





SUSTAINABLE GROWTH FOR ALL



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About This Report

Interactive Guide

SUHEUNG 2021 Sustainability Report is published as an interactive PDF with a function to move to relevant pages within the report.

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This year marks the first publication of our sustainability report. This report provides an honest account of our journey towards sustainable management, including the vision, strategies, efforts, and key progress as well as financial performance. As this report is SUHEUNG's first sustainability report, a special section called 'Our Sustainability Story' (pages 26-37) has been inserted to introduce stories of SUHEUNG, such as its footsteps and progress, as well as vision and future strategies. SUHEUNG will continue to release a sustainability report on a yearly basis to disclose our business information in a transparent and active manner.

Reporting Period

This report details our business operations from January 1 through December 31, 2021. Some key parts of operations in early 2022 are also included in this report along with the recent three-year data of quantitative achievements for year-over-year trend analysis. Financial data is based on Korean International Financial Reporting Standards(K-IFRS) consolidated statement.

Reporting Scope and Boundaries

This report covers all of our business sites, including the Head Office, and domestic and overseas plants. But some of indicators of overseas business sites for which it is difficult to collect data owing to physical restraints are excluded.

Reporting Principles

This report complies with the Core Option of Global Reporting Initiative Standards (GRI), an international reporting guideline, and also aligns with global initiatives, such as TCFD, SASB, and UN SDGs.

Data Assurance

To ensure reliability and quality of the report, the data in this report has been subject to third-party verification. And verification data is available on page 84.

Departments Involved in the Publication

Planning Team, ESG Team, Purchase Dept., Management Department, Director of the Safety & Health Headquarters, Finance Management Dept., EMBOCAPS Global Business Group

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CEO Message



“We pour our heart and soul to manufacture best-in-class products that contribute to the wellbeing of people.”

Dear all, I am very pleased to publish our first sustainability report. Taking this opportunity, I would like to express my sincere gratitude to all of you for your unwavering support.

Since its foundation in 1973, SUHEUNG has been committed to manufacturing best-in-class products with the highest quality ingredients over the past 50 years to live up to its determination, ‘CONTRIBUTE for the betterment of human wellness.’ And we have made remarkable progress with the development of technologies that enable us to localize hard capsules, which, in turn, has extended our presence globally.

Although economic recovery is still uncertain due to ongoing COVID-19, health supplement sector is an exception resulting steady growth with increasing demand. In order to gain opportunities during such business trends, we have focused on R&D and facility investments. As a result, we were able to achieve highest sales record last year.

To take another step forward, SUHEUNG is preparing for the next ten years. As the first step, we have set our business goal, ‘achieving value management-laying the foundation for leap,’ this year. To this end, we plan to broaden the scope of our business built on our competitiveness and trust we have accumulated.

In detail, we are working on the development of various products with a focus on quality competitiveness so that we can meet consumers’ high standards for health supplements. Internally, we will heavily invest in R&D to secure eco-friendly new ingredients while providing perfect products at an opportune time through agility in data collection and accuracy in market forecast externally. Furthermore, the follow-up management process will be refined in a constant manner to deliver maximized satisfaction to our customers.

One of our focuses is to reinvent ourselves as a global leading total health care company going beyond a leading

player in the hard capsule sector. In 2008, we completed the construction of the Vietnam 1st Plant, followed by the 2nd Plant in 2019, which led to the capacity of producing more than 50 billion hard capsules per year. This has underpinned the expansion of our presence into 50 countries worldwide, including multinational pharmaceutical companies. SUHEUNG has been expanding its business scope into the health care sector with multifaceted approaches. These include the development of diverse medicine products, quasidrugs, and health foods as well as the OEM & ODM for soft capsules, tablets, liquids, jelly, and powders and granules, which has enabled us to earn a wealth of experiences and outstanding technological prowess. With such know-how, we will gratify customers across the globe. Putting customers’ health at our heart, we will evolve into a global total health care company that provides top products and services.

Last, SUHEUNG will be fully committed to ESG management, an irreversible trend and irresistible demand of our time. We make 2022 the inaugural year for ESG management for the sake of the wellness and happiness of our society. As a company responsible for the health of people, we will take into account our environmental footprint in all our business operations. Especially, the constant efforts will be accelerated to develop eco-friendly ingredients and resources to minimize our impact. On top of that, social contribution activities will be carried out, seeking coexisting business with our society. By doing so, we will fulfill our social responsibilities.

Taking the first publication of our sustainability report as an opportunity, we will do our best to fulfill the social responsibilities to become a company that contributes to a sustainable future. I look forward to your interest and support on our journey towards sustainable value. Thank you very much.

Joohwan Yang
CEO of SUHEUNG

양주환



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2021 Highlights

Environment

Solar Panels Installed at Our Plants to Expand Renewable Energy Capacity



Signed a voluntary GHG and fine dust reduction agreement (hosted by Chungbuk provincial government)



Acquired ISO14001 certification



Invested KRW 960 million in GHG reduction (goal)



Replaced with Low-NOx burners¹ for GHG mitigation



¹ Low-NOx burner: an eco-friendly burner with significantly lower nitrogen oxide emissions, which is a cause of increasing fine dust

Social

Joined the UN Global Compact (UNGC)



Acquired ISO45001 certification



Zero number of customer information leakages



Conducted an employee satisfaction survey and collected opinions



Zero Products Recalled



Governance

Newly established the ESG committee within the BOD



Conducted an employee survey and gathered opinions concerning anti-corruption practices



Zero number of reports on ethical management





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Company Profile

SUHEUNG succeeded in localizing the production of hard capsules taking advantage of its own technologies, thereby proving its outstanding technological prowess at home and abroad. Currently, we specialize in manufacturing various OEM and ODM products including capsules, medical suppliers, and health functional foods. Especially, we are gaining traction in the health functional food sector, evidenced by our remarkable progress, occupying the largest share in the domestic OEM and ODM sectors. Going forward, we will make great strides on the journey towards human health promotion with a constant focus on the advancement of technologies and production of the best-in-class products. In addition, we will take a leap towards a global health care company that proves the excellence of K-health functional foods.

Panoramic view of SUHEUNG Osong Plant



General Status

Company Name	SUHEUNG
Head Office Address	61, Osongsaengmyeong-ro, Osong-eup, Heungdeok-gu, Cheongju-si, Chungcheongbukdo, Korea
Year of Foundation	January 30, 1973
No. of Employees	871 in total
Business Scope	<ul style="list-style-type: none"> • Production of empty hard capsules • OEM / ODM production of general food and health functional food (Producible items: soft capsule, capsule filling, tablet, granule / powder, liquid, jelly, gummy jellies types) • Production of pharmaceuticals (Prescription drugs, over-the-counter drugs, quasi-drugs)

Business Sites

Location		Description
Domestic Business		
Seoul Office	Seoul, Dongdaemun	Management and sales
Osong 1 Plant	Cheongju, Chungcheongbuk-do	<ul style="list-style-type: none"> • The only hard capsule manufacturing plant in Korea • Specialized in manufacturing OEM / ODM pharmaceuticals and health functional foods
Osong 2 Plant		
Ochang Plant		
Pyeongtaek Plant	Pyeongtaek, Gyeonggi-do	R&D for machinery and Manufacturing site
R&D Center	Seongnam, Gyeonggi-do	R&D-dedicated laboratory
Overseas Business		
Vietnam 1 Plant	Long Thanh, Vietnam	Specialized in hard capsule production
Vietnam 2 Plant		
U.S. Plant	California, USA	Specialized in soft capsule production
U.S. sales subsidiary		Specialized in hard capsule and gelatin sales
Germany sales subsidiary	Frankfurt, Germany	Specialized in hard capsule sales
Japan sales subsidiary	Yokohama, Japan	Specialized in hard capsule and gelatin sales



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Vision and Core Value

Since its foundation in 1973, SUHEUNG has maintained its business with only one mission; to contribute to the health and happiness of humankind. On the foundation of the corporate spirit that we put our heart and soul into making all products. SUHEUNG has shared its core values, R&D to develop the best-in-class technologies, stringent quality management, and customer satisfaction service, and taken the lead in putting them into action. SUHEUNG will do its best to contribute to the health and happiness of not only customers but also our employees and society as a whole.



“SUHEUNG treasures health of humankind”

Vision

We put our heart and soul into making world-class products to contribute to human health.

Core Value



R&D

We develop safe products applying the best technology as a comprehensive health care company.



Quality Management

We produce the best products using the latest equipment with the highest quality raw materials.



Customer Service

We satisfy our customers with love for humans as a guard for health.



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Financial Performance in 2021

All-time High in Sales In 2021, there were some difficulties with significantly increasing costs in transportation due to the global logistics crisis and the high volatility of exchange rates. Despite the unstable economic conditions and external variables, we carried out active management strategies. We have supplied the products customers demand in a timely manner while providing the best seamless service without any setbacks. These efforts made a synergy effect with the

lifestyle trend that values health due to the impact of COVID-19 and the rapid transition to an aging society, leading to the record sales of KRW 596.7 billion in 2021. In 2022, we expect even more growth in hard capsule sales, led by the expanded production facilities at the Vietnam 2 Plant. Besides, the entry into new businesses in the raw material sector and the launch of new health functional foods will positively impact our business, resulting in higher financial performance.

Summary of Financial Statements

(Unit: KRW million)

Category	2019	2020	2021
Revenue	460,728	553,012	596,733
Net income	47,404	74,317	69,604
Consolidated net income	37,366	59,262	59,295
Shares attributable to owners of the parent	31,719	52,999	53,689
Shares attributable to non-controlling interests	5,647	6,263	5,606
Basic earnings per share	2,853	4,766	4,829
No. of companies included in the consolidation	8	8	9





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Quality Control and Certification Status

Strict quality control is one of our competitiveness. We apply scientific analysis systems in the entire process, from product development to packaging. In addition, strict inspections are conducted from raw materials to shipment so that we only ship the products with no defects. All released products go through our stringent processes, which are proven with various certifications such as KGMP¹, cGMP², TGA³, and ISO9001⁴, enhancing the trust of customers and stakeholders.

Certifications



Quality Management System



Fully Automatic System

Scientifically verified automatic systems are applied in all production steps, from product design to raw material selection and finished product packaging. We guarantee perfect quality by thoroughly applying a quality management system, such as inspection by process, strict pre-management of incoming raw materials, safety inspection for subsidiary materials, and testing on finished products before shipping.



Thorough Process Validation

Our standardized manufacturing methods for each process and machine as well as the validation of design methods have a scientific basis. We will continuously perform reliable process validation to improve processes while enhancing customer trust.



Accurate Warranty System

With an aim to meet customer needs, we operate diverse management systems, including a multi-level warranty system, prompt handling of customer grievances, and product follow-up management. These management systems demonstrate the level of SUHEUNG's quality assurance.



Strict Process Control

All products shipped under the name of SUHEUNG go through our stringent and meticulous process. Based on our thorough quality control with management systems certified by KGMP, cGMP, TGA, and ISO9001, we provide perfect products to our customers.

1. KGMP (Korea Good Manufacturing Practice): the Korean standards for good manufacturing practice and quality management of pharmaceutical products
 2. cGMP (Current Good Manufacturing Practice): the quality management standards for pharmaceutical products recognized by the US FDA
 3. TGA (Therapeutic Goods Administration): Australia's government authority responsible for evaluating, assessing and monitoring products that are defined as therapeutic goods
 4. ISO9001: the quality management across all production processes from products to services



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History

“Today’s world-class products are the result of our unstoppable challenge.”

