits, and we are planning PSCI Audits for these suppliers in 2023. Furthermore, we are proactively managing supply chain ESG risks aligned with PSCI's five areas: ethics, human rights and labor, health and safety, environment, and management systems.

### Supply Chain ESG Management Process


### PSCI Audit Key Audit Items

| | |
|---|---|
| Ethics | Implementation of code of conduct or ethical business policies<br>Measures to prevent bribery, corruption, and conflicts of interest |
| Human Rights and Labor | Fair employment practices, including equal opportunities, non-discrimination, and fair wages<br>Compliance with local labor laws and regulations |
| Health and Safety | Implementation of health and safety policies and procedures<br>Risk assessment and mitigation measures |
| Environment | Environmental management systems and policies<br>Pollution prevention strategies |
| Management Systems | Monitoring and auditing mechanisms to ensure compliance with PSCI requirements<br>Supplier qualification and management processes |

### SK Biopharmaceuticals' Supply Chain



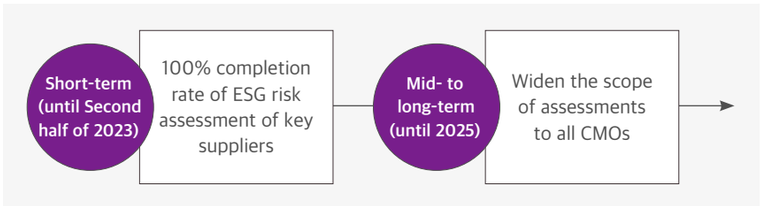
### Identification of Key Suppliers

SK Biopharmaceuticals defines and manages key suppliers that account for 90% of the total transaction amount. When entering into contracts with new suppliers, SK Biopharmaceuticals requires them to sign and comply with ESG guidelines.

### ESG Risk Assessment and Audits

Following the guidelines of the Partners' ESG Management Policy, SK Biopharmaceuticals conducts ESG risk evaluations on key suppliers every two years, all the while continually enhancing criteria and standards to align with global standards. The evaluation assesses suppliers' risks across four domains: environment, health and safety, labor and human rights, and ethics. These risks are rated on a 10-point scale distributed across 5 levels (Excellent - Very Good - Good - Fair - Needs Improvement). We will discontinue future collaborations with high-risk suppliers based on the risk assessment results. Moreover, SK Life Science implements initiatives like supplier qualification verification, risk-based supplier selection, regular remote and on-site audits, measurement of suppliers' risk management performance, and support programs for developing emergency plans, all aimed at ensuring the sustainability of our suppliers.

Roadmap for Supply Chain ESG Risk Assessments




### Suppliers Certification Program

SK Biopharmaceuticals and SK Life Science facilitate certification programs for manufacturing facilities, processes, stability, experimental facilities, and warehouses of all Tier 1 suppliers, including CMOs and CPOs. Furthermore, regular quality inspections are conducted on all ingredients/raw materials suppliers (Tier 3), including pharmaceutical additives and packaging materials. In particular, raw materials are tested and inspected each time. In the case of indirect suppliers (Tier 2), quality control is carried out through inspections by Tier 1 suppliers or regulatory authorities.

## Support for Implementation of ESG Risk Improvement Measures

If improvements are needed based on risk assessments, the progress of the improvement initiatives will be checked upon the suppliers' request to submit improvement plans within 12 months. We implement regular inspections, training support, and other necessary activities related to ESG risks in the supply chain for key suppliers.

### Training and Audit

SK Biopharmaceuticals facilitates external and group training for excellent suppliers at least once per quarter each year. We also conduct external and group purchasing audits such as external audits and group audits to ensure transparency. SK Life Science provides product safety and quality training on MSDS, product safety, customer satisfaction, and on-site inspection outcomes for key suppliers on a regular basis. Furthermore, we perform audits to assess the compliance of suppliers with quality management systems, regulatory requirements, and contractual obligations in accordance with the internal regulations of SK Biopharmaceuticals and SK Life Science. Based on the audit results, corrective and preventive measures are established and implemented.

### Communication Channel

To address potential issues that may arise with suppliers, SK Biopharmaceuticals and SK Life Science manage regular consultation channels such as weekly meetings and quarterly business review processes. Through these channels, we promote effective communication with CMOs and CPOs.

## Promoting Shared Growth with Suppliers

SK Biopharmaceuticals is continuing its efforts to establish a sustainable supply chain and strengthen its competitiveness by preparing the Shared Growth Policy. We have introduced four major action policies and are diligently implementing them to enhance close cooperation with our suppliers. In order to achieve more systematic and responsible growth with our suppliers, we have granted C-level executives management and oversight authority for shared growth. We aim to establish transparent supplier selection and a fair trading environment and maximize our efforts to strengthen the overall competitiveness of our supply chain.

Four Major Action Polices

**Fair and transparent selection of partners through the bidding system**
We conduct a fair and transparent electronic bidding through the bidding bidding system (e-Pro).

**Establish a fair and transparent trading environment**
We continue to create a fair and transparent trading environment in accordance with the purchasing policy and also strive to strengthen self-reforming activities of the internal and external compliance teams.

**Support training for partner companies**
We offer various training opportunities for the purpose of establishing and strengthening shared growth with the community.

**Identify collaborative tasks**
We are identifying collaborative tasks with key suppliers and proceeding together to the commercialization stage.

## Expansion of Shared Growth Program

SK Biopharmaceuticals implements programs to foster shared growth with its suppliers. We perform PSCI audits including 5 major audit areas to lower the barriers of ESG audit on our suppliers and support their improvements. We plan to create new business opportunities and promote mutual cooperation and innovation through joint projects with business partners relating to manufacturing new drug products. We will gradually expand these shared growth programs to establish close relationships with business partners. We will also create a foundation for sustainable management, foster innovation in product and service development, and achieve growth together.

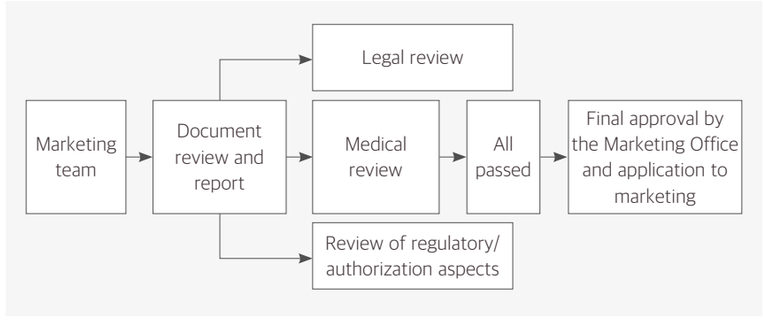
# Responsible Marketing and Customer Relations Management

SK Biopharmaceuticals and SK Life Science prioritize adherence to pharmaceutical marketing regulations, mitigating risks and ensuring compliance. We have defined internal policies for healthcare professional relationships and off-label marketing. We also prioritize communicating accurate product information to stakeholders via multiple channels, including the XCOPRI® website, hotline, and social media.

## Our Approach to Responsible Marketing

SK Biopharmaceuticals strictly complies with domestic laws and regulations, including the Pharmaceutical Affairs Act and Fair Trade Codes, relating to pharmaceutical marketing. The drugs sold by SK Biopharmaceuticals are classified as prescription drugs in accordance with domestic regulations, and as such, mass advertising targeting general consumers is prohibited to prevent misuse without accurate diagnosis and prescription from healthcare professionals (HCPs). Exceptions are made for advertisements specifically targeting medical and pharmaceutical professionals for the purpose of providing information. Accordingly, SK Biopharmaceuticals strives to provide reliable information about our products within the permissible scope defined by domestic and international regulations that govern marketing practices for pharmaceutical companies targeting healthcare professionals. In the United States, where SK Biopharmaceuticals sells XCOPRI®, pharmaceutical companies can directly market drug information to customers through Direct-To-Consumer (DTC) ETC advertisements. SK Life Science has declared compliance with marketing-related regulations of regulatory authorities in its Code of Conduct and utilized promotional materials that have undergone rigorous legal, medical, and regulatory/permit-related risk assessments within a strict marketing management system. Furthermore, SK Life Science has established a comprehensive compliance program (CCP) that satisfies the requirements of the California Health and Safety Code and conducts annual effectiveness evaluations, significantly strengthening the compliance framework.

### Marketing Review Procedure




## Management of Cooperative Relationship with Healthcare Professionals

SK Biopharmaceuticals and SK Life Science are continuously developing cooperative relationships with healthcare professionals to provide customers with high-quality and balanced information about their products. In order to eliminate potential conflicts of interest that may negatively impact fair professional judgment or research during the process of providing new product information to healthcare professionals, SK Biopharmaceuticals manages and ensures compliance by all employees with its Code of Conduct for Anti-Corruption, which includes a prohibition on providing illegal rebates to healthcare professionals[1]. Similarly, SK Life Science explicitly prohibits the acceptance of bribes or inappropriately influencing the judgment of healthcare professionals as stated in its Code of Conduct.

Code of Conduct for Anti-Corruption

SK LSI Code of Conduct

## Off-Label Marketing[2] Management Policy

Off-label marketing refers to marketing practices that encourage certain drugs to be used for purposes that are not officially authorized by regulatory authorities such as the FDA. SK Life Science recognize that off- label marketing hinders the proper use of drugs and strictly prohibit marketing activities other than those specified in the label of the drug product to ensure internal and external compliance.

## Training on Responsible Marketing, Advertising, and Promotion

SK Life Science provides a systematic training course to help all employees, business partners, and suppliers familiarize themselves with the company policies on responsible marketing and apply them to their daily work. The Commercial team, within the pharmaceutical marketing and sales department, receives job-specific training in addition to training at company-wide level. Such job-specific training includes specific guidelines and procedures on the Code of Conduct, an action-based payment system, anti- corruption and bribery, conflicts of interest, responses to voluntary requests for medical information, social media management, interactions with health care professionals, interactions with patients and patient associations, and interactions with public officials. In 2022, information security training was added to the job-specific training program, and a total of 132 employees of the entire Commercial team completed the training.

1) Medical professionals, founders of medical facilities, and employees of medical institutions or corporations/organizations that have established medical institutions
2) Selling or promoting drugs to treat indications other than those authorized by regulatory authorities such as the MFDS and the FDA

## Building Customer Relations

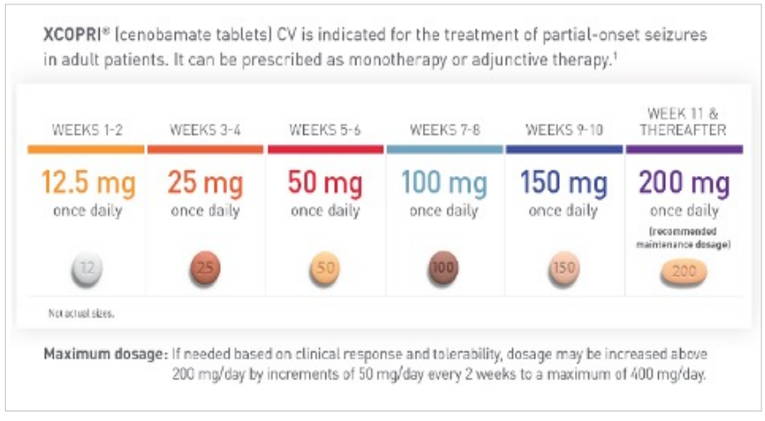
SK Biopharmaceuticals and SK Life Science are committed to maintaining a trusted relationship with customers based on the principles of consumer fair trade outlined in their respective Code of Ethics and Code of Conduct. Through various efforts, such as providing information on side effects and handling customer complaints, we continuously uphold the values of transparency and customer trust.

### Notification of Side Effects and Precautions

SK Biopharmaceuticals' anti-seizure medication XCOPRI® has been proven safe by the FDA[1] and EMA[2] and has obtained the lowest rating in the drug abuse and dependence assessment by the U.S. Drug Enforcement Administration. However, even medicines with proven safety can cause adverse reactions to the users' health if they fail to comply with the permitted usage and engage in drug abuse. Accordingly, SK Life Science provides detailed information about potential side effects, correct dosage methods, and other relevant information through the product website and brochures to ensure the health and safety of customers.

XCOPRI® Adequate Dose Guidelines Page

XCOPRI® Adequate Dose Guidelines (US Only)




### Responding to Customer Feedback and Grievances

SK Life Science is committed to gathering and resolving customer complaints through the Medical Information Call Center (MICC), a dedicated hotline channel. Customers can contact us via telephone to address inquiries or concerns related to our products. Our MICC advisors, who are healthcare professionals (HCPs), provide direct responses or facilitate connections with relevant departments to address the received feedback. Cases of exceptional nature or quality-related complaints are handled by the Pharmacovigilance (PV) and Quality Assurance (QA) departments respectively. Product delivery and pricing inquiries are directed to the customer support platform, Navigator, and the Market Access team for resolution. Furthermore, to ensure that accurate medical information is provided, inquiries related to healthcare information from healthcare professionals are relayed to the Medical Science Liaison (MSL) team for proper management.

### Customer Satisfaction Improvement Programs

SK Life Science operates various customer satisfaction improvement programs through our online customer management platform called Navigator. Through Navigator, potential or existing customers can check their eligibility for prescribing XCOPRI®, including whether it is covered by their medical insurance. For uninsured or underinsured individuals, financial and non-financial support is available to assist them in the process of filing objections regarding insurance coverage. In addition, we provide services such as reminders for taking medications and direct product delivery. In cases of anomalies or side effects occurrence, we support customers by guiding them on how to report them to their prescribing physicians and the FDA MedWatch, the drug safety monitoring system in the United States.

SK LSI Navigator Guidance Page

1) U.S. Food and Drug Administration
2) European Medicines Agency

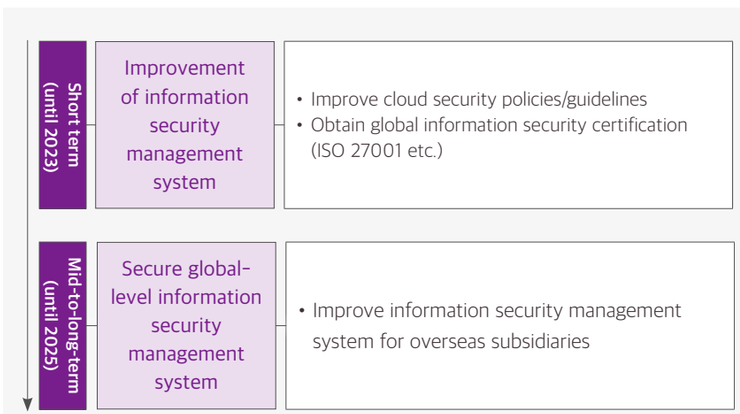
# Privacy and Information Security

SK Biopharmaceuticals is dedicated to preventing the infringement of stakeholders' private information and safeguarding intellectual assets associated with the company's research. Through an information security management system, we regularly check and manage risks, and thoroughly prepare for the possibility of security breaches by establishing an incident response system, facilitating employee training on security incidents, and implementing preventive activities.

## Our Approach to Information Security Management

SK Biopharmaceuticals aims for "Zero Information Security Incidents" and operates an information security management system. Building on an effective information security management system, we achieved ISO 27001 certification, an international standard for information security, in July 2023. Additionally, each year, we derive and implement security-related improvement tasks, and every three years, we establish and update mid- to long-term security plans to continually enhance our information security management system.

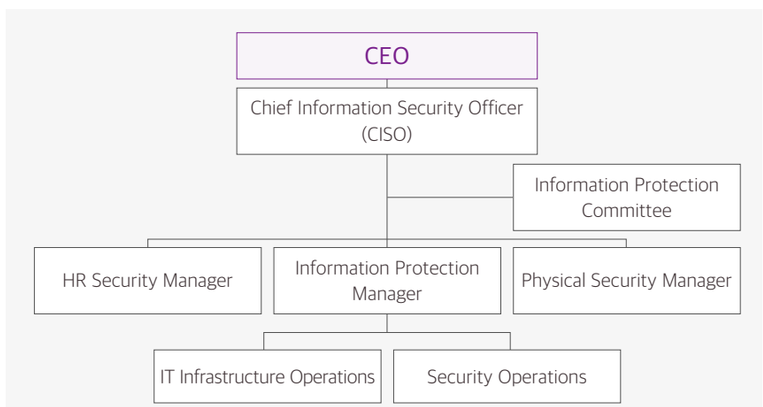
### Information Security Management System Roadmap




## Privacy and Information Security Management System

SK Biopharmaceuticals systematically responds to internal and external security issues through a dedicated information security organization. The overall responsibility for operating the information security management system lies with the Chief Information Security Officer (CISO). The Information Protection Committee, composed of the CISO, Information Protection Manager, and representatives from major relevant departments, deliberates and decides on significant information security matters, reporting to the relevant decision-making body attended by top management. The Information Protection Manager oversees the practical management of information security as the secretary of the committee, while the HR Security and Physical Security Managers are responsible for security tasks related to personnel and assets exposed to physical vulnerabilities, respectively. In addition, operational personnel responsible for each information system conduct self-assessments of the system's management status, while the Security Operations Manager identifies security vulnerabilities through annual assessments and takes appropriate improvement measures.

