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1. Overview

Partners of SK Biopharmaceuticals can be divided mainly into raw material suppliers, contract manufacturing organizations (CMOs), and suppliers for the materials necessary for overall operation. With no owned production facility, SK Biopharmaceuticals carries out all the manufacturing-related operations in the commercialization phase of new drugs after marketing approval through close cooperation with CMOs, ranging from procurement of raw materials, product production, quality control to process improvement. SK Biopharmaceuticals controls CMOs by adhering to our partner management policies and national and international quality and safety standards of regulatory authorities such as the FDA (US) and EMA (EU).

By obtaining signature or providing recommendations at the time of contract, we invite critical partners (taking up 90% of the purchased amount total) to adhere to our ESG guidelines consisting of 25 management practices for 4 major areas (environment, public health/safety, labor/human rights, ethics) to effectively monitor and support partners' progress with their ESG practices.

We developed an ESG assessment system to control the risks of critical partners concerning ESG implementation and have it enforced across all critical partners and assessed and improved regularly through due diligence.

2. Partner Management Areas

SK Biopharmaceuticals has set the management areas for the code of conduct for partners consisting of 25 items in 4 major areas: environment, health/safety, labor/human rights, and ethics.

Areas	Management Items
Ethics	Business Integrity
	Information Disclosure
	Intellectual Property
	Fair Trade/Advertisement Practices

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	Protection of Whistleblowers
	Responsible Mineral Supply
	Privacy
Labor/Human Rights	Forced Labor
	Child Labor
	Working Hours
	Wages/Welfare
	Humanitarian Treatment
	Prohibition of Discrimination/Harassment
	Freedom of Association
Health/Safety	Industrial Safety
	Occupational Accidents and Illnesses
	Sanitation, Food, and Housing
	Health/Safety Communication
Environment	Environmental Permits and Reporting
	Energy Consumption and Greenhouse Gas Emissions
	Hazardous Substances
	Water Control
	Air Pollutant Emission and Noise
	Pollution Prevention and Resource Saving
	Solid Wastes

3. How Partners are Subjected to ESG Risk Management

Critical partners are selected by SK Biopharmaceuticals based on their total transaction amount (taking up 90% of the purchased amount total). At the time of contract, the identified critical partners are invited to agree to and sign the ESG guidelines and receive periodic recommendations to ensure their compliance with the guidelines. Most of the CMOs we work with have implemented systematic quality control policies and inspection processes in compliance with the Good Manufacturing Practice (GMP).

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4. How and When ESG Risk Assessments and Due Diligence are Performed

All critical partners of SK Biopharmaceuticals are subjected to an assessment every two years (two years from the initial contract when they are invited to adhere and sign to the ESG guidelines according to our recommendations), either by an external professional agency or through an in-house assessment program. The four management areas are assessed individually based on a 5-point scale (Excellent, Very Good, Good, Fair, and Needs improvement), with up to 10 points and without weights.

5. How Improvements are Requested and Supported

We request those partners who need improvements to submit an improvement plan within 12 months. We conduct due diligence to check the plan's implementation in the next year and provide training and consulting programs to support the implementation.