Founded in 1973 as SUHEUNG Chemical Engineering Co., Ltd, SUHEUNG completed the construction of Songnai Plant in Bucheon in 1978, which laid the foundation for its remarkable growth. And the IPO in 1990 and the construction of Osong Plant in 2012 solidified its tangible development. On top of that, our technological competitive edge was acknowledged by obtaining certifications from various organizations, including KGMP, FGMP¹, USA Dietary Supplement USP². Currently, we have solidified our identity as the unparalleled No. 1 in the field of functional health food in Korea. We are taking a leap forward as a global comprehensive healthcare company through active collaboration with leading global companies having bases in various parts of the world, including the United States, Vietnam, and Japan.

A period of inception and building foundation

1973-1988

- 1973.01** • Established ‘SUHEUNG Chemical Engineering Co., Ltd’
- 1978.08** • Relocated head office to Songnai, Bucheon
- 1980.01** • Changed the corporate name to ‘SUHEUNG Capsule Co., Ltd’
- 1982.06** • Acquired Jinheung Pharmaceuticals Co., Ltd.
- 1987.12** • Designated as a KGMP-certified company
- 1988.12** • Completed building corporate apartments



A period of quality innovation

1990-1998

- 1990.03** • Initial public offering
- 1992.08** • Established R&D Center
- 1992.11** • Received 10 Million Dollar Export Tower Award
- 1995.12** • Established Yoo Dang Scholarship Foundation
- 1998.04** • Received Economic Justice Enterprise Award (Citizens’ Coalition for Economic Justice)
- 1998.05** • Developed EXC-100F filling machine
- 1998.07** • Established ‘JUMBO CAPSULE’ in North America (Current SUHEUNG America CO., Ltd.)
- Established Geltech Co., Ltd.



A period of cultivation as a specialized company

2000-2010

- 2003.09** • Filed a patent for the FISH gelatin hard capsule
- 2003.11** • Received 20 Million Dollar Export Tower Award
- 2004.03** • Received ‘Business Man’ award (Prime minister)
- 2005.02** • Obtained KGMP certification for pharmaceutical manufacturing
- 2005.03** • Acquired HALAL³ certification for hard capsules (Certification No. 2006)
- 2005.08** • Obtained FGMP certification for health supplement food manufacturing
- 2005.12** • Obtained USA Dietary Supplement USP certification
- 2007.12** • Established SUHEUNG Japan
- 2008.03** • Received Iron Tower Order Of Industrial Service Merit on the Day of Commerce and Industry (President)
- 2008.10** • Completed SUHEUNG Vietnam Plant in Long Thanh, Vietnam
- 2008.11** • Received 30 Million Dollar Export Tower Award (President)
- 2010.07** • Completed Paintball Plant in Ochang, Korea
- 2010.10** • Selected as an honorable tax payer (Governor of Gyeonggi Province)

1. FGMP: Food Good Manufacturing Practice
 2. USP: United States Pharmacopoeia
 3. HALAL: an Arabic word for ‘permitted,’ which refers to food produced in a manner recognized by Islamic law



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History

present A period of value management

2010-2022

- 2011.08 • Relocated R&D Center to Pangyo
- 2011.09 • Received Statistical Merit Award on World Statistics Day (Prime minister)
- 2012.01 • Completed Osong Plant and relocated the head office
- 2012.04 • Osong Plant qualified for FDA audit
• VG Capsule OU certified with Kosher¹
- 2013.09 • Selected as a candidate for professional global corporations
- 2013.10 • Obtained TGA certification for Australian dietary supplements

- 2014.03 • Received the 41st Order of Industrial Service Merit Award on the Day of Commerce and Industry
- 2014.04 • Changed the company name to SUHEUNG Co., Ltd.
- 2014.05 • Osong Plant designated as a HACCP-applied plant
• Received the 13th Order of Industrial Service Merit Award on Food Safety Day
- 2014.07 • Received the 71st 'Korea's Trader of the Month' Award
- 2014.12 • Completed Osong 2 Plant
• Received 50 Million Dollar Export Tower Award on the 51st Trade Day
- 2015.01 • Osong Plant certified with HALAL food
- 2015.03 • Selected as an honorable tax payer of 2014
- 2015.12 • Received 70 Million Dollar Export Tower Award on the 52nd Trade Day and the Bronze Tower Order of Industrial Service Merit
- 2016.11 • Established Winnerwell Co., Ltd.

- 2017.09 • Completed building Jeungpyeong Plant
- 2018.02 • Osong 2 Plant designated as a HACCP-applied plant
- 2018.09 • Acquired Hankook Cosmo Co., Ltd.
- 2018.10 • Established SUHEUNG Europe in Germany
• Ochang Plant certified with FSSC22000²
- 2019.05 • Completed building SUHEUNG Vietnam 2 Plant
• Obtained EU-GMP certification
- 2019.10 • Ochang Plant certified with HALAL food
- 2020.04 • Developed VG PRO capsule
- 2022.04 • Established a spinoff, SUHEUNG Healthcare



1. Kosher: a Hebrew word meaning 'suitable,' which refers to food conforming to Jewish law. Out of hundreds of Kosher certifications, the OU mark takes up 70-80% of the entire Kosher food.
2. FSSC 22000 (Food Safety System Certification): a food safety standard that is most actively adopted by global food companies



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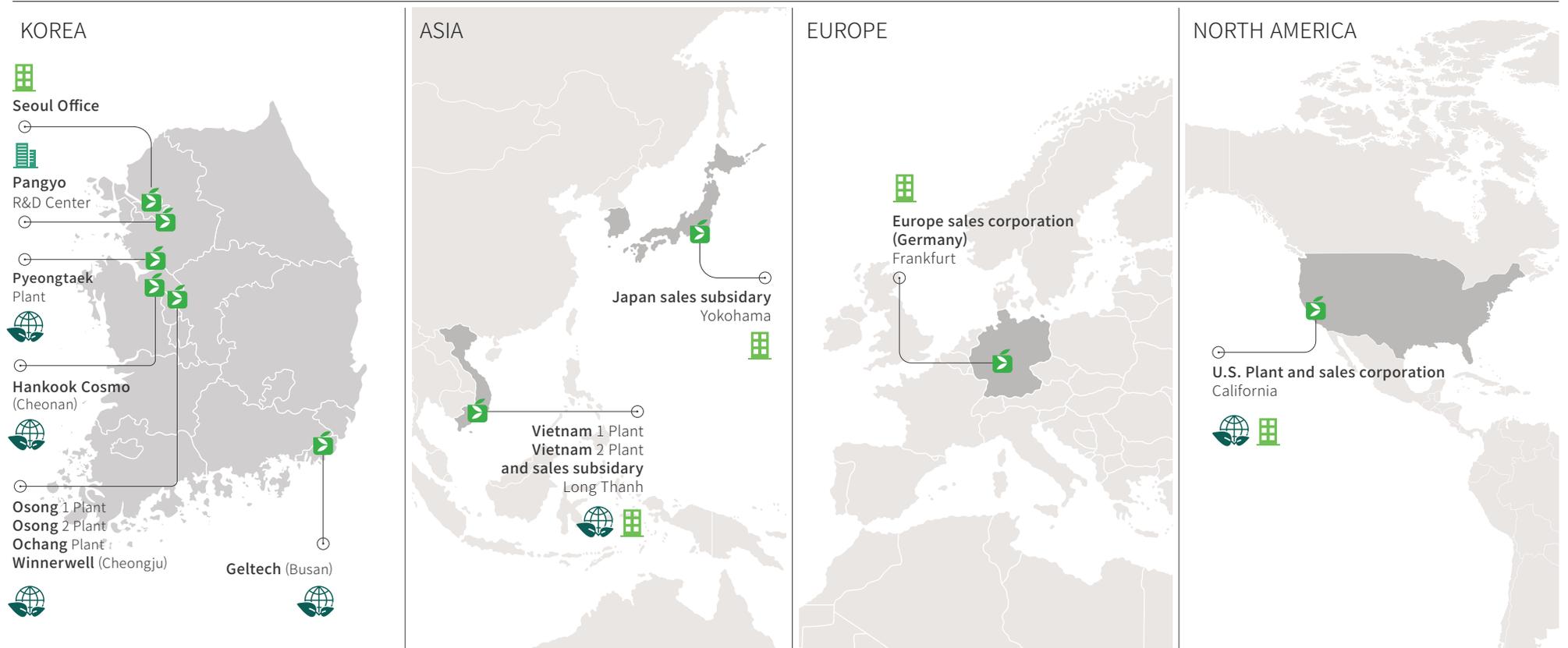
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Global Network

Secured global hubs for manufacturing and sales

SUHEUNG has continuously expanded its infrastructure into various regions, including Ochang, Cheonan, and Pyeongtaek, centering around its domestic Osong Plant. SUHEUNG has made intensive investments in providing the best quality products, and as a result, we secured large-scale and state-of-the-art manufacturing facilities. Currently, we are equipped with customized and professional production capabilities for each area, including pharmaceuticals, functional foods, and cosmetics, beyond the capsule field. Besides, we have established production and sales bases in key countries, such as the U.S., Germany, Japan, and Vietnam. We export capsules and gelatin to about 50 countries worldwide based on these hubs, reinforcing our global network.





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Our Family

Reinforcing Professionalism in Business Management

SUHEUNG has been making business areas by company specialized, and establishing a responsible management system. Geltech became the first to combine an automated system with all the procedures to manufacture gelatin and collagen. With the overseas operations spread across the world including the US, Europe, Japan, and Vietnam, we provide capsules for medical suppliers for about 50 countries around the globe. Winnerwell specializes in manufacturing health functional foods, and also is committed to developing eco-friendly packaging technologies to strengthen its product competitiveness. Lastly, Hankook Cosmo, a cosmetic ODM manufacturer, unleashes customer value by realizing environmentally friendly beauty.