### Privacy and Information Security Governance




## Privacy Policy

SK Biopharmaceuticals complies with relevant laws and regulations related to personal information protection, such as the Personal Information Protection Act and the Promotion of Information and Communication Network Utilization and Information Protection Act. SK Biopharmaceuticals has established a Privacy Policy to ensure thorough compliance by all employees and stakeholders involved in the company's operations. we are committed to protect the rights and interests of stakeholders by promptly addressing any information security-related grievances that may arise.

Privacy Policy

Information Security Policy

## System for Responding to Data Breaches

SK Biopharmaceuticals has established a response manual for security incidents to prepare for the possibility of security breaches. In the event of an incident, we promptly report it and analyze the type and level of risk through a detailed processing procedure according to the internal reporting system to develop and implement appropriate countermeasures. The regulations allow for the involvement of external experts if necessary. Moreover, under the leadership of the Information Security Manager and Security Operations Manager, we put in place measures to contain and prevent the spread of damage, and education is conducted for relevant employees. Furthermore, we ensure that there is no negligence in compensating for damages caused by information leaks or other incidents through insurance policies.

## Activities for the Prevention of Security Incidents

SK Biopharmaceuticals has established a continuous monitoring system for various security-related indicators in 2022, presenting identified major risks to the Information Security Committee for review. Furthermore, we conduct regular backups of important data, quarterly security checks, provide reports to CISO, and conduct annual incident response training for all employees to proactively prevent security incidents. Moreover, SK Biopharmaceuticals and SK Life Science utilize industry-standard network security tools, monitoring, and Data Loss Prevention techniques (DLP), as well as Managed Detection and Response (MDR) to implement protective measures against device theft and loss. When introducing new information systems such as servers and networks or implementing changes within the systems, we engage specialized companies to conduct simulated hacking and vulnerability assessments to identify and address security risks in advance.

## Activities for Raising Security Awareness

SK Biopharmaceuticals conducts regular annual information security trainings for all employees and employees from suppliers. Additionally, we provide separate security training for new employees, privacy obligation training for personnel handling personal information, and specific training on group security guidelines to strengthen security awareness and promote a culture of security within the organization.

### 2022 Privacy and Data Security Training Programs

| Name of Program | Total Training Hours | Trainees |
|---|---|---|
| Key Points! Information Security in New-Normal Era | 482 hours | 241 employees |
| Keep Maximum Security Project: Information Security | 29 hours | 29 employees from suppliers |

# Community Development and Corporate Citizenship Action

SK Biopharmaceuticals is committed to fulfilling its social responsibility as a responsible corporate citizen within the local community. We actively run social contribution programs, focusing on community support. We collaborate with both internal and external stakeholders, including local governments and social organizations, to carry out strategic and systematic social contribution activities.

## Our Approach to Social Contribution

SK Biopharmaceuticals goes beyond participating in SK Group's corporate social responsibility initiatives and engages in community outreach programs within the local community of Seongnam City, where its facility is located, contributing to the creation of Social Value (SV). Following the social contribution roadmap established in 2022, the we aim to annually expand employee participation in social contribution activities by more than 50% compared to the previous year, with the goal of achieving 100% employee participation by 2024. Through these efforts, we seek to enhance employee awareness and internalize social value by 2026.

## Social Contribution System

SK Biopharmaceuticals has established mid- to long-term social contribution goals to encourage social contribution activities with various local communities and social enterprises.

Community Support Policy

### Social Contribution Roadmap

| | |
|---|---|
| **Short term (until 2023)**<br>Increase employee participation in social contribution activities | • Achieve a 50% improvement in the employee participation rate in social contribution activities compared to the previous year |
| **Mid-term (until 2024)**<br>Achieve participation in social contribution activities by all employees | • Attain a 100% employee participation rate in social contribution activities |
| **Mid-to-long-term (until 2026)**<br>Foster a sense of empathy among employees and measure the impact of social contribution activities | • Internalize and enhance awareness of social values among employees<br>• Measure the financial and non-financial value of social contribution activities and derive improvement measures based on the measurement results |

## Social Contribution Program

SK Biopharmaceuticals stimulates a social contribution program that allows employees to actively participate and engage in their daily lives, not only through community-based social contribution activities but also through various programs.

### Daily Necessities for Local Communities

SK Biopharmaceuticals has established a collaborative group with the Seongnam Volunteer Center in 2022, aiming to closely understand the needs of local residents and actively engage in effective, customized social contribution activities in the local community. Through this collaborative group, we have conducted volunteer activities by identifying the demand for essential goods support for vulnerable groups, purchasing and packaging the goods, and delivering them to the local community.

### Social Contribution Strategy

| | | | |
|---|---|---|---|
| Focus Areas | Addressing environmental problems of the local community | Supporting vulnerable groups of the local community | Supporting social enterprises of the local community |
| Action Tasks | • Identifying environmental issues experienced by the local community and solving these issues through campaigns<br>• Strengthening own voluntary service activities and local government-linked programs<br>• Expansion of cooperation with social enterprises, such as the introduction of a linked employment policy | | |

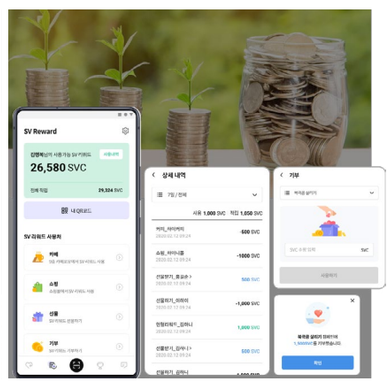
### Social Value Practice Platform: Haenggarae

SK Biopharmaceuticals has introduced the SV (Social Value) practice mobile platform called “Haenggarae” to foster ESG management awareness among employees and internalization of social values. Through this platform, employees can directly participate in addressing various social issues such as reducing carbon emissions and resolving blood shortages through blood donations. They can also quantitatively track the social value generated through their participation activities.

### Blood Donation Campaign for Children with Blood Cancer - “Sharing a Life: Warm Contact”

SK Group conducts a blood donation campaign called “Sharing a Life: Warm Contact” to support children with blood cancer. In 2022, SK Biopharmaceuticals addressed the shortage of blood supply for children with blood cancer, worsened by the prolonged COVID-19 pandemic, through our employees' blood donation.


Supporting Daily Necessities for Local Communities




Haenggarae Platform

### Supporting the Underprivileged - Volunteer Work at Anna's House

SK Biopharmaceuticals actively supports various programs at "Anna's House," a shelter for young people and individuals experiencing homelessness in Seongnam City. These initiatives include offering complimentary meals and clothing donation campaigns. Throughout 2022, we consistently ran clothing donation campaigns, gathering donated clothes from our employees and distributing them to those in need, contributing to the culture of sharing. Between June 2021 and March 2023, we provided clothing to around 240 individuals through four separate campaigns, extending our assistance to marginalized communities. We plan to continue these efforts regularly.

### Donating Recycled Toys for Vulnerable Children

SK Biopharmaceuticals conducted a toy donation campaign in collaboration with "Elephant Factory," a social enterprise focused on toy circulation. In 2022, our employees participated in the campaign by sorting and organizing toys and delivering them in toy boxes. These toy boxes were then recycled through the Elephant Factory's repair process and donated to underprivileged children. SK Biopharmaceuticals plans to continue the toy recycling campaign in 2023. We also aim to expand our efforts by engaging employees in volunteer activities that involve recycling initiatives for donated toys received through various channels.

### Eco-Friendly Plogging Campaign

SK Biopharmaceuticals conducted a plogging[1] campaign to improve the local community environment. Our employees participated in two plogging activities held on September 21 and September 28, 2022, at locations such as Hwarang Park in Pangyo, Jamwon Hangang Park, Gwanggyo Lake Park, and Tancheon. Starting with the plogging campaign, SK Biopharmaceuticals plans to engage in various activities to improve local community environment.

1) The new term coined by combining the Swedish word "Plocka Upp," meaning "to pick up", and the English word "jogging"


Volunteer Work at Anna's House

Eco-Friendly Plogging Campaign

### Supporting the Social Enterprise Ecosystem

In accordance with the SK Group's social contribution approach, SK Biopharmaceuticals aims to create sustainable social value by identifying business areas where we can cooperate with social enterprises rather than make mere donations, thereby contributing to the development of a social enterprise ecosystem.

### Purchasing In-house Consumables through Social Enterprises

SK Biopharmaceuticals acquires office supplies and consumables from the social enterprise "Happy Narae." Our aim is to gradually broaden both the variety and quantity of these consumables each year. In 2022, we selected environmentally friendly products through Happy Narae, resulting in the creation of social value. Additionally, we source consumables for company events from social enterprises, eencouraging responsible consumption among our employees. In 2022, we purchased products from social enterprises such as ROUMS (youth employment and local economic revitalization support), Jirisangol Black Pig (job creation for vulnerable groups and meal support), Vegan Friends (environmental and animal protection through vegan and alternative meat product development), Broccoli Company (environmental protection and vegan products), and Lunar Circle (environmental protection through vegan cosmetics development). Through these activities, we purchased approximately KRW 106 million worth of products from social enterprises.

### Employing People with Disabilities

In February 2022, SK Biopharmaceuticals entered into a linked employment agreement with "Bear Better," a standard workplace that supports individuals with developmental disabilities. In line with our commitment to promoting the employment and self-reliance of individuals with developmental disabilities, SK Biopharmaceuticals sources wreaths for weddings and funerals, as well as coffee beans for the office lounges, from Bear Better as part of our employee welfare benefits. This partnership, established to expand our support for social enterprises and create social value, has directly provided employment opportunities for approximately one individual with developmental disabilities based on the transaction amount. Furthermore, SK Biopharmaceuticals supports a social enterprise called "Happy ICT," which also serves as a standard workplace for individuals with disabilities. Since 2018, we have entrusted Happy ICT with various tasks, including the development and updates, operation and maintenance, as well as enhancements to accessibility of our Korean and English websites.

### Participating in the Social Contribution Platform for Zero Child Hunger

SK Biopharmaceuticals has been making continuous efforts to address child hunger issues in South Korea through participation in the social contribution platform "Happy Alliance," since joining in August 2020. In December 2022, we collaborated with Happy Alliance in the Happy Box campaign, which aimed to create happy boxes filled with gifts for children at risk of hunger during the year-end season. SK Biopharmaceuticals donated KRW 15 million to Happy Alliance to prepare snacks for children at risk of hunger. Going beyond cash donations, our employees actively engaged in volunteer activities by assembling the happy boxes. These boxes were then delivered to 200 children at risk of hunger within Seongnam City. In 2023, SK Biopharmaceuticals plans to continue its social contribution activities for the goal of zero child hunger, and employees will support such activities.

# GOVERNANCE

- Corporate Governance
- Business Ethics and Compliance
- Risk Management

Percentage of female outside directors as of 2023,

**40**

showing a 20%p increase compared to 2022

Percentage of executives subject to ESG performance evaluation

**100** %

Completion rate of anti-corruption (ethics) training for employees

**100** %

# Corporate Governance

## Our Approach to Operating the Board of Directors

The Board of Directors establishes SK Biopharmaceuticals' management policies, strategies, and objectives. It oversees the executives' work, pursuing the company's long-term development while ensuring a balanced consideration of both company profits and stakeholder interests. To achieve this, the Board of Directors makes decisions on key matters in accordance with laws and the Articles of Incorporation. It aims to establish a management system and pursue continuous development to embody the ideals and values of SK Biopharmaceuticals, seeking ways to create corporate value and grow together with society.

## Composition and Operation of the Board of Directors

The Board of Directors of SK Biopharmaceuticals consists of five members as of April 2023, including one inside director, one non-executive director, and three outside directors. The Regulations of the Board of Directors stipulate that a Board meeting shall be convened after sending a written notice to each director at least seven days prior to the date of the meeting, as instructed by the Chair of the Board, the CEO, or a director designated by the Chair. A total of 13 Board meetings were held in the fiscal year of 2022, and the annual average attendance rate of directors was 95%.

Corporate Governance Charter

Articles of Incorporation

Regulations of the Board of Directors

(As of April 2023)

| Name | Position | Gender | Career | Expertise | Term |
|---|---|---|---|---|---|
|  **Dong-Hoon Lee** | CEO / Inside director | Male | • (Present) CEO of SK Biopharmaceuticals, CEO of SK Life Science, Inc.<br>• (Former) Director of SK Inc. Bio Investment Center<br>• (Former) General Vice President of Global Business, Dong-A ST | Investment and pharmaceutical M&A | 2023.03~2026.03 (Until annual meetings of shareholders) |
|  **Yeon-Tae Kim** | Non-executive director | Male | • (Present) Director of SK Inc. Bio Investment Center<br>• (Former) Executive Vice President of Head of SK Inc. Bio Investment Center | Investment and corporate management | 2023.03~2026.03 (Until annual meetings of shareholders) |
|  **Min-Sup Song** | Chair of BOD / Outside drector | Male | • (Present) Professor of Business Administration at Sogang University<br>• (Present) Member of sustainability counselling committee at K-IFRS<br>• (Former) Deliberating member at K-IFRS Joint Q&A Meeting | Finance / accounting | 2022.03~2025.03 (Until annual meetings of shareholders) |
|  **Hae-Young Ahn** | Outside director | Female | • (Present) CEO of U.S. Ahn Bio Consulting Inc<br>• (Former) Deputy Director of FDA (Drug Evaluation Research Center, Clinical Pharmacology), Senior Advisor of FDA (New Drug Development, Biological Medicine, Biosimilar Sector) | New drug approval | 2022.03~2025.03 (Until annual meetings of shareholders) |
|  **Min-Ji Kim** | Outside director | Female | • (Present) CEO of Cross Border Partners, LLC.<br>• (Former) General Manager of AffaMed Digital | Business development in pharmaceuticals and Bio industry | 2023.03~2026.03 (Until annual meetings of shareholders) |

## Board of Directors Operations in 2022

| Number | Date of Board meeting | Director attendance | Agenda |
|---|---|---|---|
| 1 | 2022.02.08. | 100% | Approval of Financial Statements for the 11th term (2021) l Approval of the Business Report for the 11th term (2021) l Amendment of the SUPEX Council Covenant and Agreement l Increase of the Limit Following the Recalculation of Brand Royalty with SK Co., Ltd. l Approval of Internal Director Remuneration in 2022 l 2021 KPI Performance Rating l 2021 Report on the Operational Status of the Internal Accounting Management System l 2022 Report on the Results of Director Remuneration Limits Review l 2022 Report on the Results of Independent Director Re-appointment Review |
| 2 | 2022.03.08. | 100% | Approval of Final Version of Financial Statements for the 11th term (2021) l Convocation of the 11th Ordinary General Meeting of Shareholders and Confirmation of Agenda l Implementation Agreement with SK for Security Settlement System l Purchase of Finx membership l 2021 Finalization of Report on Evaluation of Operational Status of Internal Accounting Management System l 2021 Report on the Operational Status of the Compliance Control Standards l 2021 Report on the Board of Directors Operational Evaluation |
| 3 | 2022.03.24. | 100% | Election of the Chairman of the Board of Directors l Election of CEO l Composition and appointment of members of the Committee l The Execution of Directors' Remuneration l 2022 KPI Establishment |
| 4 | 2022.04.21. | 100% | SUPEX Council Contribution Transactions l Amendment of the Board of Directors regulations l Amendment of regulations of the Committee |
| 5 | 2022.05.12. | 100% | Approval of the amount of research service transactions with SK Biotek Co., Ltd. l Renewal of Directors & Officers Liability Insurance (D&O insurance) l Report of Business Performance for the Q1 2022 l Export of Cenobamate Technology to Israel |
| 6 | 2022.06.16. | 100% | Contract for Introduction of Integrated Certification System with SK Co., Ltd l Report on Support for Limited Loan Agreements for SK Life Science, Inc. l Transaction of contributions to the AI subcommittee under the ICT Committee l Publication of SK Biopharmaceutical's Sustainable Management Report for 2022 |
| 7 | 2022.07.14. | 80% | Approval for the purchase of commercial drug substances with SK Biotek Co., Ltd. l Approval of limits on large-scale insider trading in Q3 2022 l Signed a long-term loan agreement with NH Nonghyup Bank l Export Cenobamate technology to LATAM (Latin America) |
| 8 | 2022.08.11. | 100% | Report on Business Performance for Q2 2022 l Report on the status of litigation related to SK LSI clinical trials |
| 9 | 2022.09.29. | 100% | Approval of signing a research cooperation contract with SK Life Science, Inc. l Revision of Audit Committee Regulations l Ethical management level measurement system |
| 10 | 2022.10.28. | 100% | Report on pending issues |
| 11 | 2022.11.10. | 80% | Renewal of commercialization supply contract with SK Biotek Co., Ltd. and order for drug substance purchase l Change of Commercialization Service Agreement between SKBP-SKLSI l Report on Business Performance for Q3 2022 l Settlement of lawsuits for damages in connection with the sale of Arvelle's shares |
| 12 | 2022.11.30. | 100% | Introduction of Board Skills Matrix l Re-appointment and job assignments of operational executive officers |
| 13 | 2022.12.15. | 80% | Commodity transactions with SK Life Science, Inc. l Service Transactions with SK Life Science, Inc. l Service transactions with SK Biopharmaceutical Science and Technology (Shanghai corporation) l Transactions for entrusting information system management business with SK Corporation l Approval of limits on large-scale insider trading for 2023 l Approval of changes related to Ignis investment l Establishment of Short-Term Management Plan for the 13th Term (2023) |

## Director Appointment Process

SK Biopharmaceuticals has established and is operating procedures to ensure objectivity and fairness in the appointment of directors. Directors' appointment is finalized through a resolution adopted by the general meeting of shareholders, and candidates to be appointed at the general meeting of shareholders are recommended after a review process by the Nomination and Compensation Committee and the Board of Directors. In accordance with Article 542-8 (4) of the Commercial Act, the Nomination and Compensation Committee, tasked with recommending candidates for the position of outside director, not only complies with the qualification standards under the relevant laws and regulations such as the Commercial Act, but also closely considers the individuals' expertise, sincerity, independence, and social recognition in advance when recommending them as candidates.

### Director Appointment Process


## Independence of the Board of Directors

SK Biopharmaceuticals pursues transparent Board-centered management based on the independent composition and operation of the Board of Directors and discloses the current operation status of the Board and Board Committees to the public. As the Corporate Governance Charter and the Articles of Incorporation stipulate the independence of the Board of Directors, SK Biopharmaceuticals abides by the principles for enhancing the independence of the Board of Directors. In particular, when appointing outside directors, qualifications and the background of each candidate are reviewed taking into account the relevant laws and regulations, such as Article 382 of the Commercial Act, in addition to the Articles of Incorporation. Furthermore, currently SK Biopharmaceuticals has separated the CEO and the Chairman of the Board, enabling transparent and effective corporate governance.

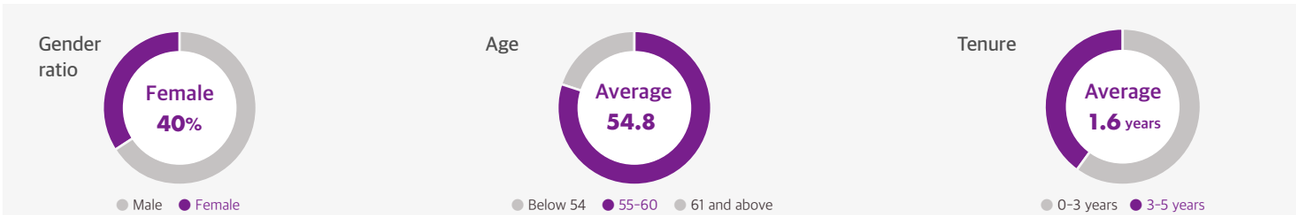
### Principles for Enhancing the Independence of the Board of Directors

- Separating the positions of the Chair of the BOD and the CEO
- Prohibiting any director from becoming a general partner or director of another company in the same industry without prior approval
- Imposing restrictions on the voting rights of any director with a special interest in resolutions
- Maintaining and planning to increase the percentage of outside directors by more than half of the BOD (As of April 2023: 60%)

## Diversity Policy and Expertise of the Board of Directors

SK Biopharmaceuticals promotes diversity in its Board composition regarding race, gender, age, nationality, education, religion, disability, and political inclination. Accordingly, in March 2023, we appointed a new female outside director, and the current proportion of female directors on the Board is 40%. Furthermore, leadership, organizational management, and international relations are required competencies for Board members, and specific expertise categories include corporate management, investment, pharmaceutical industry expertise, licensing/approval, accounting, law, ESG, and science/technology. Through this approach, we consider expertise and experience in the healthcare industry, ESG, and ethical management, as well as pharmaceuticals, medicine, clinical practices, healthcare-related regulations, CMOs, accounting, and business administration, among other aspects of the industry in terms of Board composition. The introduction of the Board Skills Matrix (BSM) in 2022 allows for the visual structuring and evaluation of each director's competencies, facilitating the formation of a Board with diverse experiences and expertise. In addition, to support the understanding of outside directors, we provide pre-meeting materials and explanations before each Board meeting while conducting annual ethics management and anti-corruption training sessions for directors, along with other training programs aimed at enhancing expertise on key internal issues within the company.

### Diversity of the Board of Directors




### Board Skills Matrix

| Category | Dong-Hoon Lee | Yeon-Tae Kim | Min-Sup Song | Hae-Young Ahn | Min-Ji Kim |
|---|---|---|---|---|---|
| Leadership | ● | ● | ● | ● | ● |
| International Relationship | ● | ● | | ● | ● |
| Business Management / Investment | ● | ● | ● | | ● |
| Industry | ● | ● | | ● | ● |
| Financing / Accounting | ● | ● | ● | | |
| Law / Regulations | | | ● | ● | |
| ESG | ● | ● | ● | ● | |
| Science / Technology | | | | ● | ● |

## Board Committees

SK Biopharmaceuticals has formed Board Committees in order to ensure the efficient and professional operation of the Board. In addition to the Audit Committee and the Governance Committee, we operate the ESG/Strategic Committee, which is responsible for promoting the company-wide sustainable management, and the Nomination and Compensation Committee, which is responsible for recommending outside director candidates and determining compensation functions. The details of each committee's composition, authority, roles, and operating policies comply with the corresponding internal regulations as well as the Corporate Governance Charter and the Articles of Incorporation.

### Audit Committee

The Audit Committee abides by the principles of independence and objectivity and inspects the Company's business affairs and assets, including its financial statements, external auditors' accounting audits, and the operation of the Company's internal control system and internal accounting management system. In accordance with the committee regulations as specified in the Commercial Act, the committee is composed entirely of outside directors, including one accounting and financial expert. Accordingly, the incumbent chairperson of the committee is an accounting and financial expert, and in order to ensure their independence, the committee members are not provided with any compensation other than the remuneration they receive as directors. In 2022, a total of 9 meetings were held, and the committee's expertise was enhanced through training provided by specialized institutions.

Regulations of the Audit Committee

### Governance Committee and Lead Outside Directors

The Governance Committee deliberates on matters concerning internal transactions and transparent governance, is responsible for enacting and revising internal regulations such as the Corporate Governance Charter and the Articles of Incorporation, and serves as a consultative body between outside directors. Further, as relevant regulations specify that the Chairperson of the committee shall hold the position of lead outside director, he has the authority to review and decide on ethical management practices and matters regarding consultations or decision-making between outside directors. Currently, the committee is composed entirely of outside directors in the interests of its independence. In 2022, a total of 11 meetings were held to review matters related to internal transactions and corporate governance structure.

Regulations of the Governance Committee

### ESG/Strategic Committee

The ESG/Strategic Committee plays a key role in leading the sustainable growth of the company. Composed of two outside directors, one inside director, and one non-executive director, the committee deliberates on the company's annual management plans and activities, the establishment and evaluation of KPIs, activities to create social value, and mid-to long-term strategies. In 2022, a total of 6 committee meetings were held to address important matters related to sustainable management and discussions were conducted regarding the technology export of Cenobamate to the Latin America (LATAM) region.

Regulations of the ESG/Strategic Committee

### Nomination and Compensation Committee

The Nomination and Compensation Committee recommends candidates for outside directors to be appointed at the general meetings of shareholders and reviews matters related to the assessment and retention of the CEO, as well as the appropriateness of remuneration for inside directors. In accordance with the Commercial Act, more than two-thirds of the members of the committee are composed of outside directors. In 2022, a total of 4 meetings were held to deliberate approval of KPIs for the CEO, a review of the CEO assessment, and reappointment. The committee stipulates the regular management of the pool of outside director candidates in the regulations. Moreover, from the ESG perspective, the committee managed the candidate pool in 2022 as well, considering the diversity and expertise of the candidates, and deliberated on a new outside director candidate recommendation in February 2023.

Regulations of the Nomination and Compensation Committee

### Structure of the Board of Directors

**Board of Directors**

| Audit Committee | Governance Committee | ESG/Strategic Committee | Nomination and Compensation Committee |
|---|---|---|---|
| • Matters related to general meetings of shareholders<br>• Matters related to directors/BOD, such as submission of audit reports and request for sales reports<br>• Matters related to audits, such as accounting audits and appointment of external auditors | • Internal trading/self-trading<br>• Establishment and revision of the Articles of Incorporation, Governance Charter, and BOD Regulations<br>• Negotiations among outside directors | • Strategy/management plans<br>• Investment and planning management<br>• Financial matters<br>• Mid-to-long-term business strategies<br>• Creating social values | • Recommendation of candidates for outside directors<br>• Assessment/appointment of the CEO<br>• Appropriation of individual remunerations for inside directors |
| • 2 Outside directors<br>– Min-Sup Song (Chairman)<br>– Hae-Young Ahn | • 3 Outside directors<br>– Hae-Young Ahn (Chairman)<br>– Min-Sup Song<br>– Min-Ji Kim | • 1 Inside director<br>– Dong-Hoon Lee (Chairman)<br>• 1 Non-executive director<br>– Yeon-Tae Kim<br>• 2 Outside directors<br>– Min-Sup Song<br>– Min-Ji Kim | • 1 Non-executive director<br>– Yeon-Tae Kim (Chairman)<br>• 2 Outside directors<br>– Hae-Young Ahn<br>– Min-Ji Kim |
| • Corporate Finance Department<br>• Legal & Compliance Department | • BOD Office | • Global Strategy Department | • Corporate Culture & HR Department |

## Director Compensation Criteria

The Board of Directors' remuneration is determined within the approved limit, considering their positions, responsibilities, the company's management environment, and performance. The Nomination and Compensation Committee reviews remuneration for inside directors, and the Board makes final decisions, including remuneration for outside directors. Performance-based incentives for key executives are evaluated using quantitative indicators such as revenue and operating profit and qualitative indicators such as leadership in strategic tasks and ESG performance. The approved total director compensation for 2022 is KRW 5,000 million, with actual remuneration paid amounting to KRW 3,446 million. Directors with individual remuneration exceeding KRW 500 million have their payment basis and details disclosed in the annual report.

## Our Approach to ESG-Based Management Performance Evaluation/Compensation

SK Biopharmaceuticals has incorporated ESG performance into its directors' and executives' performance evaluation, in addition to financial performance, as a key performance indicator to ensure sustainable growth. The management and CEO's KPIs have been aligned with ESG management goals to strengthen the sustainable management system. Key ESG performance indicators include climate change response (Net-Zero achievement), product quality and safety (zero safety accidents), and employee behavior and business ethics. Performance achievements relative to targets are assessed and reflected in the overall management compensation.

## Mid- to Long-Term Performance-Linked Stock Compensation

SK Biopharmaceuticals provides Performance Stock Units to its management each year through Board approval, considering their long-term business performance and efforts to enhance corporate value for over three years. Through this, SK Biopharmaceuticals aims to strengthen the long-term accountability of its management and strives to align the interests of its shareholders.

## Annual Total Compensation Ratio and Compensation Growth Rate

As of 2022, the total compensation received by the former CEO of SK Biopharmaceuticals (Jeong Woo Cho) was KRW 3,201 million, while the average total compensation for all employees excluding the former CEO was KRW 84 million.

| Category | Unit | Amount |
|---|---|---|
| CEO | KRW million | 3,201 |
| Average total compensation for all employees excluding the CEO | KRW million | 84 |
| Ratio of the annual total compensation for the CEO to the average annual total compensation for all employees | - | 38 |

## Shareholder-Friendly Management

As stated in the Corporate Governance Charter, all shareholders of SK Biopharmaceuticals have the basic right to participate in management. Major issues of management, including changes in the shareholder rights and the survival of the company, are disclosed transparently through the general meeting of shareholders, and shareholders are allowed to participate in the decision- making process, thereby guaranteeing shareholder rights to the fullest. In addition, all shareholders can propose agenda items in accordance with relevant laws and regulations, including the Commercial Act, and have the right to raise questions about any agenda item and request an explanation.

## General Meeting of Shareholders

SK Biopharmaceuticals protects the exercise of shareholders' rights, guarantees equal treatment of all shareholders, including minority shareholders and foreign shareholders, and respects the rights in accordance with laws and regulations and the Articles of Incorporation. The 12th ordinary general meeting of shareholders was held on March 28, 2023, to prevent dates of general meeting of shareholders from being concentrated. The resolution and convening notice were posted two weeks prior to the general meeting of shareholders so that shareholders may exercise their voting rights after sufficient review of the agenda. At the time of notifying shareholders of the convening of the general meeting of shareholders, sufficient information was included on the details of outside director activities and remuneration, as well as details of transactions with the largest shareholder and affiliated companies. By disclosing business reports and audit reports prior to the general meeting of shareholders, basic data were provided so that shareholders could fully consider the Company's business performance and current status when exercising their voting rights. In addition, both an electronic voting system and an electronic power of attorney were introduced for shareholders who were unable to attend the general meeting of shareholders, thereby enhancing convenience for shareholders in exercising their voting rights. SK Biopharmaceuticals accelerates shareholder-friendly management by transparently disclosing the current status of shareholders' exercise of their voting rights on the website.

## Shares and Capital Structure

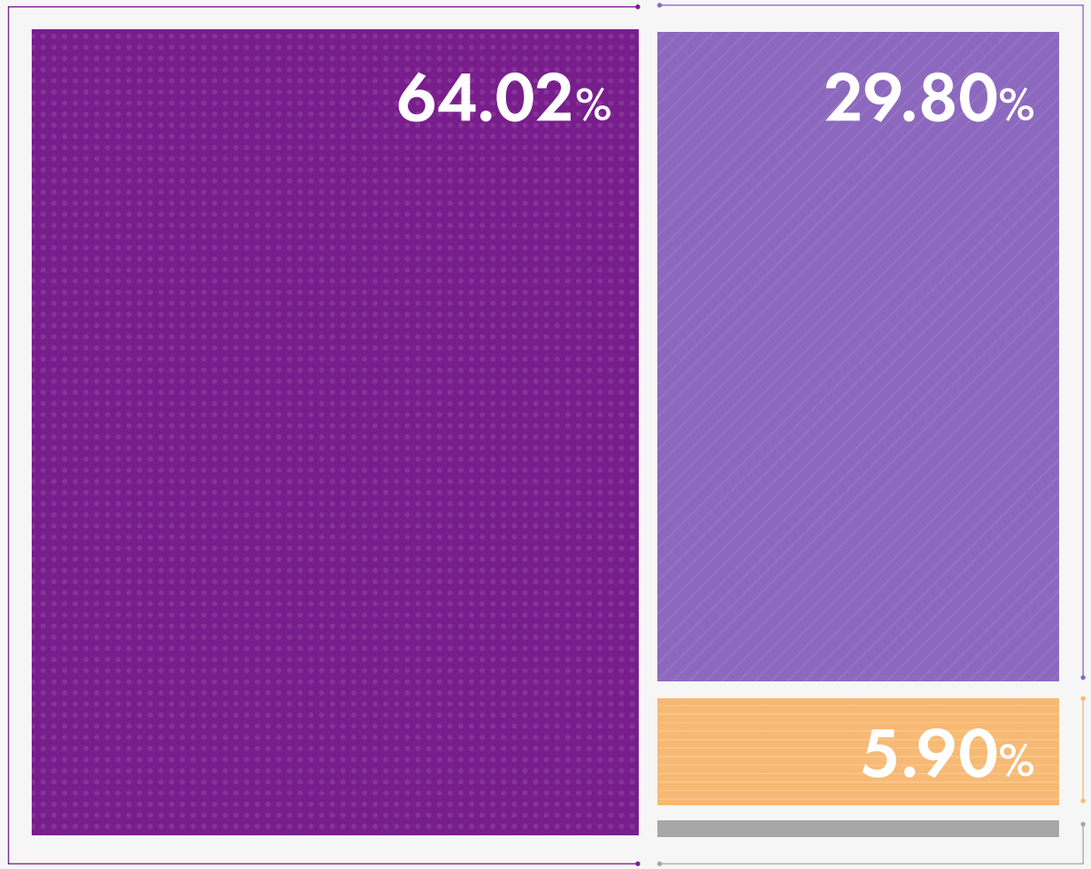
According to the Articles of Incorporation, the total number of shares that can be issued is 300,000,000 shares, and the par value of each share is KRW 500. All the issued shares are common stock shares, and equal voting rights have been granted according to the number of shares. As of the end of December 2022, the total number of issued shares is 78,313,250 shares, and the largest shareholder is SK Inc., which holds about 64% of the total shares. In January 2023, CEO Dong-Hoon Lee of SK Biopharmaceuticals purchased 3,000 shares of the company's stock during his first week in office to demonstrate his commitment to responsible management and efforts to maximize shareholder value.

## Performance in Shareholder-Friendly Management Activities

In 2022, SK Biopharmaceuticals participated in a total of 9 NDR and conferences (5 events in the first half and 4 events in the second half of the year) to expand communication with investors and we will continuously expand the investor relations activities targeting both domestic and international investors in 2023. As a result of engaging in active IR activities targeting investors and analysts, the number of securities firms covering SK Biopharmaceuticals increased by 8, totaling 19 firms (14 domestic and 5 international) compared to the previous year in 2022. As of June 2023, the total number of covered securities firms expanded to 21 (16 domestic and 5 international), indicating an increase in securities coverage.