(Unit: KRW million)

Affiliate	Date of foundation	Address	Major business area	Description	Total asset
SUHEUNG America	1998. 07	Saturn st. Brea, CA, USA	Specialized in the sales of hard capsules and gelatin	Established in 1998, SUHEUNG America Sales Corporation has sold hard capsules to Canada and Mexico beyond the U.S. region. It operates local warehouses in the western and eastern parts of the U.S. while also selling Geltech's gelatin. The U.S. Sales corporation has continued to grow by providing stable supply and outstanding services to customer companies.	74,030
SUHEUNG Vietnam	2008. 10	Long Thanh industrial zone, Long Thanh district, Vietnam	Specialized in the sales of hard capsules	SUHEUNG Vietnam sales corporation started with the production of gelatin capsules, but currently, it has been expanded, having a thermal gelatin capsule production plant. In addition, it plans to supply a variety of high-quality capsules to the world by extending the vegetable capsule production line.	150,485
SUHEUNG Europe	2018. 10	Ludwig Erhard Str., Eschborn, Germany	Specialized in the sales of hard capsules	SUHEUNG Europe sales corporation sells hard capsules to European nations (including non-EU countries) as well as Turkey and Russia. It has local warehouses in Germany and Spain, expanding its partnerships with multinational pharmaceutical companies.	9,215
SUHEUNG Japan	2007. 12	Yokohama, Kanagawa, Japan	Specialized in the sales of hard capsules and gelatin	In the Japanese market, in which demands are high in terms of quality, SUHEUNG Japan sales corporation operates a local warehouse and efficiently manages inventory to seamlessly supply hard capsules that meet customer needs.	2,487
Geltech Co., Ltd.	1998. 07	Songjeong-dong, Gangseo-gu, Busan	Manufacturing and sales of gelatin and collagen	Since its inception in 1998, Geltech has grown into the largest gelatin and collagen producer in Korea, with advanced technology following constant research and technology development. It is equipped with a complete facility to manufacture top-notch products by adopting automation systems into the entire process for the first time in the world.	137,120
Winnerwell	2016. 11	Heungdeok-gu, Cheongju-si, Chungcheongbuk-do	Health functional food manufacturing	Winnerwell is an OEM and ODM health functional food manufacturer. The scope of its business ranges from food manufacturing and processing to food subdivision to food additives manufacturing. In addition to foods, it has developed eco-friendly packaging as part of the effort to sharpen its product competitiveness. Winnerwell will never relent in R&D on the development of products that contribute to the sustainability of the planet and humankind.	23,641
Hankook Cosmo Co., Ltd.	2018. 09	Dongnam-gu, Cheonan-si, Chungcheongnam-do	Cosmetics manufacturing	With a firm belief and pride that it lives up to ever-changing customer expectations and leads the market, Hankook Cosmo has provided best-in-class products and services. Going forward, Hankook Cosmo will make every effort to become a leading player that drives the K-beauty industry, constantly seeking for innovation with customer-oriented mindset and attitude in order to deliver the best value to customers.	13,837



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Empty Hard Capsule

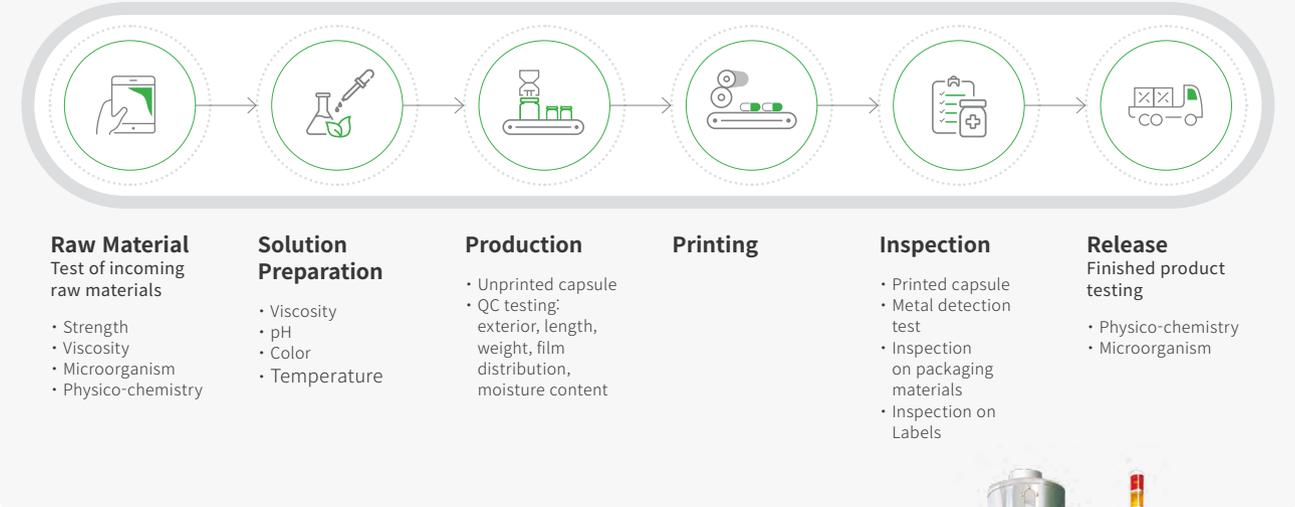
SUHEUNG strictly complies with the quality assurance process required by the cGMP¹ in all stages of producing hard capsules. cGMP certification is the essential gateway to global exporting and is well known for its high entry barriers. In order to establish a ‘Validation-Calibration-Qualification’ system that matches cGMP standards, we are equipped with world-class competitiveness in hard capsule quality assurance. In addition, SUHEUNG’s self-developed automated capsule vision inspection machine ‘EXC-21V’ can perfectly detect the micro defects that are difficult to identify by analyzing capsule images.

The color expert stationed at SUHEUNG manages the capsule production with scientific principles by using the color and color difference meter. To prevent capsule quality deterioration due to pigments, we use the minimum amount of pigments to achieve the exact color that customers want. And having a variety of a total of 14 types of capsules, we supply customized products to customers in various fields around the world.

1. cGMP(current Good Manufacturing Practice): Drug quality control standards recognized by the US FDA



Validation-Calibration-Qualification Process



Automatic Capsule Inspector (EXC-21V)

Unprinted capsule

Color differences, double caps, length, holes, bubbles, small spots and wrong cuts can be sorted out.

Printed capsule

Prints in wrong location, blurry prints, non-printing, and ink spots can be sorted out.



EXC-21V



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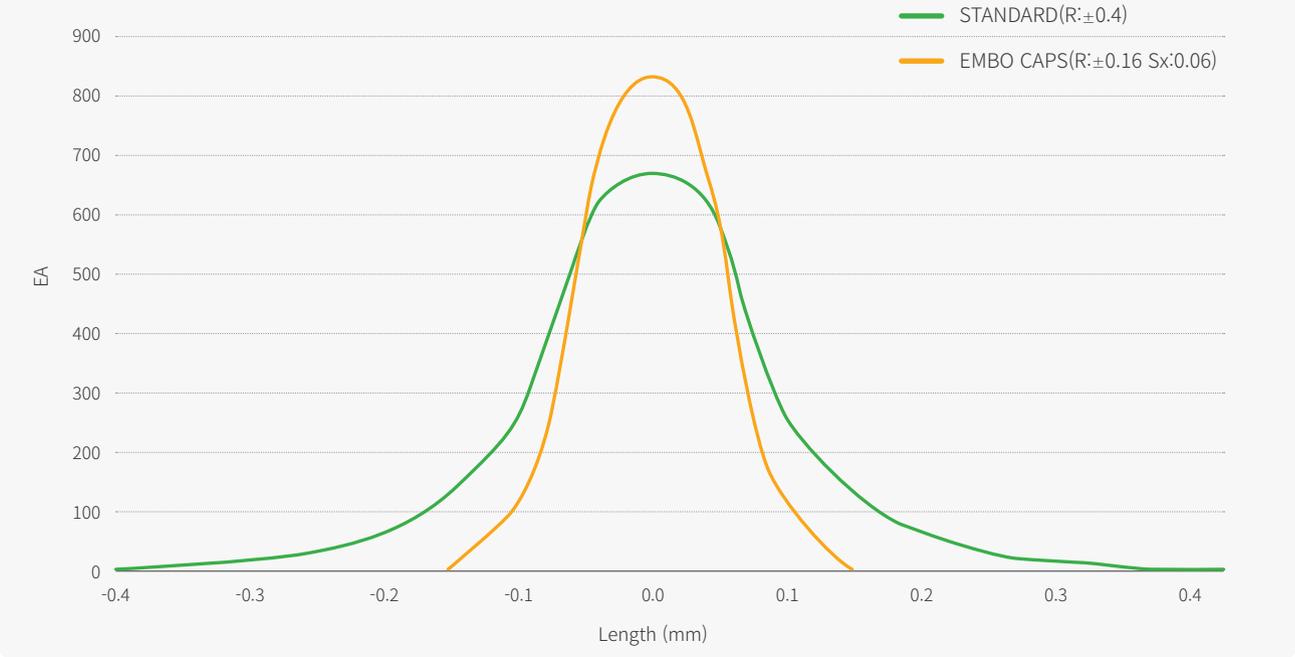
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GELATIN CAPSULE

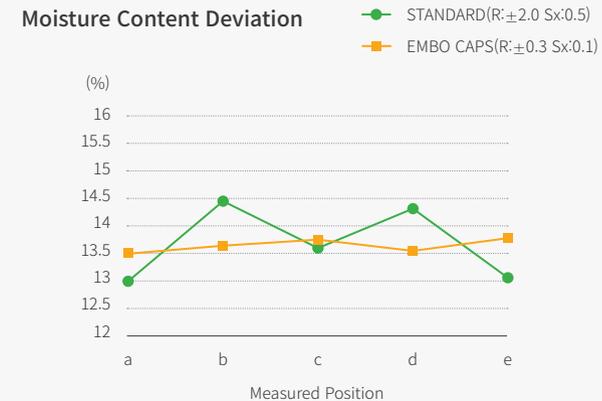
SUHEUNG's gelatin capsules are normally categorized by cow hide 100%, pig skin 100% or a proper blend of cow hide and pig skin. For all capsules, only BSE¹ free gelatin and raw materials that comply with pharmacopoeia, such as USP², EP³, JP⁴, KP⁵, are used. We reduce the deviation regarding length, moisture content, and weight by using guaranteed raw materials in producing gelatin capsules, resulting in excellent filling and stability.

1. BSE: Bovine Spongiform Encephalopathy: Chronic neurological disease that occurs in cattle, also known as mad cow disease or prion diseases
2. USP: U.S. Pharmacopoeia
3. EP: European Pharmacopoeia
4. JP: The Japanese Pharmacopoeia
5. KP: The Korean Pharmacopoeia

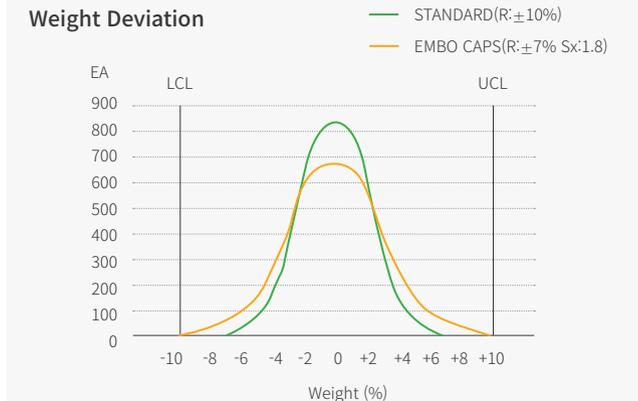
Length Deviation



Moisture Content Deviation



Weight Deviation





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Empty Hard Capsule

VG CAPSULE

EMBO CAPS® VG-PRO EMBO CAPS® VG-PRO is a product that has been improved to a higher level of performance than the conventional VG capsule in terms of functionality. It has excellent mechanical film strength to guarantee the best filling, even under low moisture conditions. The transparency of the capsules is as high as the gelatin capsules. In addition, it is produced with 100% plant-based raw material, which makes it edible for customers of all cultures and religions including vegetarians. VG capsules are generally produced in transparent capsules, due to its characteristics, but we manufacture colorful VG capsules in addition to transparent capsules by using safety guaranteed synthetic and natural colors.