### Breakdown of Shareholders

(As of December 2022)




| SK Inc. | Minority shareholders (excluding NPS's shares) | National Pension Service | Employee's Stock Ownership Association |
|---|---|---|---|
| 64.02% | 29.80% | 5.90% | 0.28% |

# Business Ethics and Compliance

## Ethics and Compliance System

SK Biopharmaceuticals appoints a compliance officer to build a transparent management environment and fulfill social responsibilities. The compliance officer is responsible for conducting activities in accordance with compliance control standards and regularly reports on their activities to the Audit Committee or the Board of Directors. In response to ethical management issues that occurred in 2022, we reported on the measures and improvements taken regarding those issues to the Audit Committee.

By monitoring regulatory changes and market practices in both the domestic and overseas markets where we engage in business, we continuously improve relevant standards and operate a counseling and whistle-blowing channel for ethical management. In addition, SK Biopharmaceuticals internally manages critical incidents, such as violations of fair trade laws, and conducts annual internal audits in accordance with group-wide internal audit processes. Through these audits, relevant departments develop improvement plans for identified issues and report to the compliance officer. The compliance officer reports on ethics, management, and audit-related activities to the Audit Committee at least three times and also reports to the Audit Committee or the Board of Directors on any other irregular matters that may arise. Furthermore, in order to internalize the practice of ethics and compliance, we constantly conduct monitoring and training on compliance based on the Compliance Control Standards and plan to continue monitoring for anti-corruption with the goal of achieving “Zero violations of anti-corruption” in 2022.

Code of Ethics

Guidelines for Practicing the Code of Ethics

Code of Conduct for Anti-Corruption

## Ethical Management and Anti-Corruption Monitoring

SK Biopharmaceuticals applies the Code of Ethics, Guidelines for Practicing the Code of Ethics, and the Code of Conduct for Anti-Corruption as the criteria for employees’ decision-making and behavior throughout all management activities. Additionally, we operate an internal reporting channel on our website, where all stakeholders can seek ethics and compliance consultation and make reports. All reports are protected by our internal whistleblower protection program, ensuring anonymity and preventing any retaliation or adverse actions. As of January 2023, the total number of ethics-related reports received through the internal reporting channel was two, with zero cases found to be violations of the Code of Ethics. During the same period, SK Life Science also had zero instances of Code of Ethics violations. We extend these management practices to our partners, striving for ethical management throughout the entire supply chain. SK Biopharmaceuticals manages the business integrity, information disclosure, intellectual property, fair transactions, whistleblower protection, responsible mineral sourcing, and personal information protection of our partners through our Partners’ ESG Management Policy. The Head of the Legal & Compliance Department at SK Biopharmaceuticals oversees compliance matters for SK Life Science and reports on compliance management status and ethical management issues to the SK Biopharmaceuticals’ Board of Directors. This ensures the application of ethical management standards across our headquarters and subsidiaries, as well as the effective management of potential risks.

Inquiries

SK LSI Hotline

SK LSI Code of Conduct

### Whistle-blowing Channel's Reporting System

| | |
|---|---|
| Issues to be reported | • Any employee’s act of receiving money, valuables, entertainment, etc. from an affiliated company in return for undue favors<br>• Improper use of the Company’s assets or submission of a false report after falsifying related documents<br>• Violation of the Code of Ethics or related laws and regulations (Pharmaceutical Affairs Act, Monopoly Regulation and Fair Trade Act, Improper Solicitation and Graft Act, Fair Transactions in Subcontracting Act, etc.)<br>• Any desired improvements or suggestions in relation to fair transactions and ethical management |
| Report processing procedure | Reporting → Acceptance of report receipt → Confirmation of the report by the relevant part → Completion of report processing |
| Protection of the informant | • The identity of the informant and the details of the report are kept strictly confidential so that they are not disclosed against his/her will.<br>• All measures and efforts are made to prevent the informant from suffering any disadvantage to his/her status or experiencing discrimination in terms of working conditions on account of a legitimate report or related statements and data submission.<br>• Those who cooperated with the investigation by making statements and providing data in the process of fact-checking on the report are equally protected as the informant.<br>• If a person has participated in an unethical or illegal act but voluntarily reported the fact later, sanctions against him/her on account of such action may be eased or he/she may be exempted from sanctions. |

## Training on Code of Ethics and Anti-Corruption

SK Biopharmaceuticals conducts online ethical management training and ethical practice workshops for all employees at least once a year to strengthen employees' will to practice ethical management. Training is conducted for all employees, including contract employees, and we achieved a training completion rate of 100% among those who received the training in 2022. Furthermore, SK Biopharmaceuticals conducts an annual anti-corruption training program for the management and the Board of Directors.

### Scope and Content of the Code of Ethics and Anti-Corruption Training

| Ethics training topics for employees |
|---|
| • Prohibition of private profit-taking, embezzlement, and breach of trust by employees |
| • Prohibition of unfair acts by employees against business partners (abuse of power, unfair work orders) |
| • Prohibition of corrupt conduct by employees (entertainment, hospitality) |
| • Prohibition of bribery and solicitation by employees, fair transactions, and fair competition (solicitation, collusion) |
| • Reporting obligations and whistleblower protection in the event of any illegal or unethical behavior (report) |

## Internal Control Activities

SK Biopharmaceuticals implements internal control activities in terms of risk management, including a self-audit system, compliance risk pool management, and internal accounting management system.

### Self-Audit System

SK Biopharmaceuticals conducts regular audits on a yearly basis for a total of 87 risk items across 6 areas, including HR, expenses, procurement, sales/bond, investment management, and separate risk management factors. In 2023, we will expand the regular check activities to include SK Life Science, a subsidiary of SK Biopharmaceuticals and by 2024, we plan to institutionalize annual ethics audits for subsidiaries according to the mid- to long-term plans.

### Compliance Risk Pool

We define 58 risk items in 16 areas and manage them by creating a Risk Pool consisting of 229 actions while reviewing magnitude of legal risks, occurrence frequency, and other factors.

### Internal Accounting Management System

SK Biopharmaceuticals has established and operates an internal accounting management system to ensure the reliability of financial statements. Since 2022, we have been conducting appropriate audits of the separate internal accounting system in accordance with the Act on External Audit of Stock Companies, etc. and pre-design and evaluation are carried out for audits of the internal accounting system in consolidated units. SK Biopharmaceuticals' internal accounting management system is designed and operated based on best practices and conceptual frameworks related to internal accounting to reduce the risk of distortion in each process, covering three areas: enterprise-level controls, transaction-level controls, and general computer controls. In addition, we continuously review and incorporate factors influencing changes in the internal accounting management system to provide reasonable assurance for financial statements. The CEO evaluates the effectiveness of the established controls each fiscal year and reports the results and improvement plans to the Audit Committee, Board of Directors, and the general meeting of shareholders.

# Risk Management

SK Biopharmaceuticals defines risks as events, actions, or environmental factors that may have a negative impact on the company's strategy or the achievement of its management objectives. Through systematic risk management, we aim to minimize volatility in corporate value due to uncertainty, thereby promoting growth and stability.

## Integrated Risk Management

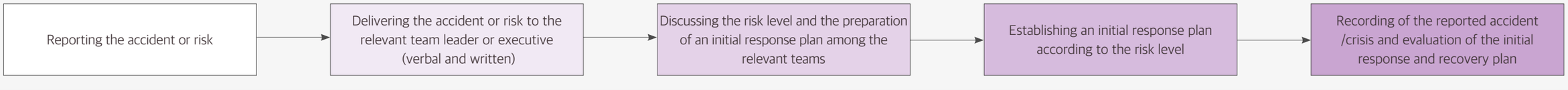
### Risk Management System

SK Biopharmaceuticals manages risks by categorizing them into four areas: R&D, management/legal affairs, production/sales/marketing, and climate change. Accordingly, the identified contents are posted on our internal compliance portal. In addition, we prevent and respond to the potential risks identified in each area by establishing a response process.

#### Risk Management Areas and Major Risks

| Risk areas | Types of risks subject to management | Potential risks | Mitigating actions |
|---|---|---|---|
| R&D | • Risks related to patent or development information that arise in the R&D process<br>• Risks related to the termination of a partnership<br>• Risks that arise during the preparation and processing of a clinical trial<br>• Other risks or accidents that occur in the R&D domain | • Disruptions in maintaining R&D partnerships<br>• Issues that arise during clinical trial management procedures<br>• Insufficient compliance with ethical requirements throughout the R&D process<br>• Leakage of business secrets, leakage of industrial technologies<br>• Inadequate management of hazardous substances and facilities in the workplace | • Enhancing R&D partnerships through open innovation activities<br>• Operation of a Data Monitoring Committee (DMC)<br>• Obtaining approvals from health authorities and Institutional Review Boards (IRBs) or Ethics Committees (ECs) in each country for all clinical trials |
| Management and Legal | • Various disputes, lawsuits, and sending or receiving of warning letters<br>• Risks arising from exposure of important undisclosed information<br>• Risks related to various legal regulations and restrictions applicable to development, production, and sales<br>• Other risks and accidents that occur during business management | • Money laundering<br>• Insider trading<br>• Securities trading using important undisclosed information<br>• Bribery<br>• Inadequate management by external auditors | • Strengthening compliance policies such as Code of Ethics and Code of Conduct for Anti-Corruption<br>• Operation of a self-audit system<br>• Enhancing internal control through the management of a Compliance Risk Pool and the operation of an internal accounting management system<br>• Operation of an internal reporting channel and hotline for whistleblowing |
| Production, Sales, and Marketing | • Risks related to production and logistics of products<br>• Risks arising in relation to various civil complaints and restrictions during product advertising and promotional activities<br>• Risks related to the expansion of the sales area and compliance regulations in the Republic of Korea and the U.S. concerning healthcare professionals (HCP)<br>• Other risks and accidents that occur in the production, sales, and marketing domain | • Inadequate management in quality and safety management throughout the medicines' lifecycle<br>• Customer complaints and grievances<br>• Strengthening quality management regulations by FDA, EMA, and other authorities<br>• Unfair trading practices such as market manipulation and collusion<br>• Licensing delays | • Operation of drug monitoring systems<br>• Allocation of unique serial numbers to pharmaceutical products<br>• Operation of a Medical Information Call Center (MICC)<br>• Implementation of customer satisfaction improvement program (Navigator)<br>• Conducting education on responsible marketing practices<br>• Providing transparent product information through the XCOPRI® website and brochures |
| Climate Change | • Risks caused by tightening regulations related to climate change<br>• Increasing customer demand for eco-friendly products and services<br>• Increasing instability in the supply chain and distribution network for raw materials due to climate change<br>• Other potential risks and accidents caused by climate change | • Reinforcement of regulations and policies related to climate change in each country<br>• Increasing stakeholder demands related to climate change<br>• The occurrence of natural disasters in areas of business operation<br>• Global supply chain disruption induced by climate change | • Establishment and Implementation of 2040 Net-Zero roadmap<br>• Operation of EMS based on ISO 14001<br>• Supply chain ESG management based on PSCI |

### Risk Response Process




## Management of Potential Risks

SK Biopharmaceuticals proactively identifies and defines potential financial and non-financial risks that are considered significant to our business. We assess the impact of each risk on our operations and develop corresponding response activities. In 2022, SK Biopharmaceuticals identified the following new potential risks arising from external changes in the business environment.

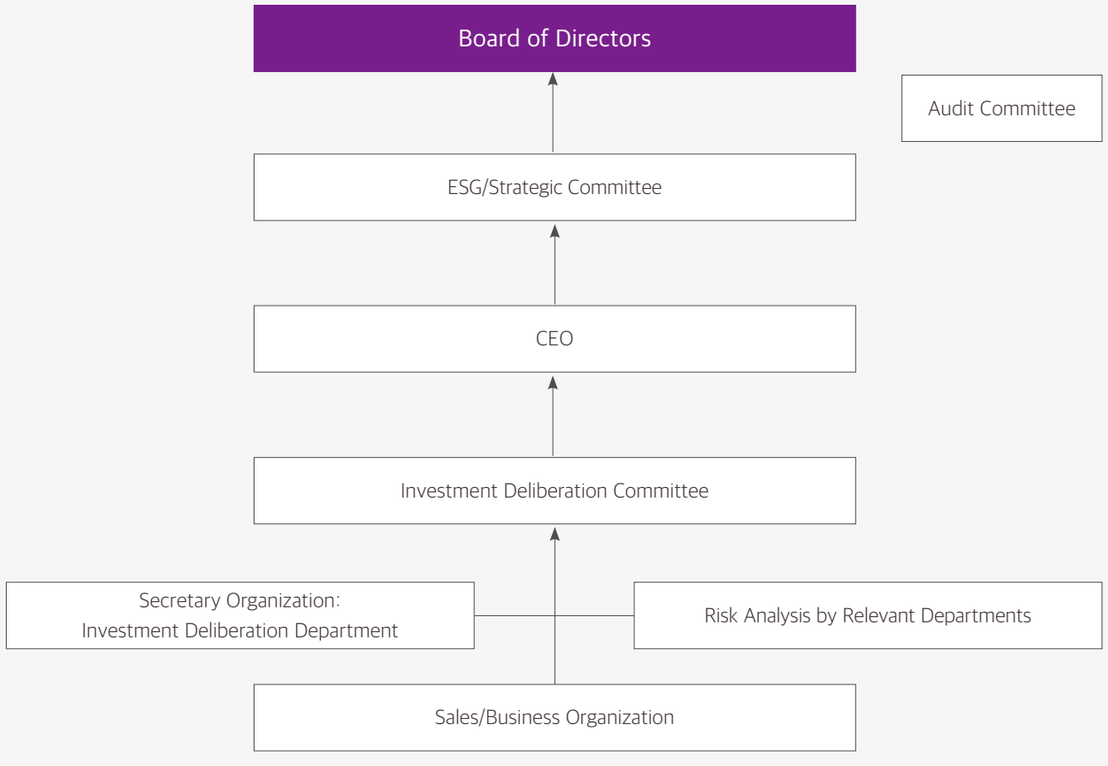
### Potential Risk Factors Due to Changes in the External Business Environment

| Category | Description | Risk Impact | Mitigating Actions |
|---|---|---|---|
| **Reinforcement of Safety, Health and Environment (SHE) related laws and regulations** | As the demand for corporate safety, health, and environmental management increases and regulations become stricter, companies face significant impacts on their value and reputation if they fail to comply with related regulations or experience industrial accidents. In South Korea, Serious Accidents Punishment Act, which penalizes business owners and management responsible for violating safety and health measures and causing casualties, came into effect on January 27, 2022. The government has announced plans to further enhance and expand regulations and penalties to reduce major disasters and promote safety investments by companies. These trends pose potential risks to the pharmaceutical business conducted by SK Biopharmaceuticals, and the company acknowledges the need to establish systems and strategies to respond to them. | Non-compliance or violations of domestic and international safety, health, and environmental regulations, including the Occupational Safety and Health Act and the Serious Accidents Punishment Act, can result in severe sanctions such as fines and suspension of business operations which can have an impact on financial performance. Furthermore, it can damage corporate reputation among the media, investors, partners, and customers, leading to market share loss and financial losses such as decreased sales. | To respond to strengthening safety, health, and environmental regulations, SK Biopharmaceuticals obtained ISO 14001 certification for environmental management in 2022 and ISO 45001, the official certification for a safety and health management system reflecting international standards, in 2023. In addition, we have strengthened our safety, health, and environmental management system by conducting risk assessments, which involve identifying various harmful and hazardous factors within the workplace, estimating the possibility (frequency) and severity (intensity) of injuries or diseases caused by these factors, and formulating and implementing measures to reduce risks. |
| **Supply chain ESG risks** | There has been an ongoing global supply chain crisis induced by the COVID-19 pandemic and the unstable international political landscape. Against this backdrop, ESG risks in the supply chain such as suppliers' labor and human rights, environmental, ethical, and compliance, and safety and health-related issues are being highlighted, resulting in exposure to production disruption and supply shortage risks for companies who are conducting inadequate risk management and response. In addition, the scope of regulations and legislations related to supply chain ESG risks is expanded to international laws such as the Directive on Corporate Sustainability Due Diligence and Carbon Border Adjustment Mechanism thereby companies are required to comply with a code of conduct adding to other regulations such as RE100. An increase in potential supply chain ESG risks and reinforcement of related regulations pose potential risks to the pharmaceutical business conducted by SK Biopharmaceuticals, requiring a systemic response. | If suppliers are not implementing sustainable management such as environmental · ethical · human rights management due to the expansion of the Directive on Corporate Sustainability Due Diligence, SK Biopharmaceuticals may experience limits in product export or investment attraction, resulting in withdrawal from existing markets or disruptions in entering a new market. EU announced the Directive on Corporate Sustainability Due Diligence (proposal) in February 2022, which includes sanctions in case of corporates' violation of due diligence that impact human rights and the environment in the supply chain. Therefore, corporates that are not complying may experience transaction limits within EU markets in the future. | SK Biopharmaceuticals has established 25 management items in the four areas of ethics, labor, human rights, safety and health, and environment as vulnerable ESG fields. Based on this, we recommend ESG guidelines to partner companies and encourage them to comply with the four areas by requesting their signature. In addition, we conduct regular quality risk analyses and inspections for partner companies and provide support for their emergency planning and product safety, and quality education. Furthermore, in 2022, SK Biopharmaceuticals joined the Pharmaceutical Supply Chain Initiative (PSCI) to minimize supply chain ESG risks by complying with the PSCI's five principles of ethics, labor, health and safety, environment, and management systems in supply contracts. |

## Investment Risk Management System

SK Biopharmaceuticals deliberates investment decisions through the Investment Deliberation Committee to manage investment risks. Each department that formulates investment plans conducts a thorough analysis of the potential ripple effects and associated investment risks over time with relevant departments and the investment deliberation department and the results are reported to the CEO. Investment cases that can have a significant impact on the company's management are particularly reported to the ESG/Strategic Committee and Board of Directors makes ultimate decisions. Furthermore, we plan to establish due diligence procedures for environmental risks and opportunities in future M&A activities. In 2022, there was one investment case that underwent deliberation by the ESG/Strategic Committee related to the investment in Cala Health, a digital therapeutics development company, and the review process was conducted based on sufficient investment risk analysis.