Excellence of Our VG CAPSULE

 Preservative Free	 Extremely Low Moisture Content 3~7%	 Non-animal Alternative	 Hygroscopic & Moisture Sensitive Fills
-----------------------	--	----------------------------	--

EMBO CAPS® AP EMBO CAPS® AP (Acid Protection) is a low moisture, acid-resistant capsule. When the EMBO CAPS® AP capsule reaches the stomach, it effectively transports to the intestine without releasing the contents. The capsule's dissolution is delayed in the acid area and quick in the alkaline area, making it optimized for filling acid sensitive probiotics and enzymes.



EMBO CAPS® VG-ALPHA EMBO CAPS® VG ALPHA is a low moisture capsule manufactured through a specific thermogelation process. It is suitable for filling formulations that are sensitive to moisture and have strong hygroscopicity. VG ALPHA is the perfect choice for clean label products as the composition is 100% HPMC.





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FISH GELATIN CAPSULE

EMBO CAPS® FISH EMBO CAPS® FISH is a capsule made of gelatin extracted from fish skin or scale. Compared to general gelatin capsules, this capsule contains less hydroxyproline¹ which has a characteristic of forming a film in low temperatures during manufacturing. SUHEUNG has applied for relevant patents regarding fish gelatin capsule manufacturing in many countries around the world and has been recognized for technological prowess. EMBO CAPS® FISH is a BSE Free product as well, making it available for customers who avoid eating meat for religious reasons.

1. Hydroxyproline: major component of protein collagen



OTHER GELATIN CAPSULE

EMBO CAPS® PEG EMBO CAPS® PEG is a capsule that can prevent capsule breakage in low moisture areas. It has properties that can minimize content leakage in case of breakage even if it is filled with high hygroscopic contents in low humidity conditions.



EMBO CAPS® SLS-FREE EMBO CAPS® SLS-FREE is a capsule that does not use Sodium Lauryl Sulfate² and can be safely consumed without fear caused by chemical substances.

2. Sodium Lauryl Sulfate: Anionic surfactant used in products such as toothpaste, shampoo, floor / car cleaners



EMBO CAPS® LPR EMBO CAPS® LPR (Low Powder Retention) is a capsule to be used with Dry Powder Inhaler (DPI) technologies. It guarantees consistent dosage as the amount of formulation remaining inside the capsule after inhalation is less than 5%.



EMBO CAPS® LP+ EMBO CAPS® LP+ is a specially designed capsule that optimizes the filling of liquids and micro powder formulations that require fine handling. By minimizing the space at the joint between the cap and the body, it minimizes the leakage of liquid formulations during banding or packaging.





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Food

Solid Formulation

Capsule Depending on the type of content, the powder type is manufactured as hard capsules and the liquid as soft capsules. The best thing about capsules is that they enable convenient and easy consumption of contents that are difficult to intake due to their taste or smell. Capsules can be mainly categorized as plant-based and animal-based types. Plant-based capsules use plant-based cellulose as raw material and are effective in filling formulations sensitive to moisture and heat. Acid-resistant capsules can protect the active ingredients that can be destroyed by stomach acid, and because it is dissolved or absorbed in the intestine without leaking, it improves bioavailability.

Tablet Tablet refers to manufacturing granules or powders by compressing them into a certain shape. There are various tablet manufacturing methods. First, additive-free tablets are produced through our patented manufacturing technology using only natural raw ingredients without food additives. Sublingual tablets are products that can be consumed by dissolving the tablet inside the mouth without water, and the advantage is that the absorption rate in the body is very speedy. Chewable tablets can also be consumed without water and are suitable for children's products because they can be created in a wide range of flavors and shapes. Effervescent tablets are a formulation that dissolves easily in water and gives out a refreshing feeling due to the acid and alkali action, and they are being developed as health functional foods.

Like enteric capsules, enteric tablets protect the active ingredients that can be destroyed by stomach acid, and can be dissolved and absorbed in the intestine to increase bioavailability. Lastly, bi-layered tablets consist of individual layers of each ingredient that can cause quality change, making it easy to identify nutritional information as well as ensuring stability.

Granule · Powder Granules and powder are classified according to the size of the particles, and there are three types: fluidized bed granules, inverse granules, and spherical granules. Fluidized bed granules are products with homogeneous particles by granulating fine powder with a fluidized bed granulator. Inverse granules provide a smoother and quicker dissolving texture than powder granules, and in particular, the stability of sugar components that are vulnerable to heat and moisture is increased when processing in the form of inverse granules. Spherical granules are manufactured into bead-shaped spherical granules from powdered granules. Because of its spherical shape, it can be applied to a variety of products, and along with the visual effect, it is also possible to control the absorption mechanism and differentiate the formulation.





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Food

Liquid

Liquids are concentrated and processed in their original liquid state, and an advantage is that they are smoothly drinkable. Among them, highly concentrated liquids, which are concentrated liquids with fluidity, can be consumed as they are, having a stronger taste than regular liquids, or by diluting them with water according to preference.

Jelly

Jelly refers to a solid or semi-solid state made by adding gelling agents such as pectin, gelatin, and agar to liquid. Gummy jelly has a variety of chewing texture, shape, taste, and smell, so people of all ages can feel happiness while chewing them. Stick jelly is a formulation filling contents of the jelly form in a cotton or stick bag, and water jelly is a formulation filling contents of jelly form inside a pouch. Both formulations can be created in many flavors and can be customized in production according to whom it will be consumed. They are easy to carry because they are packaged individually.

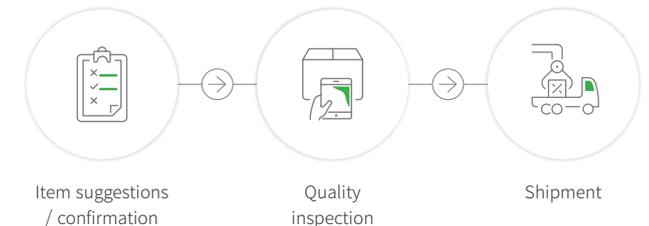


Pharmaceutical Products

Based on the long journey of experience in formulation technology skills and product production capacity, and strict and rigorous quality control, SUHEUNG has built solid trust with customers of the pharmaceutical and quasi-drug industry. Since the relevant research institute was founded in 1992, we have secured numerous patents, specializing in manufacturing soft capsules for medical suppliers over the past 30 years. In addition to prescription drugs, we produce a wide variety of medicines, including non-prescription medicine such as cold medicines, antipyretic analgesics, digestive medicines, and hepatotonics, as well as quasi-drugs such as vitamins, toothpaste, and foaming agents.

In recent years, the research and development activities are in progress for the development of a painkiller, a cure for the COVID-19, and choline alfoscerate, which is good for the prevention of dementia. SUHEUNG will make every effort to strengthen technological competitiveness to provide essential medicines for human health in accordance with the change of times and the natural environment.

Process for Product Development and Manufacturing





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ESG Strategy System

Our ESG Strategy

Our company's determination to contribute to the health of mankind has driven us to be committed to producing top-notch products. Behind this resolve is the hope that all our stakeholders can enjoy the value that enables them to live a sustainable life through our products and services. We newly established a new ESG vision system with such aspirations. Declaring the slogan, 'the betterment of human wellness,' we established three ESG strategic directions and six strategic tasks in line with the slogan. We particularly selected strategic tasks that can fully reflect our social responsibilities and roles as a company in connection with the UN SDGs. Our ESG vision does not simply follow current trends. We will carry out sincere ESG management so that realizing our sustainable management will lead to the betterment of the Earth's wellness and human wellness.

Management vision

We put our heart and soul into making world-class products to contribute to human health.

ESG orientation

The betterment of human wellness

ESG strategic direction

PLANET
Eco-friendly management

PRODUCT
Healthy products

PEOPLE
Shared growth society

Six key strategic ESG tasks based on UN SDGs

- Response to climate change**
- Reinforcing the environmental management system
 - Expanding the disclosure of environmental data
 - Eco-friendly process transitions

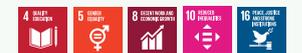
- Health and safety**
- Strengthening health and safety policies
 - Enhancing risk assessment and certifications
 - Expanding disclosure of health and safety data

- Labor / human rights**
- Reinforcing labor / human resource policy
 - Expanding ESG education for employees
 - Expanding disclosure of labor / human rights data

- Transition to the eco-friendly process**
- Strengthening the management of hazardous substances and waste
 - Eco-friendly packaging,
 - Enhancing ESG in partner companies

- Development of sustainable products & services**
- Developing safe products
 - Thoroughly managing process and quality
 - Raising customer satisfaction

- Ethical management**
- Enacting and revising ethics regulations
 - Strengthening internal reporting system
 - Expanding disclosure of anti-corruption data



ESG infrastructure tasks

Systematizing ESG management + Strengthening transparent governance + Facilitating ESG communication





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Stakeholder Engagement and Materiality Assessment

Stakeholder Communication



SUHEUNG classifies its stakeholder groups into employees, customers, shareholders and investors, partner companies, and the government and local communities, based on which it operates diverse communication channels tailored to each group. Opinions and demand from stakeholders earned through the channels are taken into account when establishing business strategies and making decisions. Going forward, we are going to step up the interaction with stakeholders, and add more communication channels to provide information on business operations in a transparent manner.

Stakeholder Communication Channel

Category	Stakeholder	Communication Channel	Key Issues	Countermeasures
Internal	Employee 	<ul style="list-style-type: none"> Labor-Management Council (once a quarter) Employee satisfaction survey (once a year) Channel for employee grievances (always) Occupational Safety and Health Committee (once a quarter) 	<ul style="list-style-type: none"> Corporate culture Welfare benefits Fair evaluation and compensation Potential dangers within business sites 	<ul style="list-style-type: none"> Reinforcement of educational program Introduction of flexible working hours system Employee welfare programs Safety and health suggestion system
External	Client 	<ul style="list-style-type: none"> Client consultation on the website (always) 	<ul style="list-style-type: none"> Customer satisfaction Data privacy and personal data protection Product quality and safety 	<ul style="list-style-type: none"> Quick response to product-related claims R&D on new product development Customer data protection pursuant to the guidelines on personal data handling
	Shareholder and investor 	<ul style="list-style-type: none"> General shareholders' meeting (once a year) Performance briefing (once a quarter) Public disclosure (always) IR meeting (always) Shareholder consultation (always) 	<ul style="list-style-type: none"> Financial soundness Product competitiveness Market power Stable governance system Corporate performance disclosure 	<ul style="list-style-type: none"> Conference call and company visit Channel available for shareholder consultation on the website (E-mail account exclusive to the consultation)
	Partner company 	<ul style="list-style-type: none"> Meeting with partner companies Safety and Health Council (once a month) 	<ul style="list-style-type: none"> Fair competition Shared growth Communication and coexistence with partner companies 	<ul style="list-style-type: none"> Meeting with partner companies Partner company visit Safety and health programs aimed to promote cooperation for coexistence
	Government and local community 	<ul style="list-style-type: none"> Agreements with the government and public institutions Social contribution activities 	<ul style="list-style-type: none"> Contribution to local economies Social contribution Environment protection 	<ul style="list-style-type: none"> Interaction with local communities Social contribution activities





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Materiality Assessment Process

SUHEUNG conducted a materiality assessment to identify the concerns and demands of internal and external stakeholders, and reflect them in its business operations. We analyzed the standards regarding sustainable management and reviewed peer groups to select 11 material topics and prioritize them in the assessment of 2022.

Material Issue Identification Process



We have created an issue pool comprised of the 11 topics selected based on the results of global ESG evaluation and indicators disclosed as well as peer group benchmarking.