### Investment Risk Management Governance




## Tax Risk Management Policy

SK Biopharmaceuticals recognizes that legitimate payment of taxes complying with tax laws not only contributes to national finance, but is also a significant factor that can have a social impact. Accordingly, we are striving to fulfill our social responsibilities such as legitimate tax payments and tax filing obligations and thereby preventing tax risks in various aspects.

### Tax Principles

| | |
|---|---|
| 1 Tax filing and payment obligations | Tax returns are filed in accordance with established laws and regulations. Upon amendment to the laws and regulations, SK Biopharmaceuticals establishes and implements new approval procedures and internal control activities so that such amendment is immediately reflected in the tax processes, fulfilling a legitimate tax obligation. |
| 2 Compliance with tax laws | SK Biopharmaceuticals fulfills its obligation to pay taxes by complying with the tax laws of each country where it engages in business activities. We do not engage in tax structures that seek tax avoidance by utilizing tax havens such as low-tax or tax-exempt countries. In addition, we maintain transparent communication with external parties by providing evidence in a transparent manner in response to tax authorities' inquiries and requests for factual verification. |
| 3 Compliance with normal transaction principles | As for international transactions with overseas subsidiaries, SK Biopharmaceuticals uses the services of internal and external experts to establish transfer pricing policies that comply with domestic tax laws and OECD transfer pricing guidelines and maintain policy consistency through continuous monitoring. |
| 4 Minimization of tax risk | When making important decisions, such as starting a new business or expanding the existing business, SK Biopharmaceuticals preemptively considers tax issues and prevents tax risks by actively utilizing the services of external experts. |

# ESG Data Book

## Environmental

### GHG emissions and air pollutant emissions[1)]

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| GHG emissions (Scope 1 + Scope 2) | GHG emissions intensity (Scope 1+Scope 2)* | $tCO_2eq$/ KRW billion | 93.6 | 15.1 | 7.1 |
| | GHG emissions goals** | $tCO_2eq$ | N/A | N/A | 1,347 |
| | Total emissions | $tCO_2eq$ | 1,211 | 1,349 | 1,361 |
| | Scope 1 emissions | $tCO_2eq$ | 313 | 394 | 425 |
| | Scope 2 emissions | $tCO_2eq$ | 898 | 955 | 936 |
| GHG emissions (Scope 3) | Scope 3 emissions | $tCO_2eq$ | N/A | N/A | 6,547 |
| Air pollutant emissions | NOx emissions intensity* | kg/KRW billion | 10.0 | 1.2 | 1.1 |
| | NOx emissions | kg | 129 | 107 | 210 |
| | SOx emissions intensity* | kg/KRW billion | 0 | 0 | 0 |
| | SOx emissions | kg | 0 | 0 | 0 |
| | Dust emissions intensity* | kg/KRW billion | 0.31 | 0.03 | 0.02 |
| | Dust emissions | kg | 4 | 3 | 4 |
| | VOC emissions intensity* | kg/KRW billion | 16.0 | 1.9 | 2.3 |
| | VOC emissions | kg | 206 | 170 | 436 |

### Energy consumed[3)]

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Energy consumption intensity* | | | GJ/KRW billion | 1,022.1 | 183.6 | 86.8 |
| Energy consumption goals** | | | GJ | N/A | N/A | 17,480 |
| Total energy consumption | | | GJ | 13,230 | 16,385 | 16,742 |
| Energy consumed | Direct energy | Total | GJ | 2 | 508 | 463 |
| | | Natural gas | GJ | 0 | 0 | 0 |
| | | Gasoline | GJ | 0 | 508 | 463 |
| | | Diesel | GJ | 2 | 0 | 0 |
| | Indirect energy | Total | GJ | 13,228 | 15,877 | 16,279 |
| | | City gas | GJ | 6,194 | 7,097 | 7,769 |
| | | Electricity[4)] | GJ(MWh) | 7,034(1,954) | 7,351(2,042) | 7,240(2,011) |
| | | Steam | GJ | 0 | 1,429 | 1,269 |
| | | Other | GJ | 0 | 0 | 0 |
| Total renewable energy consumed[5)] | | | MWh | 0 | 973 | 950 |
| Percentage of renewable energy consumed[6)] | | | % | 0 | 53 | 53 |

1) Scope 2 emissions in 2021 and 2022 include data of our business operation in the U.S.(SK Life Science)
2) Scope 3 emissions are calculated for four categories: C1(purchased goods and services), C2(capital goods), C6(business travel), and C7(employee commuting)
3) Energy consumption in 2021 and 2022 include data of our business operation in the U.S.(SK Life Science)
4) Electricity consumption was calculated using a conversion factor of 3.6 GJ/MWh, which differs from the South Korean greenhouse gas emissions trading system's electricity (consumption-based) energy conversion factor of 9.6 GJ/MWh.
5) 100% of renewable energy is procured through "Green Premium", a renewable electricity purchasing program
*Intensity is calculated based on product sales revenue
**Environmental performance and targets by year (Scope 1+Scope 2) are established from 2022 onwards

### Water usage and water pollutants[8)]

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Water withdrawn | Water withdrawal intensity* | Ton/KRW billion | 641.4 | 60.5 | 28.6 |
| | Water usage goals** | Ton | N/A | N/A | 5,668 |
| | Total | Ton | 8,302 | 5,395 | 5,518 |
| | Water supply | Ton | 8,302 | 5,395 | 5,518 |
| | Underground water | Ton | 0 | 0 | 0 |
| | Other | Ton | 0 | 0 | 0 |
| | Water withdrawn in water resource-sensitive areas | Ton | 0 | 0 | 0 |
| Water consumption and recycling | Water consumed | Ton | 8,302 | 5,395 | 5,518 |
| | Water recycled | Ton | 0 | 0 | 0 |
| | Percentage of water recycled | % | 0 | 0 | 0 |
| Wastewater[9)] | Discharged wastewater | Ton | 1,472 | 1,190 | 1,324 |
| Water pollutants[10)] | COD emissions intensity* | kg/KRW billion | 1.55 | 0.28 | 0.12 |
| | COD emissions | kg | 20 | 25 | 24 |
| | BOD emissions intensity* | kg/KRW billion | 58.56 | 3.79 | 1.36 |
| | BOD emissions | kg | 758 | 338 | 262 |
| | T-N emissions intensity* | kg/KRW billion | 0.23 | 0.03 | 0.03 |
| | T-N emissions | kg | 3 | 3 | 6 |

### Waste generation and recycling[11)]

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Waste generated | Waste generation intensity* | Ton/KRW billion | 3.79 | 0.47 | 0.22 |
| | Waste generation goals** | Ton | N/A | N/A | 46 |
| | Total | Ton | 49 | 42 | 42 |
| Waste disposed | Incineration with energy recovery | Ton | 49 | 42 | 42 |
| | Incineration without energy recovery | Ton | 0 | 0 | 0 |
| | Landfilling | Ton | 0 | 0 | 0 |
| | Other disposal operations | Ton | 0 | 0 | 0 |
| | Percentage of waste recycled | % | 0 | 0 | 0 |

### Mid- to long-term environmental reduction goals[12)]

| Category | Unit | 2026 | 2028 | 2030 | 2035 |
|---|---|---|---|---|---|
| Air pollutant emissions intensity* | % | 44 | 56 | 66 | 80 |
| Water pollutant emissions intensity* | % | 44 | 53 | 62 | 74 |
| Waste generation emissions intensity* | % | 41 | 50 | 58 | 71 |

### Compliance status regarding environmental laws and regulations

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Violations of environmental laws and regulations | Number of violations of environmental laws and regulations | Cases | 0 | 0 | 0 |
| | Non-monetary sanctions | Cases | 0 | 0 | 0 |

8) Water data is measured only for the headquarters
9) All wastewater generated at the headquarters' laboratories is outsourced to an external company approved by regulatory authorities
10) Water pollutants in the laboratory wastewater from Pangyo headquarters are monitored and managed on a monthly basis
11) Data scope for waste generated and disposed is limited to hazardous wastes as general wastes generated from the leased building are being collectively disposed by the building's management company and thus excluded from the data collection scope
12) Baseline year(2022), intensity unit(air, water: kg/KRW billion, waste: ton/KRW billion), and targets are set for the headquarters with production or research facilities

# Social

## Employee data - SK Biopharmaceuticals

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Total[1] | | Persons | 200 | 245 | 273 |
| By gender | Male | Persons | 107 | 122 | 140 |
| | Female | Persons | 93 | 123 | 133 |
| By contract type | Full-time | Persons | 200 | 245 | 273 |
| | Fixed-term | Persons | 0 | 0 | 0 |
| By age | Under 30 | Persons | 46 | 65 | 42 |
| | 30-50 | Persons | 148 | 172 | 217 |
| | Over 50 | Persons | 6 | 8 | 14 |

## Employee data - SK Life Science

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Total | | Persons | 252 | 258 | 262 |
| By gender | Male | Persons | 132 | 135 | 123 |
| | Female | Persons | 120 | 123 | 139 |
| By contract type | Full-time | Persons | 252 | 258 | 262 |
| | Fixed-term | Persons | 0 | 0 | 0 |
| By age | Under 30 | Persons | 17 | 18 | 13 |
| | 30-50 | Persons | 144 | 143 | 147 |
| | Over 50 | Persons | 91 | 97 | 102 |

## Diversity - SK Biopharmaceuticals

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Executives | Total | Persons | 8 | 12 | 12 |
| | Female | Persons | 1 | 2 | 3 |
| | Percentage of female | % | 12.5 | 16.7 | 25.0 |
| Total managers[2] | Total | Persons | 96 | 113 | 127 |
| | Female | Persons | 38 | 56 | 57 |
| | Percentage of female | % | 39.6 | 49.6 | 44.9 |
| Low-level managers[3] | Total | Persons | 50 | 67 | 75 |
| | Female | Persons | 22 | 40 | 38 |
| | Percentage of female | % | 44.0 | 59.7 | 50.7 |
| Managers at revenue-generating parts[4] | Total | Persons | 9 | 12 | 20 |
| | Female | Persons | 6 | 6 | 11 |
| | Percentage of female | % | 66.7 | 50.0 | 55.0 |
| Employees in STEM[5] positions | Total | Persons | 84 | 90 | 95 |
| | Female | Persons | 41 | 42 | 47 |
| | Percentage of female | % | 48.8 | 46.7 | 49.5 |
| Employees with disabilities | Number of employees with disabilities | Persons | 2 | 8 | 10 |
| | Percentage of employees with disabilities | % | 1.0 | 3.3 | 3.7 |

## Diversity - SK Life Science

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Executives | Total | | Persons | 10 | 10 | 10 |
| | Female | | Persons | 1 | 1 | 1 |
| | Percentage of female | | % | 10.0 | 10.0 | 10.0 |
| Total managers[2] | Total | | Persons | 65 | 64 | 66 |
| | Female | | Persons | 27 | 23 | 23 |
| | Percentage of female | | % | 41.5 | 35.9 | 34.8 |
| Low-level managers[3] | Total | | Persons | 6 | 6 | 7 |
| | Female | | Persons | 4 | 3 | 3 |
| | Percentage of female | | % | 66.7 | 50.0 | 42.9 |
| Managers at revenue-generating parts[4] | Total | | Persons | 25 | 24 | 26 |
| | Female | | Persons | 9 | 9 | 12 |
| | Percentage of female | | % | 36.0 | 37.5 | 46.2 |
| Employees in STEM[5] positions | Total | | Persons | 61 | 68 | 74 |
| | Female | | Persons | 37 | 38 | 37 |
| | Percentage of female | | % | 60.7 | 55.9 | 50.0 |
| Employees with disabilities | Number of employees with disabilities | | Persons | 2 | 1 | 1 |
| | Percentage of employees with disabilities | | % | 0.79 | 0.39 | 0.38 |
| Race/Ethnicity | Management position | Asian | Persons | 13 | 20 | 19 |
| | | Black/African American | Persons | 4 | 4 | 5 |
| | | Hispanic/Latino | Persons | 3 | 1 | 1 |
| | | White | Persons | 43 | 38 | 39 |
| | | Indigenous/Native | Persons | 0 | 1 | 1 |
| | | Others | Persons | 2 | 0 | 4 |
| | Others | Asian | Persons | 38 | 38 | 38 |
| | | Black/African American | Persons | 3 | 5 | 3 |
| | | Hispanic/Latino | Persons | 11 | 12 | 11 |
| | | White | Persons | 125 | 125 | 119 |
| | | Indigenous/Native | Persons | 0 | 1 | 1 |
| | | Others | Persons | 10 | 13 | 21 |

1) Including registered executives(outside directors and CEO), the number of individuals were 204 in 2020, 249 in 2021, and 277 in 2022
2) Total number of managers in manager level positions or above and senior manager level positions or below
3) Total number of managers in manager level positions
4) Total number of managers at revenue-generating parts is equal to the number of employees falling under the Corporate Biz. Development and Commercial Management department
5) Science, Technology, Engineering, Mathematics

### Recruitment - SK Biopharmaceuticals

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Total | | | Persons | 73 | 59 | 52 |
| By gender | Male | | Persons | 31 | 34 | 29 |
| | Female | | Persons | 42 | 25 | 23 |
| By age | Age of 20s | | Persons | 17 | 21 | 13 |
| | Age of 30s | | Persons | 45 | 30 | 35 |
| | Age of 40s | | Persons | 11 | 7 | 4 |
| | Age of 50s | | Persons | 0 | 1 | 0 |
| By position | Executives/High-level managers | | Persons | 0 | 0 | 0 |
| | Mid-level managers | | Persons | 59 | 30 | 29 |
| | Professionals | | Persons | 0 | 0 | 0 |
| | Others | | Persons | 14 | 29 | 23 |
| Percentage of internal recruitment | | | % | 0 | 1.7 | 0 |

### Recruitment - SK Life Science

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Total | | | Persons | 4 | 17 | 18 |
| By gender | Male | | Persons | 0 | 7 | 10 |
| | Female | | Persons | 4 | 10 | 8 |
| By age | Age of 20s | | Persons | 0 | 2 | 3 |
| | Age of 30s | | Persons | 1 | 8 | 4 |
| | Age of 40s | | Persons | 2 | 4 | 4 |
| | Age of 50s | | Persons | 1 | 3 | 7 |
| By position | Executives/High-level managers | | Persons | 0 | 3 | 3 |
| | Mid-level managers | | Persons | 0 | 3 | 3 |
| | Professionals | | Persons | 4 | 11 | 3 |
| | Others | | Persons | 0 | 0 | 9 |
| Percentage of internal recruitment | | | % | 3.3 | 28.3 | 24.2 |

### Employee training[1)]

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Average training hours | Training hours per person | | Hours/persons | N/A | 47.7 | 29.3 |
| | By position | Executives/High-level managers | Hours/persons | N/A | 91.0 | 43.0 |
| | | Others | Hours/persons | N/A | 45.3 | 84.9 |
| | By contract type | Full-time | Hours/persons | N/A | 136.3 | 127.9 |
| | | Fixed-term | Hours/persons | N/A | 3 | 3 |
| Training expenses per person | | | KRW million/persons | N/A | 4.2 | 4.9 |
| Leadership training | New team leaders training | Participants | Persons | 5 | 13 | 5 |
| | | Total training hours | Hours | 200 | 520 | 200 |
| | New executives training | Participants | Persons | 2 | 4 | 2 |
| | | Total training hours | Hours | 80 | 160 | 80 |
| Sexual harassment prevention training | | Participants | Persons | 171 | 231 | 237 |
| | | Total training hours | Hours | 1 | 1 | 1 |

1) Average employee training hours and training expenses per person data were collected and managed from 2021 onwards

### Turnover - SK Biopharmaceuticals

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Total | | | Persons | 89 | 12 | 23 |
| Voluntary turnover | By position | Executives/High-level managers | Persons | 0 | 0 | 1 |
| | | Mid-level managers | Persons | 0 | 0 | 8 |
| | | Professionals | Persons | 0 | 0 | 1 |
| | | Others | Persons | 89 | 12 | 13 |
| | By age | Under 30 | Persons | 8 | 0 | 5 |
| | | 30-50 | Persons | 79 | 10 | 18 |
| | | Over 50 | Persons | 2 | 2 | 0 |
| | Ratio by gender | Male | % | 38 | 75 | 35 |
| | | Female | % | 62 | 25 | 65 |
| Involuntary turnover | By position | Executives/High-level managers | Persons | 0 | 0 | 0 |
| | | Mid-level managers | Persons | 0 | 0 | 0 |
| | | Professionals | Persons | 0 | 0 | 0 |
| | | Others | Persons | 0 | 0 | 0 |
| Voluntary turnover rate | | | % | 44.5 | 4.9 | 8.4 |

### Turnover - SK Life Science

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Total | | | Persons | 26 | 55 | 52 |
| Voluntary turnover | By position | Executives/High-level managers | Persons | 0 | 2 | 3 |
| | | Mid-level managers | Persons | 6 | 6 | 12 |
| | | Professionals | Persons | 17 | 39 | 6 |
| | | Others | Persons | 0 | 1 | 20 |
| | By age | Under 30 | Persons | 0 | 6 | 7 |
| | | 30-50 | Persons | 12 | 24 | 23 |
| | | Over 50 | Persons | 11 | 18 | 11 |
| | Ratio by gender | Male | % | 35 | 56 | 44 |
| | | Female | % | 65 | 44 | 56 |
| Involuntary turnover | By position | Executives/High-level managers | Persons | 0 | 0 | 0 |
| | | Mid-level managers | Persons | 3 | 1 | 4 |
| | | Professionals | Persons | 0 | 6 | 3 |
| | | Others | Persons | 0 | 0 | 4 |
| Voluntary turnover rate | | | % | 9.1 | 18.6 | 15.6 |

### Performance appraisal and compensation

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Percentage of employees subject to regular performance appraisal | % | 100 | 100 | 100 |
| Percentage of employees subject to management by objectives (MBO) | % | 100 | 100 | 100 |
| Percentage of employees subject to formal comparative ranking within same employee category | % | 100 | 100 | 100 |

### Gender pay gap

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Executives | Base salary | Male | KRW million | 270 | 306 | 373 |
| | | Female | KRW million | 200 | 211 | 218 |
| | Base salary + other cash incentives | Male | KRW million | 347 | 409 | 659 |
| | | Female | KRW million | 230 | 255 | 326 |
| Managers | Base salary | Male | KRW million | 104 | 106 | 113 |
| | | Female | KRW million | 114 | 118 | 119 |
| | Base salary + other cash incentives | Male | KRW million | 120 | 124 | 136 |
| | | Female | KRW million | 133 | 144 | 147 |
| Non-managers | Base salary | Male | KRW million | 64 | 67 | 52 |
| | | Female | KRW million | 58 | 62 | 47 |

### Discrimination incidents

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Total reports submitted | Cases | 0 | 0 | 0 |
| Total cases of corrective actions taken | Cases | 0 | 0 | 0 |

### Parental leave

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Employees eligible for parental leave | Male | Persons | 38 | 39 | 55 |
| | Female | Persons | 26 | 24 | 17 |
| Employees who took parental leave | Male | Persons | 0 | 1 | 2 |
| | Female | Persons | 6 | 4 | 3 |
| Employees who returned to work | Male | Persons | 0 | 0 | 0 |
| | Female | Persons | 6 | 3 | 3 |
| Return-to-work rate after parental leave[1] | Male | % | N/A | 0 | 0 |
| | Female | % | 75 | 60 | 100 |
| Return-to-work maintenance rate after parental leave[2] | Male | % | N/A | N/A | N/A |
| | Female | % | 0 | 67 | 100 |

### Occupational health and safety[3]

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Lost Time Injury Rate (LTIR)[4] | | Number of injuries per 200,000 hours worked | 0 | 0 | 0 |
| Number of Lost Time Injury(LTI) cases[4] by employee type | Employees | Number of injuries per 200,000 hours worked | 0 | 0 | 0 |
| | Suppliers | Number of injuries per 200,000 hours worked | 0 | 0 | 0 |
| Number of Lost Time Injury (LTI) cases | Employees | Cases | 0 | 0 | 0 |
| | Suppliers | Cases | 0 | 0 | 0 |
| Occupational Illness Frequency Rate (OIFR)[5] | | Cases/hours | 0 | 0 | 0 |
| Number of occupational illness cases | | Cases | 0 | 0 | 0 |
| Fatality rate | | % | 0 | 0 | 0 |
| Number of fatalities | | Cases | 0 | 0 | 0 |

### Information security - SK Biopharmaceuticals

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Number of exposures of corporate data and customer information | Cases | 0 | 0 | 0 |

### Information security - SK Life Science

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Number of exposures of corporate data and customer information | Cases | 0 | 0 | 0 |

### Political contributions and association fees

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Political contributions[6] | KRW million | 0 | 0 | 0 |
| Association fees[7] | KRW million | 0 | 0.5 | 92.1 |

### Social contributions

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Cash contribution | KRW million | 30 | 15 | 15 |
| In-kind giving | KRW million | 0 | 0 | 15 |
| Employee volunteering | Hours | 0 | 74 | 105 |
| Management overheads | KRW | 0 | 0 | 0 |
| Percentage of employee volunteering participation | % | 0 | 30.2 | 38.5 |

1) Ratio of employees who returned to work = (Number of employees who returned to work after parental leave) / (Number of employees set to return for the concerned year after taking parental leave during the previous reporting period)×100
2) Retention rate of employees who took parental leave = (Number of employees who continued to work for 12 months after return from parental leave) / (Number of employees who returned to work after parental leave during the previous reporting period)×100
3) Occupational health and safety data scope includes 2 in-house suppliers which manages infrastructure and animal breeding facility
4) 0 incidents of Lost Time Injury Frequency Rate (LTIFR) per million hours worked in 2020, 2021, and 2022
5) Occupational Illness Frequency Rate = (Number of Occupational Illness cases)/(annual hours worked)×200,000 hours
6) SK Biopharmaceuticals strictly adheres to Political Funds Act of the Republic of Korea that prohibits corporate or organizational political donations. We do not provide any funds for political contributions, election-related campaign funds, or lobbying funds for political organizations.
7) The calculation included a donation of KRW 0.5 million to the Korea Chamber of Commerce and Industry in 2021. The calculation included a total donation of KRW 88.7 million to the Korea Chamber of Commerce and Industry, KRW 1.9 million from the Korea Investor Relations Service, and KRW 1.5 million to the Korea Industrial Technology Association in 2022

## Corporate Governance

### Board of Directors

| Category | | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| BOD composition[1] | Total | | Persons | 5 | 5 | 5 |
| | BOD composition | Inside directors | Persons | 1 | 1 | 1 |
| | | Non-executive directors | Persons | 1 | 1 | 1 |
| | | Outside directors | Persons | 3 | 3 | 3 |
| | By gender | Male | Persons | 4 | 4 | 4 |
| | | Female | Persons | 1 | 1 | 1 |
| BOD operation | Meetings held | | Number of meetings | 10 | 10 | 13 |
| | Average attendance of outside directors | | % | 96.7 | 100 | 97.4 |

### Ethical management

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Ethics and anti-corruption training | Training participants[2] | Persons | 201 | 228 | 234 |
| | Training targets | Persons | 205 | 228 | 234 |
| | Completion rate | % | 98 | 100 | 100 |
| | BOD participants | Persons | 0 | 0 | 5 |
| | Suppliers participants | Persons | 0 | 0 | 0 |
| Ethics and anti-corruption related incidents | Anti-corruption related regulatory violations[3] | Cases | 0 | 0 | 0 |
| Anti-competitive related incidents | Total monetary losses under legal procedures related to anti-competitive activities | KRW million | 0 | 0 | 0 |
| | The proportion of the monetary losses in total sales | % | 0 | 0 | 0 |
| Confirmed corruption/bribery cases | | Cases | 0 | 0 | 0 |

### Income taxes paid[4), 5)]

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Earnings before tax | KRW million | -239,909 | 71,277 | -142,469 |
| Reported tax | KRW million | 7,504 | 6,431 | -3,038 |
| Effective tax rate | % | N/A | 9.0 | N/A |
| Cash taxes paid | KRW million | -6,388 | -6,160 | -4,681 |
| Cash tax rate | % | N/A | N/A | N/A |

### Taxes paid by country[6)]

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Domestic | Number of employees | Persons | 204 | 245 | 273 |
| | Sales | KRW million | 13,394 | 340,421 | 76,136 |
| | Earnings before tax | KRW million | -53,079 | 258,082 | -7,351 |
| | Income tax expenses | KRW million | 5,384 | 8,036 | 879 |
| | Taxes paid | KRW million | -5,249 | -4,376 | 1,736 |
| The U.S. | Number of employees | Persons | 252 | 258 | 262 |
| | Sales | KRW million | 12,065 | 78,224 | 169,160 |
| | Earnings before tax | KRW million | -186,831 | -186,806 | -135,118 |
| | Income tax expenses | KRW million | 2,121 | -1,605 | -3,916 |
| | Taxes paid | KRW million | -1,139 | -1,784 | -6,417 |

1) As of March 2023, the composition of the Board of Directors has been changed following the completion of the shareholders' meeting. Currently, there are a total of two female outside directors (40%)
2) Aggregated based on the number of employees during the training period
3) Compliance monitoring is implemented at all times, and there were no incidents of corruption and bribery related legal procedures during the reporting period
4) Calculated as of Dec. 31 of the concerned year on a consolidated basis
5) No information to be disclosed if no pre-tax income deficit or sales occurred during the concerned year.
6) Our headquarters in South Korea (SK Biopharmaceuticals) is engaged in new drug research and development, as well as exports. The U.S. operation (SK Life Science) is focused on clinical development, commercialization, and marketing in the U.S. The Chinese operation(SK Bio-Pharm Tech Co., Ltd.) is actively promoting clinical development and business development activities in China.

# SASB

SK Biopharmaceuticals makes disclosures in accordance with the Conceptual Framework developed by the SASB (Sustainability Accounting Standards Board) as industry-specific standards that companies can voluntarily adopt to determine the standards for disclosing their data on sustainability issues. We believe that in so doing, we can provide investors and other wide-ranging stakeholders with useful information that they can utilize in their decision-making process. The following information was prepared in conformity with the Biotechnology & Pharmaceuticals Industry Standards for the Healthcare Sector under the SASB Sustainable Industry Classification System (SICS).

## Accounting Metrics

### Safety of Clinical Trial Participants

**HC-BP-210a.1 Discussion, by world region, of the management process for ensuring quality and patient safety during clinical trials**

Clinical trials conducted by SK Biopharmaceuticals and SK Life Science are being carried out in compliance with the clinical trial regulations and procedures of each country, including South Korea, China, and Japan, to ensure safe and ethical practices. All clinical trials are approved by appropriate health authorities and the site's Institutional Review Board (IRB). In addition, we conduct clinical trials in accordance with the Good Clinical Practice (GCP) guidelines set by the International Council for Harmonization (ICH) for clinical trial management. To monitor the compliance of ethical regulations by Contract Research Organizations (CROs), we established standard operating procedures (SOP), and all relevant departments oversee and supervise the compliance of CRO regulations. SK Life Science strictly complies with the clinical trial protocol established in advance to ensure patient safety during all stages of the trial, including rigorous selection and exclusion criteria for trial subjects, and conducts the trial according to the medical monitoring plan. Furthermore, we ensure quality and patient safety in clinical trials by conducting continuous monitoring through the internal oversight organization, SK LSI Medical Monitor, and the Pharmacovigilance Group.

**HC-BP-210a.2 Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in Voluntary Action Indicated (VAI)[1] and Official Action Indicated (OAI)[2]**

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| VAI | Cases | 0 | 1 | 0 |
| OAI | Cases | 0 | 0 | 0 |

**HC-BP-210a.3 Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries**

During the reporting period, SK Biopharmaceuticals and SK Life Science did not conduct any clinical trials in developing countries.

### Access to Medicines

**HC-BP-240a.1 Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index (ATMI)**

SK Biopharmaceuticals has medicine for epilepsy (Cenobamate), one of the 18 non-contagious diseases included in priority diseases as defined by the Access to Medicine Index (ATMI), and is also driving the development of new medicine for epilepsy (SKL24741), schizophrenia (SKL20540), and another new medicine for anti-cancer (SKL27969). As for priority countries, we are pushing forward with efforts to advance into the Asian market with a focus on China. We also conducted a license-out to 17 countries in Central and South America in July 2022 to improve accessibility to pharmaceuticals, and we are currently advancing commercialization for product sales.

**HC-BP-240a.2 List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)**

During the reporting period, we do not have any product registered on the WHO List of Prequalified Medicinal Products.

### Affordability & Pricing

**HC-BP-240b.1 Number of settlements of Abbreviated New Drug Application (ANDA) litigation[3] that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period.**

During the reporting period, there was no case related to any ANDA litigation.

**HC-BP-240b.2 / HC-BP-240b.3 Percentage change in average list price and average net price across the U.S. product portfolio and of products with the largest increase compared to the previous year.**

During the reporting period, sales of one product, XCOPRI®, began and its list price increased by 3% in 2022, compared to 2021.

1) VAI is given when objectionable, but not significant, conditions or practices were identified during FDA inspection
2) OAI is given when significant objectionable conditions or practices were found during FDA inspection
3) Lawsuits that existing patent holders may file in regard to ANDA (an abbreviated procedure for making and selling generic drugs) and settlements that may be reached

## Drug Safety

**HC-BP-250a.1 List of products listed in the Food and Drug Administration's (FDA) MedWatch[1] Safety Alerts for Human Medical Products database**

MedWatch is a channel that gathers and discloses adverse drug events, and it is obligatory for pharmaceutical companies to report adverse events. SK Biopharmaceuticals reports all adverse events related to its products to MedWatch. As of end of December, 2022, we have one product registered on MedWatch: XCOPRI®.

**HC-BP-250a.2 Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System**

SK Biopharmaceuticals discloses information on the number of fatalities associated with its products through the FDA Adverse Event Reporting System.

FDA Adverse Event Reporting System

**HC-BP-250a.3 Number of recalls issued, total units recalled**

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| 합계 | Cases | 0 | 0 | 0 |
| Class 1[2] Recall | Cases | 0 | 0 | 0 |
| Class 2[3] Recall | Cases | 0 | 0 | 0 |

**HC-BP-250a.4 Total amount of product accepted for takeback, reuse, or disposal**

During the reporting period, sales of a single product (XCOPRI®) started, and SK Life Science manages and operates a Drug Stewardship Program, which includes collaboration with suppliers for the safe disposal of pharmaceuticals, including a collection program. As of the end of December 2022, the total amount of unused pharmaceuticals collected through the pharmaceutical waste collection program is approximately 0.1 metric tons.

**HC-BP-250a.5 Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type**

SK Biopharmaceuticals does not own or operate pharmaceutical manufacturing facilities. Additionally, any significant FDA observations related to our Contract Manufacturing Organizations (CMOs) are also communicated to SK Biopharmaceuticals. If it is related to the quality of our products, we collaboratively develop improvement plans and diligently examine the relevant areas for improvements.

## Counterfeit Drugs

**HC-BP-260a.1 Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting**

Management of counterfeit drugs is a critical issue that is directly related to the reliability of SK Biopharmaceuticals' products and the health of our customers. Therefore, SK Biopharmaceuticals and SK Life Science serialize all products supplied to the market from the product release stage, thereby managing their traceability.

**HC-BP-260a.2 Discussion of processes for alerting customers and business partners of potential or known risks associated with counterfeit products**

We do not have a separate process for alerting customers and business partners of potential or known risks associated with counterfeit drugs.

**HC-BP-260a.3 Number of actions that led to raids, seizures, arrests, and/or filing of criminal charges related to counterfeit products**

During the reporting period, there was no incident related to counterfeit drugs.

## Ethical Marketing

**HC-BP-270a.1 Total amount of monetary losses as a result of legal proceedings associated with false marketing claims**

During the reporting period, there were no legal proceedings related to false marketing.

**HC-BP-270a.2 Description of the code of ethics governing the promotion of off-label use of products**

Off-label marketing refers to the prescription of specific medications for indications beyond the scope approved by regulatory authorities. SK Life Science acknowledges that such practices may have adverse effects on consumers' health. Therefore, the company conscientiously limits off-label promotion and marketing, both internally and externally, to comply with relevant regulations. This ensures the safety and well-being of our customers. As a company engaged in the sale of products, SK Life Science adheres to a more stringent level of management, including restrictions on off-label promotion, as part of its Code of Ethics.

1) FDA's safety information and adverse event reporting program that serves as a pharmacovigilance system for reporting adverse events or problems experienced with the use of drugs
2) Type of recall involving situations in which there is a reasonable probability that the use or exposure to a volatile product will cause serious adverse health consequences or death
3) Type of recall involving situations in which use of, or exposure may lead to temporary or medically reversible adverse health consequences or where the probability of serious adverse health consequences is remote

## Employee Recruitment, Development & Retention

**HC-BP-330a.1 Discussion of talent recruitment and retention efforts for scientists and research and development personnel**

SK Biopharmaceuticals predicts and establishes plans for the capacity and demand of talents required for sustainable company growth and value realization. We maintain close communication with key graduate research laboratories, focusing on areas such as the central nervous system and oncology research, to attract specialized personnel. Additionally, we implement an internship program to expand our talent pipeline.