- **Sustainability Standards Analysis**
GRI Standards, MSCI, KCGS, UN SDGs, SASB, etc.
- **Comparison with peer groups**
Sustainability-related issues relate to the same field

We have surveyed stakeholders and the group of experts to prioritize the 11 selected issues.

- **Analysis of the materiality of internal group impact**
 - 1) Target: Employees
 - 2) Content: Evaluating the significance of an impact on major topics
 - 3) Survey period: July 2022
- **Analysis of the materiality of external group impact**
 - 1) Target: Suppliers, ESG experts
 - 2) Content: Evaluating the significance of an impact on major topics
 - 3) Survey period: July 2022

Based on the stakeholder survey results, we have finalized the ranking for sustainability management.

- **Prioritization**
11 issues were determined in accordance with the results of a comprehensive evaluation considering the impact materiality.
- **Third-party Verification**
The content of the report was verified by a third-party institution to secure reliability.





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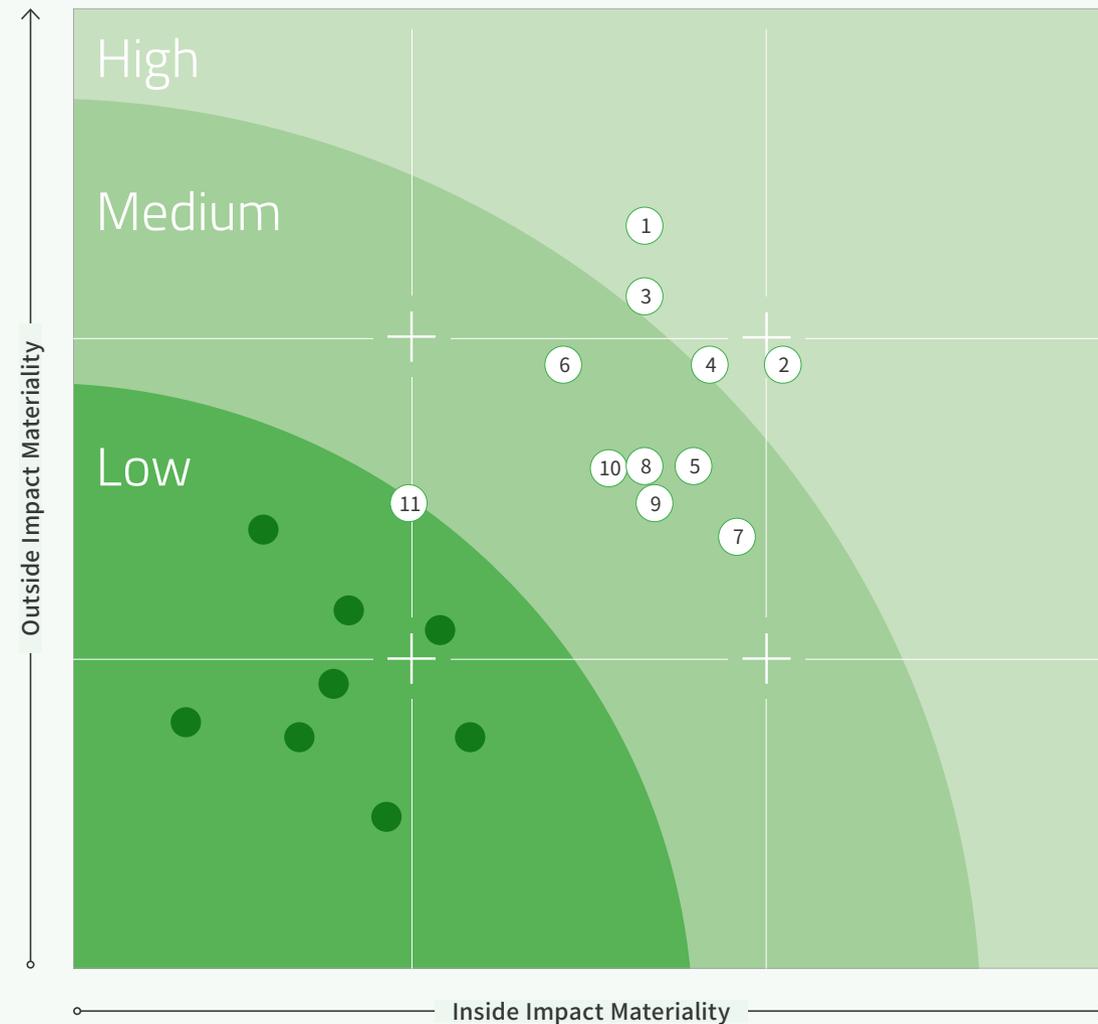
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Materiality Assessment Results

‘Climate action,’ is our priority issue among the 11 selected material issues identified through the materiality assessment. Along with this, ‘human resource management and development,’ R&D and innovation reinforcement,’ and ‘harmful chemicals and waste management’ are ranked at the top. SUHEUNG will revamp its system to respond to each of them with tailored strategies, and report the implementation and achievements in a transparent manner.

Material Issue Result Matrix



Priority of Material Issues

Rank	Material Issue	GRI Index	Reporting Page
1	Climate change response	GRI 305	39~40, 79
2	Human resource management and development	GRI 401	46~50
3	Reinforcement of R&D and innovation	-	30~37
4	Hazardous chemicals and waste management	GRI 306	42~43
5	Human rights management	GRI 412	53
6	Supply chain management	GRI 414	54
7	Occupational safety and health	GRI 403	50~52
8	Ethical management	GRI 206	59~60
9	Sound governance	GRI 102	56~58
10	Customer satisfaction	GRI 418	20~37
11	Social contribution	GRI 413	80



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Materiality Assessment Results

Material Issue Management

Rank	Area	Material Issue	Reasons for Selection	Activities and Achievements	Contribution to UN SDGs	GRI Index	Reporting Page
1	Environment	Climate action	In recent years, we are seeing natural disasters, such as scorching heat, drought, wildfire, posed by climate change, becoming extreme. Many countries across the world are taking action to mitigate GHGs as well as pushing ahead with carbon neutrality policies. Being aware of their responsibility for this issue, companies should sharpen their capabilities to combat climate change and reflect them in running business at all levels to meet the demand of our time.	<ul style="list-style-type: none"> Signed a Voluntary Agreement on Emission Reduction (fine dust) Established ISO 14001 system Installed high-efficiency low NOx burners Installed renewable energy equipment (solar panels) 		GRI 305	39~40, 79
2	Society	Human resource management and development	Employees are the core driver of creating corporate value and leading the innovation and growth of companies. Accordingly, it is required for companies to establish a highly effective job competency system to secure competitiveness and produce good results in a sustainable manner. And various activities should be done to allow all of employees to refine their expertise in a fair manner.	<ul style="list-style-type: none"> Strengthened job skill training Carried out an employee satisfaction survey and reflected their thoughts and feedback 		GRI 401	46~50
3	Economy	R&D and innovation reinforcement	The stable delivery of safety products comes first in the health functional food sector, which is fundamentally required to survive. Accordingly, companies have to put in place the quality management system that meets the requirements of domestic and overseas regulating authorities while constantly investing in R&D for innovation to deliver reliable products.	<ul style="list-style-type: none"> To ensure the use of safe ingredients for health functional foods, complied with the guidelines of functionality evaluation for functional ingredients presented by the Ministry of Food and Drug Safety Developed trial products in a stable form that make it easy to take in Tested and evaluated the safety of trial products 		-	30~37
4	Environment	Harmful chemicals and waste management	In order to prevent or mitigate the environmental risks, companies should manage their chemical substances and waste in a strict manner. The Ministry of Environment and other related organizations come up with various systems calling on companies to fulfill their responsibilities and duties.	<ul style="list-style-type: none"> Installed portable local ventilation equipment (carbon filter) on the shop floor Reviewed and planned to be certified for resource circulation 		GRI 306	42~43
5	Society	Human Rights Management	'Human Rights management,' one of the key goals of ESG management, has become an integral part of corporate growth. Accordingly, it is required to build a management system that reflects the opinions of employees in a fair and transparent manner to form smooth relations between the management and labor.	<ul style="list-style-type: none"> Operated the Labor-Management Council Strengthened human rights-related education Established and amended the regulations on sexual harassment and the disabled Enacted the Charter of Human Rights 		GRI 412	53
6	Society	Supply chain management	The disruption posed by the pandemic has shed a spotlight on securing the stability of supply chain. When failing to prevent the risks triggered by supply chain, companies should take responsibility for the consequent loss. It is required to optimize the process and secure the visibility of supply chain to respond to this situation in an efficient manner.	<ul style="list-style-type: none"> Prepared ESG educational materials for partner companies Enacted and released the Code of Conduct for Suppliers on the website Embodied ESG elements when signing a new contract Planned to hold meetings with partner companies Planned to visit partner companies 		GRI 414	54



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Materiality Assessment Results

Material Issue Management

Rank	Area	Material Issue	Reasons for Selection	Activities and Achievements	Contribution to UN SDGs	GRI Index	Reporting Page
7	Society	Occupational safety and health	In recent years, there is a growing concern from stakeholders about the safety of workplace. In light of this, companies should take this issue seriously. It is required to formulate policies that work properly in business sites as well as to create a safe work environment.	<ul style="list-style-type: none"> Revamped a newly established department under the Safety and Health Division Established ISO 45001 management system Built the safety and health management system in preparation for the effectuation of the Serious Accidents Punishment Act: Consulting from Korean Industrial Health Association 		GRI 403	50~52
8	Society	Ethical management	Fair and transparent management is an integral part of making progress and earning trust from customers. Under any circumstances, companies should manage all risk factors at all levels to make rational decisions, and take their full social and ethical responsibility for all kinds of stakeholders.	<ul style="list-style-type: none"> Created the ESG Committee within the Board Opened a reporting channel on the website Reinforced ethical education Surveyed employees on anti-corruption activities and reflected their opinions 		GRI 206	59~60
9	Society	Sound governance system	Constant improvement in corporate sustainability requires the creation of a sound governance system, which leads to improved shareholders' interests and the management's reduced responsibility for business operations. Accordingly, companies should establish a transparent decision-making system and make every effort to refine their governance system so that decisions are made in a fair manner.	<ul style="list-style-type: none"> Conference call and company visit Shareholder consultation channel on the website (exclusive E-mail account open) 		GRI 102	56~58
10	Society	Client satisfaction	Customer is at the heart of the realization of sustainable management. To deliver maximized customer satisfaction results in the improved corporate reliability coming with raised reputation. Proactive identification of customer needs and provision of the top-notch products tailored to their needs are required for customer value innovation.	<ul style="list-style-type: none"> Responded to product-related claims in an agile manner Developed new products Protected customers' data in accordance with the guidelines on personal data processing 		GRI 418	20~37
11	Society	Social contribution	Companies should bear a heavy accountability for socially responsible management as a member of society. To this end, it is required for companies to carry out a variety of social contribution activities to promote the development of local communities, thereby maintaining the win-win relationship. These efforts could become another new competitiveness for companies.	<ul style="list-style-type: none"> Planned social contribution activities Communicated with local communities 		GRI 413	80



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Story #1

R&D, core growth driver over the past 50 years

SUHEUNG R&D Center was founded as an official research center of Korea Industrial Technology Association in 1992. SUHEUNG has gradually advanced its R&D environment from the very initial stage to manufacture high quality products. To this end, we have made heavy investments in the installment of state-of-the-art equipment to set the stage for researchers to focus on the development of diverse products conducive to human health.

Since its relocation to Pangyo, Seongnam in 2011, the best-in-class researchers have been brought together to establish a systematic system ranging from ingredient development to sample production to quality testing with a focus on new product development. The researchers' efforts have culminated in the obtainment of multiple patents regarding new products and manufacturing methods. And we have worked with local governments, universities, and other organizations, which resulted in the development of individually certified raw materials for health functional foods that feature excellent safety and functionality. Going forward, we will never relent in our efforts and investment in R&D with tenacity so that we can develop custom functional foods palatable to any demand from customers.

Became First

Established an automated system and localized the manufacturing of hard capsules through mass production for the first time in Korea

One-Stop System

Equipped with a cutting-edge manufacturing infrastructure that enables all procedures to be conducted at once from ingredient sourcing to production to testing

Capable of Producing All Types of Formulations

Have full capacity to respond to the fast-evolving market and various customer demands with our extensive product spectrum





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Spectrums of All Formulations Secured

SUHEUNG has developed all types of formulations for health functional food, and succeeded in developing them into new products. And this outstanding achievement is attributed to the establishment of a top-notch infrastructure in our R&D Center that enables us to be self-sufficient from ingredient development to sample production. In addition, having state-of-the-art professional facilities capable of testing product qualities, such as product stability, allows us to examine the eligibility requirements for products before their release by ourselves. Especially in the case of soft capsules among various products we are developing in the best environment,

we produce a sample and quickly deliver it to a customer upon request. On the strength of the systematic one-stop system as well as all types of formulations secured, SUHEUNG R&D Center provides products tailored to any demand from customers. The market trends in the health functional food industry rapidly change, being easily affected by environmental issues. Therefore, it is required to respond to customer demand at any time. In the years to come, SUHEUNG will put its focus on industrial prospects at home and abroad with good foresight, expand its infrastructure to diversify formulations and advance quality.

One-stop system

Establishment of the best infrastructure ranging from raw material development to sample production





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Thousands of Products Developed through R&D Every Year

The R&D organization, which plays an essential role in product development, is divided into six teams to make sure that each team focuses on each research area with the required expertise. We categorize into food, medicine, and cosmetics sectors for stability test and instrumental analysis. Our formulation research covers foods, medical suppliers and general foods while the scope of our R&D encompasses the development of raw and base materials as well as product approval and registration.

The number of products we have researched on has amounted to thousands, which is a clear manifestation of the passion of our researchers. The types of formulations that our R&D Center have studied per year amounts to 2,000 in 2021, and 1,100 in the first half of 2022 alone. And this figure is projected to surpass the figure of 2021.

The next step for the numerous formulations we developed is to thoroughly analyze the possibility of production as a new product. In this process, the team collaborates with sales teams to decide on the core elements that induce customers to make a purchase, and the marketability of products. Not only new products but also existing products that have been released are constantly retested to verify their quality. These improved products are supplied to our clients.

No. of formulations developed during a year (as of 2021)

2,000



SUHEUNG R&D Center's Organizational Chart



Nurturing and Helping Our Workforce Grow into the Best

Under a firm belief that ‘the best products come from the best talents,’ SUHEUNG has devoted itself to helping all its researchers evolve into the best talents. To this end, we have been very careful about the recruitment of talents with expertise while refining the environment to become an optimized workplace for the researchers selected through the stringent recruitment procedures.

As part of talent cultivation, we have provided a variety of self-development programs, and also supported employees in continuing their studies to sharpen their skills. Furthermore, opportunities are offered for employees to broaden their horizon, such as a chance to visit an overseas fair.

More than 45% of the whole workforce at our R&D Center have worked for more than 10 years, which is a very meaningful result, given the industry seriously suffering from a brain drain. The irreplaceable know-how accumulated through the long years of work has become an integral part of SUHEUNG’s competitiveness, which has, in turn, culminated in the development of World Class Products.

More than **45%** of researchers serve long-term employment of more than 10 years



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Creativity Improvement System Enabling All Our Employees to Be Researchers

We have conducted a company-wide campaign aimed at developing technologies that set us apart from competitors. That is ‘Creativity Improvement System,’ designed to encourage all our employees involving in manufacturing to engage in the technology development process. This system allows not only our R&D Teams but also all our employees to contemplate the ‘ways of improving products to deliver a higher level of convenience to customers,’ thereby involving all of them in research and development activities. Likewise, all our manufacturing employees have become researchers, which has been a core driver of

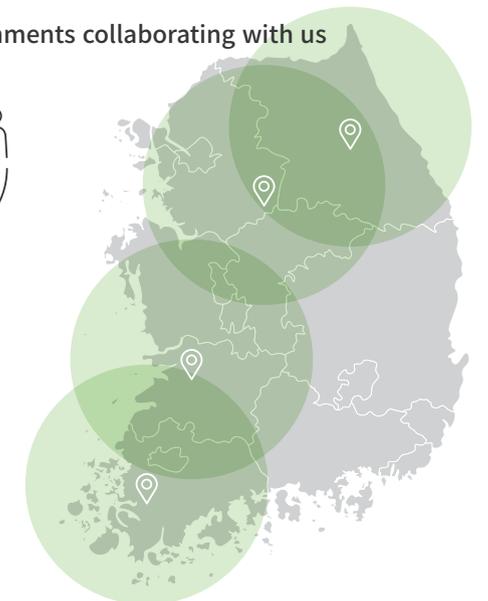
building ‘on-site-oriented technologies.’ And it has become our own competitiveness. In addition to the Creativity Improvement System, we have come up with diverse measures to develop the company, and at the same time, sharpen the skills of individuals. And we reward the employees when their contributions are recognized through the system.



Usage of Local Ingredients in Pursuit of ‘Win-Win’

SUHEUNG utilizes superb agricultural products grown in Korea when developing individually certified raw materials for health functional foods. The very purpose of using eco-friendly ingredients coming from the fertile lands of Korea, not from foreign countries is to spread the excellence of Korean ingredients, and also to create social value, ‘shared growth’ with local farmers. Currently, we are working with local governments, including Iksan City, Naju City, and Yeosu City, to develop ingredients that are good for improving liver health, and also decreasing body fat. Especially, we signed an MOU with Gangwon-do Province to develop products made of the produce grown in this region. Going forward, SUHEUNG will push ahead with these win-win projects to go hand in hand with local communities, and raise the profile of the superiority of local ingredients in the world.

Local governments collaborating with us





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Our R&D Achievements



SUHEUNG has made great strides following the 50 years of R&D activities, which is evidenced by multiple patent applications and the recognition for individually certified raw materials for health functional foods. The representative patent applications include squeeze jelly composite containing refined fish oil and its second manufacturing method, soft capsule containing solid dosage form as contents, tablet composite deriving from natural ingredients, and tablets and tablet manufacturing method. Furthermore, we boast numerous individually certified raw materials, which refer to the ingredients approved after a manufacturer passes the examination of the Ministry of Food and Drug Safety, not to the ingredients subject to the Health Functional Food Code released by the Ministry of Food and Drug Safety.

It is required to meet the stringent requirements, such as stability, functionality, and specifications, in order to be certified. However, the approval comes with the exclusive right for the certified raw material, which lays the foundation for a company to tap into a new market, and also to increase earnings rate. As of now, we are working on the development of six individually certified raw materials that are good for body fat reduction, prostate, and respiratory system. And five collaboration projects with local governments are in the pipeline to develop ingredients capitalizing on local produce.



Patent Applications

- Squeeze jelly composite containing refined fish oil and its manufacturing methods
- Soft capsule containing solid dosage form as contents
- Tablet composite deriving from natural ingredients, and tablets and tablet manufacturing method



Individually Certified Raw Materials for Health Functional Foods

- Pine bark extract and other compounds
- Rosehip powder
- Pacran cranberry powder
- Green apple polyphenols
- Low-molecule collagen peptide SH
- Lactobacillus complex AB-LIFE



Patent and Trademark

Category	Domestic Patent	Overseas Patent	Trademark
Registered	25	5	15
Applied	10	3	2



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Story #2

Leading the health functional food industry with work engagement and innovation

Since its inception, SUHEUNG has never relented in its efforts to contribute to the health and wellness of humankind. Keeping pace with the rapidly changing environment, we have contemplated what we do to protect the healthy life of people, and fulfilled our missions as a guard in the health functional food industry. In detail, we have reinvested the revenue we have earned in the establishment of a top-notch infrastructure, and put our heart into product development. Thanks to this competitiveness toward only one sector, we have kept a profound cooperative relationship with leading pharmaceutical companies in and outside Korea for around 50 years, maintaining our No. 1 position in the outsourcing manufacturing field of functional health foods.

About 1,100 types

Production of a total of around 1,100 types of health functional food formulations, including tablets, drugs, jelly, powder, and granules

No. 1 in Korea

No. 1 in Korea in the field of health functional food outsourcing and pharmaceutical capsules

Dual-type packaging

Development of dual-type packaging materials that enables taking solid and liquid as well as hard and soft capsules at once





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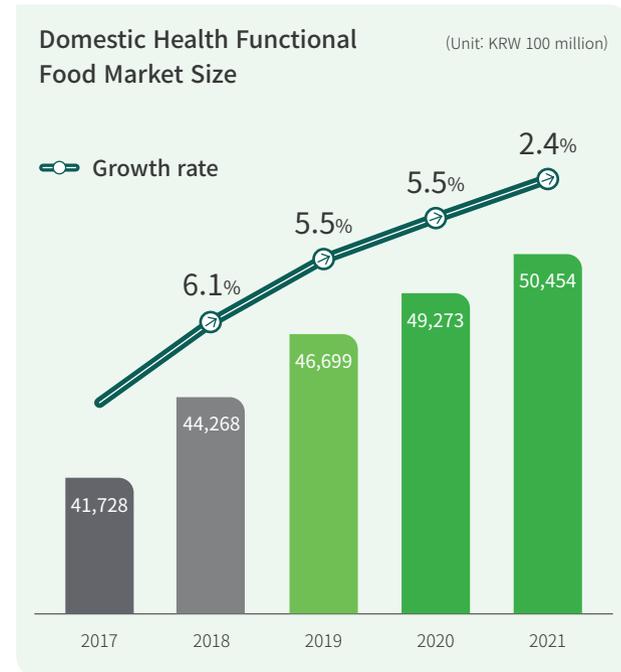
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No. 1 Outsourcing Manufacturing Company amid the Favorable Landscape of the Health Functional Food Market

The health functional food market has continuously risen in line with the trend of the aging population, and the growing interest in health and immunity since COVID-19 has brought about active consumption. Aligning with the trend, the domestic health functional food market has exceeded KRW 5 trillion as of 2021. It is a sharp increase of more than 20% compared to 2017, just five years earlier. By 2030, it is expected to be expanded to KRW 25 trillion, which leads to the projection that the upward



(Source: KHSA, Korea Health Supplements Association)

growth trend of the health functional food market will remain in the future. Against this backdrop, SUHEUNG stands out in the health functional food business. We produce a total of about 1,100 types of health functional food formulations, including tablets, medicines, jellies, powder, granules, and gummy jellies, while supplying them to around 1,000 pharmaceutical companies as well as food and beverage companies. Our health functional food business has accelerated its growth based on this performance. The sales in 2021 were approximately KRW 600 billion compared to KRW 350 billion in 2017, which has doubled in 5 years, demonstrating the highest sales performance. Our health functional food, which has recently shown

remarkable growth, has been ranked first with a 40% market share in the outsourcing manufacturing field in the domestic industry. Going forward, we will not be complacent about our achievement but will further leap forward by actively implementing formulation diversification strategies that are our greatest competitiveness and expanding our client portfolio at home and abroad.