**HC-BP-330a.2 Voluntary and involuntary turnover rate for executives/senior managers, mid-level managers, professionals, and all others[1)]**

| Category | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Voluntary turnover rate[2)] | % | 44.5 | 4.9 | 8.4 |
| Involuntary turnover rate[3)] | % | 0 | 0 | 0 |

## Supply Chain Management

**BP-430a.1 Percentage of the entity's facilities and Tier 1 suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for the integrity of the supply chain and ingredients**

In April 2022, SK Biopharmaceuticals became the first domestic pharmaceutical company to join the Pharmaceutical Supply Chain Initiative (PSCI). In October of the same year, we became a member of the PSCI Audit Committee. We strive to enhance the overall sustainability of our supply chain by proactively managing supply chain ESG risks. We adhere to the five principles of PSCI, encompassing health and safety, environment, management systems, and transparent reporting. As a PSCI member, we are committed to conducting PSCI audits for all CMOs in the long term, further advancing our supply chain risk management.

## Business Ethics

**HC-BP-510a.1 Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery**

During the reporting period, there was no legal proceedings related to corruption and bribery.

**HC-BP-510a.2 Description of the code of ethics governing interactions with health care professionals**

SK Biopharmaceuticals thoroughly complies with domestic and international laws and regulations that stipulate pharmaceutical companies' marketing practices targeting healthcare professionals. Furthermore, SK Life Science, which conducts direct marketing of its products to customers, thoroughly complies with marketing regulations, protects the independent judgment of experts by stipulating standards for relationships with healthcare professionals, and prevents improper use of products through its Code of Conduct.

SK LSI Code of Conduct

## Activity Metrics

**HC-BP-000.A Number of patients treated**

We do not report the number of treated patients as it includes sensitive information.

**HC-BP-000.B Number of drugs in portfolio and in research and development (Phases 1-3)**

SK Biopharmaceuticals discloses the number of drug products in its portfolio and the pharmaceuticals under research and development on the corporate website.

SK Biopharmaceuticals Product Information

SK Biopharmaceuticals Pipeline Information

1) The voluntary and involuntary turnover rate is calculated based on SK Biopharmaceuticals' data, and during 2020~2021 there were no turnovers falling under the category of executives/senior managers, mid-level managers, or professionals. In 2022, voluntary turnover occurred for one mid-level manager and one professional
2) Turnovers when employees voluntarily choose to leave an organization
3) Turnovers when employees leave an organization against their will due to reasons including layoff, workforce reduction, corporate restructuring, and the expiration of the contract

# TCFD

SK Biopharmaceuticals actively participates in international solidarity to respond to climate change and established strategic direction to effectively identify and manage actual and potential financial impacts of climate change. We will continue to apply the TCFD (Task Force on Climate-Related Financial Disclosures) framework in the management of climate-related risks and opportunities and disclose our response strategies to further reach out to our stakeholders.

## Governance

### Disclose the company's governance around climate-related risks and opportunities

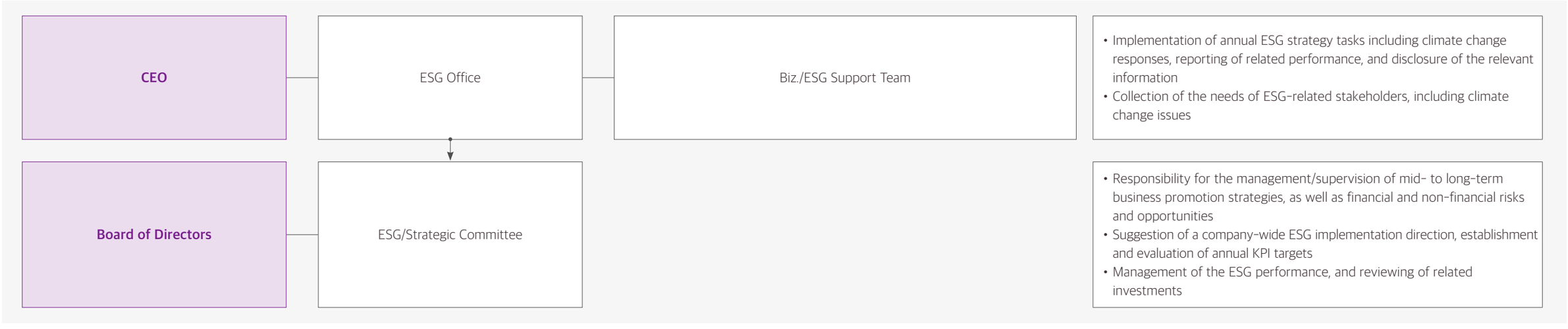
**A. Board's oversight of climate-related risks and opportunities**

SK Biopharmaceuticals' ultimate responsibility and decision-making regarding environmental management are carried out at the Board level, with the ESG/Strategic Committee within the Board overseeing communication and deliberation on matters related to climate change response and overall ESG management. The ESG/Strategic Committee reviews mid- to long-term plans for promoting ESG management, including climate change response, and executes decisions on significant matters that have a substantial impact on the company's strategy from a sustainability enhancement perspective. In 2022, the ESG/Strategic Committee reviewed issues related to establishing targets (KPIs) linked to ESG performance, identifying critical issues in sustainable management, publishing sustainability reports, and the results of SK Group's ESG assessment.

**B. Management's role in assessing and managing climate-related risks and opportunities**

SK Biopharmaceuticals operates the ESG Office, a standing committee under the direct supervision of the CEO, where executives and employees from various ESG-related departments participate. The ESG Office is responsible for the development of climate change response strategies, monitoring progress towards achieving Net-Zero goals, identifying implementation tasks for ESG risk management including climate change risks, reviewing the status of ESG strategy implementation, aggregating ESG performance results, and communicating outcomes to external stakeholders through transparent reporting. Additionally, the ESG Office regularly reports on ESG-related issues, including climate-related risks and opportunities, to the CEO. Additionally, the company's overall environmental management practices are led by the Biz./ESG Support Team under the Corporate Culture & HR Department. Within the research and development area, eco-friendly activities are managed and carried out by dedicated research departments. SK Biopharmaceuticals emphasizes active communication and collaboration between research departments and the SHE (Safety, Health, and Environment) specialists to strengthen the company's environmental management execution and decision-making processes. Furthermore, SK Biopharmaceuticals operates an Environmental Management System (EMS) based on the ISO14001 standard at the corporate level. The company evaluates the performance of all management executives, including the CEO, based on Key Performance Indicators (KPIs) related to environmental management, such as achieving a target renewable energy usage ratio of 24.75% or higher, and other elements pertaining to climate change response and management of environmental issues. Based on the results, incentives are provided accordingly.

Climate Action Governance and Response Organizations



## Strategy

### Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material

**A-C. The financial impact of climate-related risks and opportunities on the company's business over the short, medium, and long term**

SK Biopharmaceuticals does not have its own production facilities in the short-term perspective and there is a relatively low frequency of extreme weather events in the Pangyo area of Gyeonggi Province, where the R&D facilities are located, resulting in limited exposure to physical risks of climate change. Additionally, SK Biopharmaceuticals has lower carbon emissions compared to other companies in the same industry, and it is not subject to the Korean Emissions Trading Scheme (K-ETS), so the transition risks resulting from regulatory impacts are also considered low. However, in the mid- to long-term perspective, the pharmaceutical industry is generally classified as a sector with a climate change impact of moderate to high level, especially in terms of carbon emissions during the production phase. Thus, it is predicted that the pharmaceutical industry will be required to reduce carbon emissions by 59% by 2025 compared to the 2015 levels to achieve the recommended levels set forth in the Paris Agreement. We expect that costs related to climate change regulations, such as carbon border taxes and increased carbon costs, may impact the profitability of the overall supply chain. Therefore, SK Biopharmaceuticals aims to expand the scope of carbon emissions management in the mid- to long-term, including the CMOs entrusted with our product manufacturing. We are developing measures to reduce environmental impacts within Scope 3 emissions, such as minimizing environmental impacts during product transportation, reducing the use of packaging materials, and improving the eco-friendliness of the packaging materials used.

Meanwhile, SK Biopharmaceuticals recognizes the constraints in operating an eco-friendly workplace at its current leased headquarters in Pangyo, Gyeonggi Province. Therefore, we plan to promote energy reduction by either relocating or constructing an eco-friendly office building within the next 3 to 5 years and aim to reduce emissions through increased use of renewable energy for residual emissions. It is expected that this process may incur capital expenditures for building assets and off-budget expenses such as those required for the purchase of renewable energy credits or costs for expanding related infrastructure. However, the impact on the company's business revenue and financial soundness is not expected to be significant. In addition, SK Biopharmaceuticals manages the social cost of GHG emissions according to the 1.5℃ and 2℃ climate change scenarios presented by the IPCC based on past and current carbon emissions, and the impact of these costs on our net income is monitored.

SK Biopharmaceuticals is analyzing the financial impact that risks and opportunities arising from the transition into a low-carbon society may have on its business. In 2023, the company established plans to introduce an Internal Carbon Price (ICP) for future investments, including M&A. The ICP will be used in economic feasibility evaluations to accelerate the Net-Zero implementation considering the business impact according to the increases in global carbon price. The internal carbon price will be determined based on the 1.5℃ and 2℃ climate change scenarios of the NGFS or IEA, and it will be incorporated into the investment review process. Furthermore, SK Biopharmaceuticals plans to implement systematic ESG management for its supply chain based on the principles of the Pharmaceutical Supply Chain Initiative (PSCI) to prevent adverse impacts that may arise from physical risks.

## Risk Management

### Disclose how the company identifies, assesses, and manages climate-related risks

**A-C. Processes for identifying, assessing, and managing climate-related risks, and integrating those risks into the company's overall risk management**

The ESG Office, under the direct supervision of the CEO, identifies climate-related risks and opportunities on a regular basis. The identified matters are shared with relevant departments and reported to the management. The response strategies for identified risks and opportunities are integrated into the overall ESG strategy, and the annual performance is monitored. In case of the need for mid- to long-term investment decisions regarding climate change risk management, the ESG/Strategic Committee within the Board of Directors deliberates on the relevant matters and executes investments.

## Metrics and Targets

### Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

#### A-B. Metrics used to assess climate-related risks and opportunities

SK Biopharmaceuticals manages indicators such as annual GHG emissions, emission intensity, energy consumption, and renewable energy usage[1] while comparing quantitative performance over a three-year period to disclose trends in environmental performance. As of 2022, we measure and disclose emissions for Scope 1, 2, and 3, enhancing data reliability through third-party verification of greenhouse gas emissions and energy consumption data. In 2022, we measured, externally verified, and disclosed emission data for four out of twelve Scope 3 categories: C1 (purchased goods and services), C2 (capital goods), C6 (business travel), and C7 (employee commuting). Through these efforts, we manage the environmental impact across the entire supply chain. Going forward, we plan to enhance the methodology for calculating Scope 3 emissions in collaboration with SK Group's SV Committee and gradually expand the categories considered for calculation.

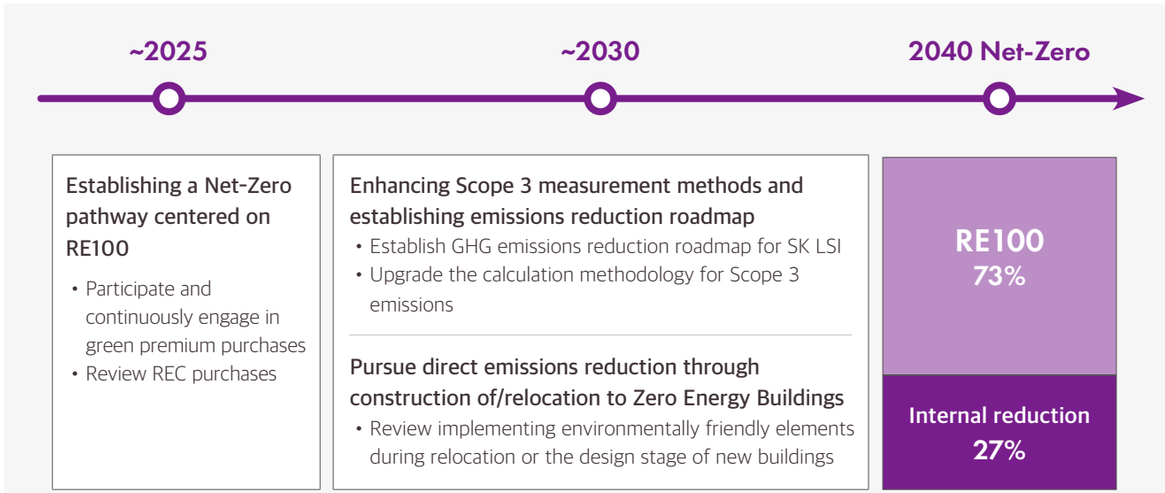
#### GHG Emissions

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| GHG emissions intensity (Scope 1 + Scope 2) | | $tCO_2eq$/KRW billion | 93.56 | 15.12 | 7.06 |
| GHG emissions | Total | $tCO_2eq$ | 1,211 | 1,349 | 1,361 |
| | Scope 1 | $tCO_2eq$ | 313 | 394 | 425 |
| | Scope 2[2] | $tCO_2eq$ | 898 | 955 | 936 |
| | Scope 3 | $tCO_2eq$ | N/A | N/A | 6,547 |

#### C. Targets used to manage climate-related risks and opportunities and performance against targets

SK Biopharmaceuticals strives to enhance employees' awareness regarding the serious threat of climate change and the justification for responding to it and has set the goal of reducing its net greenhouse gas emissions to 'Zero (0)' by 2040 through a joint declaration of Net-Zero with the SK Group. Based on this target, SK Biopharmaceuticals has established short-term and mid- to long-term key initiatives based on a five-year planning cycle until 2040. In the short term, the company aims to achieve a carbon emission reduction of 832 $tCO_2eq$ (by 2026), while in the mid- to long-term, the targets are 1,450 $tCO_2eq$ (by 2030) and 2,103 $tCO_2eq$ (by 2035). The plan is to achieve Net-Zero targets for Scope 1 and Scope 2 emissions by 2040. Furthermore, the company has established plans to cooperate with various suppliers throughout the supply chain in reducing emissions as part of the process towards achieving these goals.

#### 2040 Net-Zero Roadmap




1) The U.S. subsidiary (SK Life Science) is included in the scope of energy consumption calculations for the year 2022.
2) The U.S. subsidiary (SK Life Science) is included in the scope of GHG emissions (Scope 2) calculation for the years 2021 and 2022

# GRI Standards Index

SK Biopharmaceuticals applied the GRI Standards in reporting the sustainability management contents, including some data for the first half of 2023, if necessary, for the period from January 1, 2022, to December 31, 2022.

| Standard | Disclosure | | Reporting page | Note |
|---|---|---|---|---|
| **Universal Standards** | | | | |
| **GRI 2: General Disclosures 2021** | | | | |
| The organization and its reporting practices | 2-1 | Organizational details | 6-7, 69 | |
| | 2-2 | Entities included in the organization's sustainability reporting | 2, 90 | |
| | 2-3 | Reporting period, frequency and contact point | 2 | |
| | 2-4 | Restatements of information | 90 | |
| | 2-5 | External assurance | 91-92 | |
| Activities and workers | 2-6 | Activities, value chain and other business relationships | 6-11, 55 | |
| | 2-7 | Employees | 6, 78, 89 | |
| | 2-8 | Workers who are not employees | 78 | |
| Governance | 2-9 | Governance structure and composition | 64, 66-67 | |
| | 2-10 | Nomination and selection of the highest governance body | 66 | |
| | 2-11 | Chair of the highest governance body | 64, 66-67 | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 17, 67 | |
| | 2-13 | Delegation of responsibility for managing impacts | 17, 64 | |
| | 2-14 | Role of the highest governance body in sustainability reporting | 21 | |
| | 2-15 | Conflicts of interest | 66 | Refer to page 4 of the Corporate Governance Charter |
| | 2-16 | Communication of critical concerns | 64-65, 67 | |
| | 2-17 | Collective knowledge of the highest governance body | 66 | |
| | 2-18 | Evaluation of the performance of the highest governance body | 17, 68 | |
| | 2-19 | Remuneration policies | 17, 68 | |
| | 2-20 | Process to determine remuneration | 67, 68 | |
| | 2-21 | Annual total compensation ratio | 68 | |
| Strategy, policies and practices | 2-22 | Statement on sustainable development strategy | 5 | |
| | 2-23 | Policy commitments | 30, 50, 55-56, 70 | |
| | 2-24 | Embedding policy commitments | 30, 50, 55-56, 70 | |
| | 2-25 | Processes to remediate negative impacts | 50, 70 | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | 70 | |
| | 2-27 | Compliance with laws and regulations | 77, 81 | |
| | 2-28 | Membership associations | 55, 89 | |
| Stakeholder engagement | 2-29 | Approach to stakeholder engagement | 21, 25, 27, 29, 31, 33 | |
| | 2-30 | Collective bargaining agreements | 52 | |
| **GRI 3: Material Topics 2021** | | | | |
| Disclosure on material topics | 3-1 | Process to determine material topics | 21 | |
| | 3-2 | List of material topics | 22 | |
| | 3-3 | Management of material topics | 16-20, 23-33, 36-37, 40-41, 43-49, 51-52, 55-56 | |

| Standard | Disclosure | | Reporting page | Note |
|---|---|---|---|---|
| **Topic-specific Standards** | | | | |
| **Economic Performance (GRI 200)** | | | | |
| Anti-corruption | 205-1 | Operations assessed for risks related to corruption | 71 | |
| | 205-2 | Communication and training about anti-corruption policies and procedures | 30, 71, 81 | |
| | 205-3 | Confirmed incidents of corruption and actions taken | 70, 81 | |
| **Environmental Performance (GRI 300)** | | | | |
| Energy | 302-1 | Energy consumption within the organization | 76 | |
| | 302-2 | Energy consumption outside of the organization | 76 | |
| | 302-3 | Energy intensity | 76 | |
| Emissions | 305-1 | Direct (Scope 1) GHG emissions | 76 | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 76 | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 76 | |
| | 305-4 | GHG emissions intensity | 76 | |
| | 305-5 | Reduction of GHG emissions | 37 | |
| Waste | 306-1 | Waste generation and significant waste-related impacts | 39 | |
| | 306-2 | Management of waste-related impacts | 39 | |
| | 306-3 | Waste generated | 77 | |
| | 306-4 | Waste diverted from disposal | 77 | |
| | 306-5 | Waste directed to disposal | 77 | |
| Supplier Environmental Assessment | 308-1 | New suppliers that were screened using environmental criteria | 56 | |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | 56 | |
| **Social Performance (GRI 400)** | | | | |
| Employment | 401-1 | New employee hires and employee turnover | 79 | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 51 | |
| | 401-3 | Parental leave | 80 | |
| Training and Education | 404-1 | Average hours of training per year per employee | 79 | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 49 | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 80 | |
| Supplier Social Assessment | 414-1 | New suppliers that were screened using social criteria | 56 | |
| | 414-2 | Negative social impacts in the supply chain and actions taken | 56 | |
| Customer Health and Safety | 416-1 | Assessment of health and safety impacts of product and service categories | 47 | |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 83 | |

# UN Global Compact (UNGC)

## UNGC Membership

SK Biopharmaceuticals joined the UN Global Compact (UNGC) in May 2023, a key initiative related to sustainable management. SK Biopharmaceuticals will continuously work together with stakeholders to comply with the ten principles of the UNGC and raise awareness across its businesses to achieve the globally shared goals of the SDGs.