Produce health functional food formulations

About **1,100** types

SUHEUNG's Constantly Growing Sales (consolidated basis, unit: KRW 100 million)



(Source: eBEST Investment & Securities Research Center)



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Securing Expertise and Profitability through the Physical Division of SUHEUNG Health Care

SUHEUNG newly established SUHEUNG Healthcare by dividing the Ochang Plant in Cheongju City in April 2022, taking a new leap forward. It is our commitment to reinforce our competitive edge for each type of health functional food and push forward swift responsible management. For our capsules, pharmaceuticals, and health functional foods, SUHEUNG is currently in charge of the solid formulation business, while SUHEUNG Healthcare is responsible for the liquid and jelly businesses. This has enabled us to secure expertise on the foundation of responsible management. Ochang Plant has shown sales growth by more than 10 times in 7 years since it started business in 2013, playing the role of SUHEUNG's driving force. SUHEUNG Healthcare plans to make more efforts to develop individually certified raw materials for health functional foods on the foundation of the manufacturing capacity accumulated at the Ochang Plant. To this end, we signed business agreements with relevant outstanding companies for joint research and development of innovative materials. With continuously having successful collaboration, we will once again solidify our position in the industry by securing exclusive rights for individually certified raw materials for health functional foods and striving to increase profitability.

'Dual-type Packaging,' the Core Competitiveness of Convergence Health Functional Food

Recently, the health functional food sector has shown a bright prospect with an upward curve in growth. Under the circumstance, the convergence health functional food optimized for modern consumer lifestyles is under the limelight. Convergence health functional food refers to a product that is conveniently composed so that capsule, tablet, or other types of health functional food can be consumed with general food, such as beverages,

all at once. Convergence health functional food has to put two or more formulations in one product. Therefore, it requires combining packaging technology to raise convenience. After having considerable thoughts on packaging types that elevate customer convenience, we finally developed a 'dual-type packaging.' The dual-type packaging is a form that enables easy consumption of health functional food together with general food without water at any time and place. Its advantage is to prevent external contamination, such as hand bacteria, when ingested and to extend the shelf life compared to existing products.

Our Convergence Health Functional Food Manufacturing & Sales Process





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Story #3

Taking a Leap forward to Becoming a **Global Total Health Care Company**

We have taken up the third largest market share in the global market, beyond the domestic leader in pharmaceutical capsules and health functional food. We were able to secure this leading position in the global market as No. 3, thanks to the expanded production and sales bases around the world, including the U.S., Europe, and Vietnam, over a long period of time. Currently, we have provided our products and services in close cooperation with around 1,000 partner companies in about 50 countries through the long journey towards the world. Now that we are heading toward the era of endemic following the pandemic, the global health functional food market has demonstrated constant growth. Against this backdrop, we will step up to another level to become a company representing the Korean health care industry. Capitalizing on our capabilities accumulated in the process of developing the domestic market as a stepping stone, we will draw a blueprint for 'customized K-health functional food' on the global stage. On top of that, based on the worldwide network we have built, we will preemptively respond to the constantly changing global health functional food trend and leap forward to become a global comprehensive health care company.

No. 3 in the global capsule market

Established cooperative relationships with over 1,000 global partners in about 50 countries worldwide

Based on the Dual System

Reinforcement of productivity by establishing a dual system through global bases and domestic business sites

Customized K-health functional food

Taking the lead in the global health functional food market with excellent products created with domestic technology





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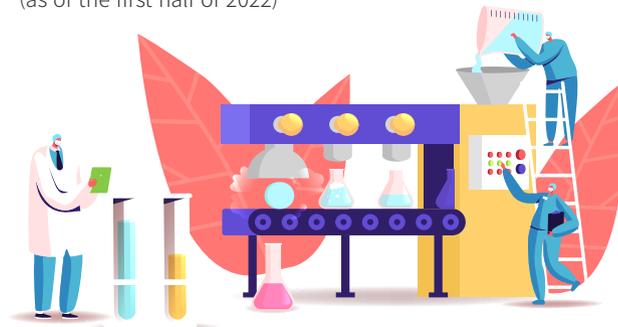
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Leading the global health functional food market solely with domestic technology

Our hard capsules ranked third in the global market share. As of the first half of this year, the exports of health functional food manufacturing also increased by 85% compared to the previous year. The driving force behind these performances in the global capsule and health functional food market is our manufacturing plants throughout Korea. Our first production plant was Songnai Plant, which was established in Bucheon in 1978. At that time, Songnai Plant established the mass-producing system and enhanced productivity, thereby widely publicizing the excellence of the capsules worldwide.

85% ↑

85% increase year on year
Manufacturing and export of health functional food (as of the first half of 2022)



From the 1980s, consumer demand for health functional foods began to rise at a rapid pace. We swiftly identified the changing market trends and accelerated the production of health functional food based on our technology and productivity we accumulated. Since then, we have started to take the lead in the domestic health functional food industry by advancing the production base as well as the insight to read market trends. Entering the 2010s, SUHEUNG concentrated more on reinforcing productivity through large-scale investments. In 2012, we built Osong Plant and put our efforts to expand the production capacity to raise quality. At the time when we focused on securing production infrastructure, health functional foods gained great popularity. At the same time, consumer demand for diverse types of products also increased in line with growing popularity. Aiming to meet such request, we additionally expanded our Osong 2 Plant in 2014, particularly focusing on

supplying the gummy jelly formulations, thereby leading the industry. On top of that, one of the main drivers of our enhanced production capability was Ochang Plant. In 2013, we expanded Ochang Plant and began to produce liquid and jelly formulations professionally. At the time, Ochang Plant achieved a record-breaking sales performance through the production of bottle packaging and spout-standing-shaped pouch products on top of liquid and jelly products. In April 2022, SUHEUNG carried out the physical division of Ochang Plant, which had been playing a leading role in SUHEUNG's growth. It was reborn as 'SUHEUNG Healthcare.' The establishment of SUHEUNG Healthcare derived from our strategy to enhance both expertise and profitability by professionally manufacturing liquid- and jelly-type products. As we advance, we will continue improving each production site's efficiency and competitiveness while realizing prompt and responsible management.



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Aiming at Becoming the World’s No. 1 Based on the Dual System

SUHEUNG has long been striving to expand its overseas sales channels on the basis of our growth in the domestic market for a long time. Starting with the U.S. in 1998, we secured global production bases by establishing a manufacturing plant in Vietnam in 2008. We also established local corporations in Europe and Japan to swiftly supply the products that customers demand in those regions, expanding our sales network. We have increased our production and sale bases throughout the world. Now, we will further expand our scope of business, targeting the global health functional food market.

First of all, the United States has high demand to keep healthy with health functional food rather than prescription drugs, which are difficult to purchase due to high medical costs. We keep an eye on the prospects of the U.S. health functional food market while producing popular products, such as fish oil and

Panoramic view of SUHEUNG Vietnam 1 Plant



vitamins, through OEM or ODM, led by the production and sales corporation located in California. Long Thanh, Vietnam, is our global hard capsule production base. We built the first plant in 2008, followed by adding the second one in 2019. Based on the production capacity of two plants in Long Thanh in Vietnam as well as the domestic plants, we rank third in the global pharmaceutical capsule manufacturing market. With an aim to sharpen the production capability of the Vietnamese business site, we are expanding the Long Thanh 2 Plant on a large scale. When the expansion work is completed, its production capacity will be larger than the plants in Korea altogether. Therefore, we expect to see considerable growth in the total annual capsule production. We plan to use the two plants in Osong as bases for manufacturing domestic health functional food products and complete the establishment of a dual production system with Vietnam as the global production base. On the foundation of this productivity enhancement strategy encompassing Korea and beyond, we will become a global comprehensive health care company by actively expanding our sales channels around the world.

Targeting the KRW 199 Trillion Global Market with Customized K-Health Functional Food

Since the COVID-19 pandemic, interest in health has risen worldwide, and the demand for health functional food is continuously increasing. In line with this global trend, the size of the global health functional food

market has reached approximately KRW 199 trillion as of 2021. Coupling with the rapidly growing aging population and the tendency to replace the burden of certain medical services with health functional foods, the market size is projected to continue at an average annual growth rate¹ of 8.9% by 2030. Amid this trend, we established a goal to ‘widely provide customized K-health functional food to people all over the world.’ Now, our orientation toward the global market is to solidify the status of the K-health functional food, which was developed solely with domestic technologies. Now that we are faced with a new health paradigm owing to unexpected environmental changes, we will let people around the globe know of excellent prescriptions and customized K-health functional foods that can contribute to the healthy life of all humankind.

1. Source: Dietary Supplements Market Size, Share & Trends Analysis Report, Grand View Research, 2022



“With the conviction of contributing to not only national health but also the healthy life of mankind, we have supplied only the highest quality products that everyone can confidently eat with trust when the manufacturer is ‘SUHEUNG.’ With K-comprehensive health care, we will raise the status of our name, SUHEUNG, in the global market.”

_Joohwan Yang CEO of SUHEUNG



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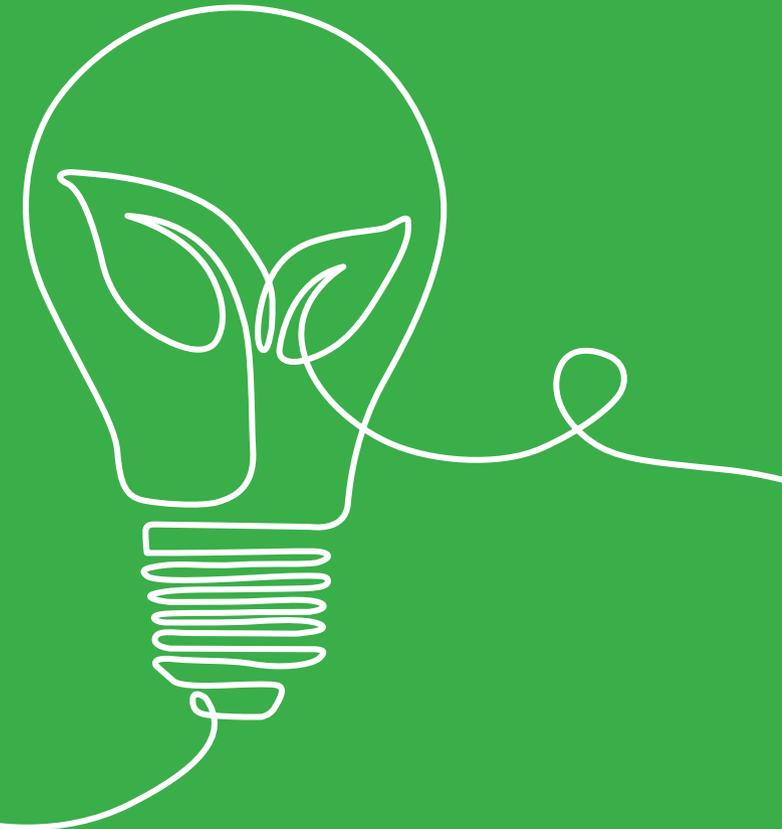
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Action on Climate Change

Strategy and Policy

SUHEUNG strictly complies with environmental regulations to minimize our impact on the environment. Based on the environmental laws and guidelines, we have established our regulations that govern the management of energy, air and water quality management. The regulations specify management procedures, and roles and responsibilities. And in 2022, we obtained the ISO14001, an environmental management system, and based on this standardized process, we make all-out efforts to become an eco-friendly workplace that meets the global standards. In effort to minimize environmental impact, we monitor GHG emission and NOx emissions. We are gradually replacing low-efficiency low NOx burners (51.4%) with high-efficiency ones (82.7%). In addition, waste heat generated during boiler operation is supplied to the heat and used to preheat the boiler feed water temperature from 80 to 95°C. In this way, the amount of LNG for water heating is reduced.