### The Ten Principles of the UN Global Compact

United Nations Global Compact

| Category | | The Ten Principles of the UN Global Compact | Reporting page |
|---|---|---|---|
| **Human rights** | 1 | Businesses should support and respect the protection of internationally proclaimed human rights; and | 50 |
| | 2 | make sure that they are not complicit in human rights abuses. | 50 |
| **Labor Standards** | 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | 52 |
| | 4 | the elimination of all forms of forced and compulsory labour; | 50 |
| | 5 | the effective abolition of child labour; and | 50 |
| | 6 | the elimination of discrimination in respect of employment and occupation. | 51 |
| **Environment** | 7 | Businesses should support a precautionary approach to environmental challenges; | 36-38 |
| | 8 | undertake initiatives to promote greater environmental responsibility; and | 39-41 |
| | 9 | encourage the development and diffusion of environmentally friendly technologies. | 39-41 |
| **Anti-Corruption** | 10 | Businesses should work against corruption in all its forms, including extortion and bribery. | 70-71 |

# Reporting Methodology & Policy

## Reporting Approach

As a global pharmaceutical company, SK Biopharmaceuticals pursues the happiness of mankind through the development of new drugs and is fulfilling its social responsibilities to build trustworthy relationships with stakeholders. Accordingly, we publish this third sustainability report following 2022 to transparently communicate the social values created in terms of our environment, society, and governance, as well as our financial performance. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, which are the international sustainability reporting standards, the Task Force on Climate-related Financial Disclosure (TCFD), and the Biotechnology & Pharmaceuticals Industry Standards of the Sustainability Accounting Standards Board (SASB), and unless otherwise stated, the information on our financial performance has been presented in accordance with the criteria for consolidated financial statements as specified in the Korean International Financial Reporting Standards (K-IFRS). In addition, SK Biopharmaceuticals' sustainable business strategy reflects activities aimed at achieving the UN Sustainable Development Goals (UN SDGs).

## Reporting Period and Scope

The information contained in this report details the performance generated during the period from January 1, 2022, to December 31, 2022. Some information pertaining to the first half of 2023 has been included out of necessity, and such information has been indicated separately in this report. In the case of quantitative performance, figures for the last three years (2020-2022) are provided to enable an analysis of changes in performance by year. The financial performance of SK Biopharmaceuticals is reported in accordance with the criteria for the consolidated financial statements specified in the Korean International Financial Reporting Standards (K-IFRS), whereas its non-financial performance is reported mainly based on its domestic operations. Some of our non-financial performance information includes the social performance of SK Life Science, a U.S. subsidiary, and this information is indicated separately in this report. In the case of information disclosed in accordance with the SASB Industry Standards, the performance of both SK Biopharmaceuticals and SK Life Science has been reported.

### Scope of Environmental Performance

The information on the quantitative environmental performance of SK Biopharmaceuticals has been prepared based on its domestic operations, and the reliability of our GHG emissions data has been ensured through third-party verification by Korea Management Registrar (KMR). Regarding GHG emissions for 2021-2022, our U.S. operation (SK Life Science) was included in the scope of data collection for Scope 2 emissions. As for the status of waste generation and recycling, the scope of data for waste generated and disposed of is limited to designated wastes, since general wastes disposed from the leased building are being processed by the building's management department, and thus excluded from the scope of data collection.

### Scope of Social Performance

As for the status of employees, diversity, recruitment, turnover and information security, performance data from both SK Biopharmaceuticals and SK Life Science are reported. Other social performance data are limited to our Pangyo headquarters. The scope of data collection regarding occupational health and safety includes two in-house suppliers that manage infrastructure and the animal breeding facility.

## Correction and Restatement of Information

The following data were restated and thus show discrepancies from the previous year's report.

- The GHG emissions intensity, air pollutant emissions intensity, energy consumption intensity, water intake intensity, water pollutant emissions intensity, and waste generation intensity on pages 76-77 restate the data from the previous year's report due to changes in calculation criteria
- The number of SK Biopharmaceuticals' employees by contract type on page 78 in the employee data section restates the data from the previous year's report due to changes in calculation criteria
- The number of SK Biopharmaceuticals' employees with disabilities on page 78 in the diversity section restates the data from the previous year's report due to changes in calculation criteria
- The voluntary turnover rate on page 79 in the turnover section restates the data from the previous year's report due to changes in calculation criteria
- The association fees on page 80 in the political contributions and association fees section restates the data from the previous year's report due to changes in calculation criteria

## ESG Policy

SK Biopharmaceuticals and SK Life Science disclose various corporate policies for sustainability management. In addition, in the section explaining the Company's policies and directions regarding each sustainability management area presented in this report, the location where related policies are disclosed is also presented to help stakeholders understand the information. Details of the policies can be found through the links below.

| SK Biopharmaceuticals | | |
|---|---|---|
| Employees' Anti-Corruption Education Policy | Code of Ethics | Partner Code of Ethics |
| Code of Conduct for Anti-Corruption | Human Rights Protection Policy | Healthcare Support for Employees |
| Work and Life Balance Policy | Employee Competency Development Policy | Quality Management Policy |
| Product/Service Safety Accident Prevention and Quality Management System | Product Safety Management Policy | Community Support Policy |
| SE Ecosystem Support Policy | ESG Policy for Subsidiaries | Policy and Process for Identifying ESG Needs of Stakeholders |
| Corporate Governance Charter | New Business/Investment Policy based on ESG Standards | Global Initiative Participation Policy |
| The Articles of Incorporation | Safety/Health/Environment Policy | Shared Growth Policy |
| Partners ESG Management Policy | ESG Guideline for Partners | Healthcare Accessibility Policy |
| Research Ethics Regulations | Information Security Policy | |
| Regulations of the Board of Directors | Regulations of the Audit Committee | |
| Regulations of the ESG/Strategic Committee | Regulations of the Nomination and Compensation Committee | |
| Privacy Policy | Regulations of the Governance Committee | |
| **SK Life Science** | | |
| SK LSI Code of Conduct | SK LSI California Compliance Declaration | |

# GHG Emission Verification Statement

## Verification Target

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

## Verification Scope

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

The verification of other indirect emissions (Scope 3) was carried out in the self-selected category according to the following criteria.

* Verification Category : Purchased goods & services, Capital goods, Business Travel, Employee Commuting

## Verification Criteria

The following criteria and coefficients used by the company are applied to the verification criteria.

* Scope1,2: Rule for emission reporting and certification of greenhouse gas emission trading Scheme (Notification No. 2021-112 of Ministry of Environment), Rules for verification of operating the greenhouse gas emission trading scheme (Notification No. 2022-279 of Ministry of Environment), ISO14064-3.

** Scope3: Technical Guidance for Calculating Scope 3 Emissions, UK-FEDRA indirect emissions from supply chain, WRI GHG Protocol Quantis Scope 3 Evaluator, Calculation of greenhouse gas emissions by working activities of urban office workers (Ministry of Environment_2010)

## Level of Assurance

The Verification has been planned and conducted as the 'Rules for verification of operating the greenhouse gas emission trading scheme', 'ISO 14064-3', and the level of assurance for verification shall be satisfied as limited level of assurance. And it was confirmed through an internal review whether the process before the verification was conducted effectively.

## Verification Limitation

For Scope 1,2 emissions, the verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

For Scope 3 emissions, this verification is not intended to verify the validity of the calculation criteria set by the company itself. Assurance results contain inherent limits of uncertainty inherent in the company's own calculation standards. Depending on our own calculation standards, significant differences may occur in the emission calculation results, which may affect comparability.

## Verification Opinions

Through the verification process according to the 'ISO 14064-3:2006' KFQ could obtain reasonable basis to express following conclusion on the Greenhouse Gas Emission Report.

1. For Scope 1,2 emissions, Inventory Report has been stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'
2. For Scope 1,2 emissions, data and information used in calculating the Greenhouse Gas emission were appropriate, reasonable, and no significant errors or omissions could affect verification statement were not found. Thus, KFQ concludes that the Greenhouse Gas Emissions of Company in 2022 is correctly calculated and stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'.
3. For Scope 3 emissions, no significant errors or omissions were found, except for emissions information that was not considered within the scope of the selected category. The standards set, estimated/assumed, and the relevant process when calculating emissions were transparently reflected in the internal calculation process.

June 19th , 2023

National Institute of Environmental Research

Ji Young Song

CEO Ji-Young Song
Korean Foundation for Quality

## Appendix A. 2022 Summary of GHG Emission Results

### Organization

SK Biopharmaceuticals Co., Ltd.

### Emission calculation period

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

* Emission calculation results

(Unit: $tCO_2eq$)

| Division | | | Total |
|---|---|---|---|
| Scope1, 2 | Total | | 1,361 |
| | Scope1 | | 425 |
| | Scope2 | | 873 |
| | A subsidiary (SK Life Science) Scope2 | | 63 |
| Scope3 | Total | | 6,547 |
| | Category 1 | Purchased goods & services | 5,187 |
| | Category 2 | Capital goods | 501 |
| | Category 6 | Business Travel | 561 |
| | Category 7 | Employee Commuting | 298 |

※ This may have a difference between the total emissions and the sum of Scope1,2 emissions by business site (truncated emissions by business site are added together by company).

# Independent Assurance Statement

## Dear Stakeholders of SK BIOPHARMACEUTICALS

KFQ has been engaged by SK BIOPHARMACEUTICALS to provide independent assurance on the 2023 SK Biopharmaceuticals Sustainability Report (the 'Report'). It is our responsibility to provide an independent assurance statement in accordance with the standards and scope of assurance as specified below. SK BIOPHARMACEUTICALS has sole responsibility for the preparation of the Report.

### Standards and Scope of Assurance

- Standards: AA1000AS(v3) and AA1000AP(2018)
- Type: Type 2, covers the assessment of adherence to the Accountability principles of inclusivity, materiality, responsiveness, impact; and reliability and quality of disclosed information on sustainability performance.
- Level: Moderate, limited evidence has been obtained to support our assurance statement
- Scope:
  - SK BIOPHARMACEUTICALS complied with all requirements specified in the GRI Standards(2021) to report in accordance with the GRI Standards

| Requirement | Compliance | GRI Standards/Topic Disclosure |
|---|---|---|
| 1. Reporting Principles | ● | GRI 1 : Foundation 2021(section 4) |
| 2. Report the disclosures in GRI 2 | ● | GRI 2 : General Disclosures 2021(2-1 ~ 2-30) |
| 3. Determine material topics | ● | GRI 3 : material Topics 2021 |
| 4. Report material topics | ● | GRI 3 : material Topics 2021(3-1, 3-2) |
| 5. Report disclosures from the GRI Topic Standards for each material topic | ● | • GRI 205: Anti-Corruption<br>• GRI 302: Energy<br>• GRI 305: Emissions<br>• GRI 306: Waste<br>• GRI 308: Supplier Environmental Assessment<br>• GRI 401: Employment<br>• GRI 404: Training and Education<br>• GRI 414: Supplier Social Assessment<br>• GRI 416: Customer Health and Safety |
| 6. Provide reasons for omission for disclosures and requirements that the organization cannot comply with | ● | |
| 7. Publish a GRI content Index | ● | |
| 8. Provide a statement of use | ● | |
| 9. Notify GRI | ● | |

### Methodology

In order to assess the reliability of disclosures about the sustainability performance in the Report by applying the standards, we reviewed sustainability-related processes, systems, internal control procedures, and available data. The documentation reviewed during the assurance engagement includes:

- Non-financial information e.g., data provided to us by SK BIOPHARMACEUTICALS, disclosed Business Reports, and information obtained from media and/or the internet; and
- Financial information i.e., Financial statements reported on the DART (Data Analysis, Retrieval and Transfer System, https://dart.fss.or.kr), the Electronic Disclosure System managed by Financial Supervisory Service.
- The assessment was performed by document review and onsite inspection. We interviewed employees who are responsible to prepare the Report, where we evaluated the validity of the materiality assessment processes, a stakeholder-centric approach to select material issues, data collection and management procedures, report preparation procedures, and validation of claims stated in the Report. It was confirmed that errors, inappropriate information, and ambiguous expressions identified during the assessment were properly corrected prior to the Report being published.

### Competency and independence

The assurance team was organized in accordance with KFQ's internal regulations. KFQ has no conflict of interest which could threaten the independence and impartiality of verification, other than providing third-party audit services to the SK BIOPHARMACEUTICALS business.

### Limitations

The completeness and responsiveness of sustainability performance represented in the Report have inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. In accordance with the terms of the contract, we assessed the information and evidence provided by the company. We did not perform any further assessment procedures on raw data.

### Findings and Conclusions

As a result of the assessment, we confirm that the 2023 Sustainability Report for SK BIOPHARMACEUTICALS reports in accordance with the GRI Standards, adheres to the AA1000AP(2018)'s Accountability principles, and demonstrates a Type 2 assurance level, as evidenced by reviewed data and information. Based on the assessment, nothing has come to our attention to suggest that the Report provides material errors or misstatements and does not properly describe the adherence to the Accountability principles.

Inclusivity

SK BIOPHARMACEUTICALS is gathering opinions from various stakeholders including customers, shareholders, investors, partner companies, employees and local communities through communication channels such as patient support program, general shareholders' meeting, CMO regular meeting, hot line system and local community collaboration. Nothing came to our attention to suggest that the main stakeholders are not stated in the Report.

Materiality

SK BIOPHARMACEUTICALS simultaneously increases economic value (EV) and social value (SV) through management activities, and strives to create social value through corporate contributions to solving social issues and the pursuit of happiness for its employees. To this end, it was confirmed that sustainability management 5 strategies and core goals were established to enhance execution capabilities.

In an effort to identify internal and external stakeholders' interests and their impacts, SK BIOPHARMACEUTICALS identified various issues from economic, environmental, and social perspectives and determined 8 material topics by conducting a materiality assessment. It was confirmed that the identified issues resulting from the materiality assessment were fully described in the Report without any omission.

Responsiveness

SK BIOPHARMACEUTICALS consistently engages with stakeholders to respond to their feedback and main interests. Nothing came to our attention to suggest that its responses and performance are inappropriately described in the Report.

Impact

We found during our assessment that SK BIOPHARMACEUTICALS is identifying and monitoring impacts relating to stakeholders and reporting them to the extent possible. Nothing came to our attention to suggest that it does not properly assess and report impacts relating to material issues.

Reliability and quality of disclosed information on sustainability performance

We assessed the reliability of specified environmental and social performance data related to sustainability. We interviewed employees who are responsible to prepare the Report, where we reviewed internal data on a sample basis and publicly available documentation, and confirmed the reliability of the processes for collating qualitative and quantitative sustainability data described in the Report. Nothing came to our attention to suggest that intentional misstatements and/or material non-conformities in data are presented during the assessment.

## Recommendation for improvement

KFQ recommends following developmental approaches in order to internalize sustainability management in the future and to disclose the results of the report effectively.

- We look forward to seeing SK BIOPHARMACEUTICALS will report additional disclosures from the GRI Topic Standards beyond information related to selected material issues in response to stakeholders' needs and expectations.

June, 2023
Seoul, Korea
Ji Young Song, CEO
Korean Foundation for Quality (KFQ)

kfq Korean Foundation for Quality

AA1000 Licensed Report 000-80/V3-UCZZ2

Ji Young Song


SK biopharmaceuticals