Goal

Since 2014 when we were designated as a company subject to GHG management, we have reported our GHG emissions and energy consumption. In line with the national GHG reduction target, we have set up the target of mitigating our GHG emissions by 5% starting from the base year (2022) through 2027. To this end, multifaceted efforts are being made including the replacement of outdated facilities with high-efficiency ones within our business sites and the management of performance indicators. Furthermore, starting from 2021, we have expanded the scope of our GHG emissions management and measurement to Scope 3. By doing so, we will monitor and manage carbon emissions within our supply chain.

2021 Performance

GHG Emissions

		Unit	2019	2020	2021	2022 Goal
Emissions¹	Total GHG emissions (Scope 1+2)	tCO ₂ eq	34,147	35,083	43,540	
	- Direct GHG emissions (Scope 1)	tCO ₂ eq	5,856	6,338	9,306	9,259
	- Indirect GHG emissions (Scope 2)	tCO ₂ eq	28,291	28,745	34,234	34,063
	- Other GHG emissions (Scope 3) ²	tCO ₂ eq	-	-	268,003	
	GHG emission intensity (Scope 1+2)	tCO ₂ eq/KRW 100 million	7.4	6.3	7.3	
Reduction	Total GHG reduction (Scope 1+2)	tCO ₂ eq	331	936	8,457	
	- Direct GHG reduction (Scope 1)	tCO ₂ eq	-	482	2,968	
	- Indirect GHG reduction (Scope 2)	tCO ₂ eq	-	454	5,489	

1. Calculation range of GHG emissions: Osong 1st Plant in 2019 and 2020, all business sites in 2021

2. Range: Category 4, Upstream Transportation and Distribution



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2021 Performance

Energy Consumption

	Unit	2019	2020	2021	
Total energy consumption	Total energy consumption (general+renewable)	MWh	194,034	198,098	248,056
	Total energy consumption intensity	MWh/KRW 100 million	42	36	42
General energy	Total energy consumption (direct+indirect)	MWh	194,034	198,098	248,056
	Direct energy consumption	MWh	31,755	33,932	50,162
	- City gas (LNG)	MWh	30,848	32,982	48,681
	- Gasoline	MWh	110	120	624
	- Diesel	MWh	794	824	848
	- Kerosene	MWh	0	0	0
	- LPG (vehicle)	MWh	3	7	9
	Indirect energy consumption	MWh	162,280	164,166	197,894
	- Electric power	MWh	162,280	164,166	197,894
	- Steam	MWh	0	0	0
Intensity	MWh/KRW 100 million	42	36	42	
Renewable energy	Total electric power consumption	MWh	0	0	0

Next Plans

We will step up our energy management and carbon mitigation. As part of the effort, the adoption of new and renewable energy is under review to increase the use of clean energy.



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Water Usage

Strategy and Policy

SUHEUNG monitors its water consumption to manage water resources. We reduce our water use in everyday life and distinguish service water from industrial water to identify water use in each category. To reduce water use, we check on leaks in the facility while installing re-evaporation heat exchangers in the condensate water tank, which reduces the steam usage. In addition, when it comes to the treatment of waste water emitted from our plants, we treat it to be under the effluent quality standard specified in the law, and then discharge in a proper manner according to the place where it is discharged.

2021 Performance

Water

	Unit	2019	2020	2021
Water				
Total water use	ton	248,803	290,164	320,698
- Potable water	ton	154,521	183,138	213,212
- Groundwater intake	ton	0	0	0
- Others (Industrial water)	ton	94,282	107,026	107,486
Water use intensity	ton/KRW 100 million	54	52	54

Next Plans

Going forward, we will formulate our water management system to manage water consumption in an efficient manner, and also to recycle water resources. Furthermore, we are figuring out ways to reduce effluent and utilize recycled water.



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Pollution Reduction and Waste



Strategy and Policy

Waste Management

We use the resource circulation information system to manage waste recycling. We designated a manager under the internal environmental management regulations, and the waste manager handles wastes after separating general and hazardous wastes in compliance with relevant laws and regulations. Multifaceted efforts are being made to minimize waste generation and promote recycling so as to boost resource circulation. In addition to incineration and landfill, we have sold recyclable waste, such as scrap paper, aluminum, and drum, to recycling companies to cut down on our waste. Along with this, we have provided education for our employees on waste sorting, workplace accident prevention, and environmental protection. For the safe handling and management of chemicals, we provide training for employees and regularly check on them. In accordance with the law, we make it mandatory for those who handle hazardous substances to be trained on safety and prepared for any emergency situation incurred by the leak of chemicals.

Pollutant Management

In terms of pollutants related to air, water, and wastewater generated within our business sites are managed and discharged at the level within the emission limit set by the relevant laws and regulations. We particularly strive to strictly comply with the legal standards regarding water pollutants (TOC, TN) through daily self-analysis and monitoring. In addition, we signed a voluntary agreement with the Chungbuk Provincial Government to reduce fine dust and GHG emissions, joining efforts to mitigate local pollutants. We have monitored and mitigated NOx emissions, the main culprit of atmospheric pollution. In detail, we are gradually replacing low-efficiency low NOx burners (51.4%) with high-efficiency ones (82.7%). On top of that, we are replacing outdated boilers with new ones and utilizing waste heat from boilers to heat water for steam generation, thereby reducing our energy consumption. We manage odor management to make our workplaces pleasant. To this end, we installed movable local ventilation equipment in our print rooms to remove chemicals and odor.

Goal

Our goal is to minimize waste and raise the waste recycling rate with an aim to realize resource circulation. We check environmental laws at all times to prevent the violation of related laws, aiming to minimize legal violations. There have been zero environmental violations over the past three years, and we will continuously manage the compliance led by our managers and related departments in charge. Another goal is to reduce the amount of fine dust and GHG emissions at our business sites and neighboring areas, thereby improving the worksite environment.

2021 Performance

Air Pollutants

		Unit	2019	2020	2021
NOx	Emissions	ton	0	4.9	5.4
SOx	Emissions	ton	0	0	0
VOCs	Emissions	ton	0	0	0
PM10	Emissions	ton	0.2	0.3	0.2



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2021 Performance

Water Pollutants

		Unit	2019	2020	2021
COD	Emission concentration	mg/ℓ	54.7	81.3	119.6
BOD	Emission concentration	mg/ℓ	32.7	17.7	9.1
SS	Emission concentration	mg/ℓ	10.6	6.5	6.3
T-N	Emission concentration	mg/ℓ	36.3	45.6	38.2
Wastewater	Emission concentration	m ³ /Day	251	321	366

Waste

		Unit	2019	2020	2021
Waste disposal	Total	ton	2,687	3,297	3,762
	- General waste	ton	2,652	3,259	3,721
	- Designated waste	ton	36	38	41
	Intensity	ton/KRW 100 million	0.6	0.6	0.6
Waste treated	Total	ton	2,687	3,297	3,762
	- Recycling	ton	1,928	2,399	2,534
	- Incineration	ton	760	898	1,228
	- Landfill	ton	0	0	0
	- Marine emissions	ton	0	0	0
Recycled waste	Total amount of recycled waste	ton	1,928	2,399	2,534
	Ratio of recycled waste	%	72	73	67
Pharmaceutical waste	Amount of unused or expired medicines	kg	236	908	1,456
		%	0.03	0.10	0.15

Next Plans

We are minimizing waste generated in the course of our business activities and increasing the amount of recycling every year. As we advance, we will devise measures to switch to eco-friendly packaging for products that lessen our environmental impact.



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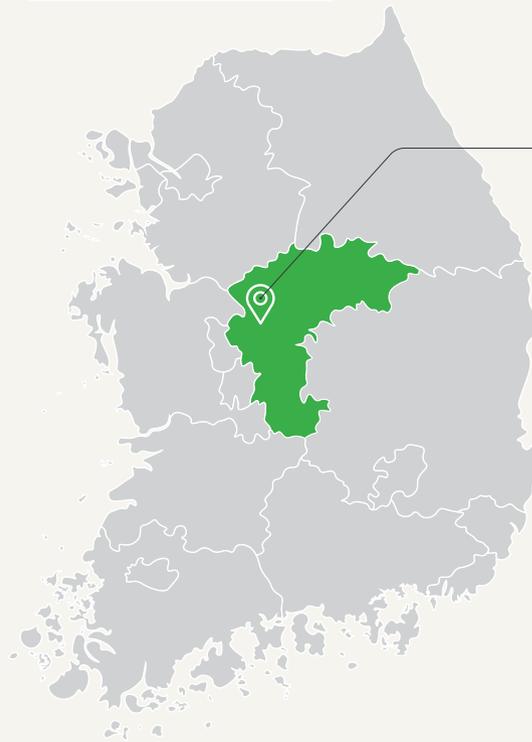
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Biodiversity

Strategy and Policy

SUHEUNG designated endangered species inhabiting nearby the business site and we are going all-out to minimize our environmental impact for biodiversity preservation. To this end, we make it mandatory to conduct an environmental impact assessment when building additional plants, or adopting new raw & subsidiary materials. With the aim of preserving the ecosystem, we have formulated guidelines on the management of pollutants including air and water contaminants, waste and hazardous substances. We make sure that the generation of water and air pollutants is below 50% of the legal emission allowance, and treat effluent discharged from our plants at the final water treatment plant. And we strictly comply with the regulations to handle waste and toxic substances. By doing so, we have minimized our negative impact on the environment. In addition, we will provide environmental education for our employees and upgrade our internal standards by analyzing environmental risks, aiming to protect natural ecosystems with local communities.

Our actions to protect the endangered species



We designated the 1st grade and 2nd grade endangered species inhabiting nearby the bio valley as the subject of our management. In order to minimize the adverse impact on the natural ecosystem, we conduct environmental risk analysis in and outside the facility.

Osong Bio Valley

- Seoul pond frog
(2nd grade endangered species)
- Gobiobotia naktongensis
(1st grade endangered species)

Osong 1st Plant



Osong 2nd Plant





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Environmental Engagement

Environmental program

SUHEUNG provides education to reduce environmental impact. Regular education programs and incident response training are offered to managers in charge of water, air, and waste by environmental management regulations. We plan to expand its target to all employees. We are also considering replacing our packaging materials with eco-friendly ones. For product packaging, we are in the process of evaluating the applicability of materials in order to discover eco-friendly and recyclable packaging materials. The switch of packaging material is scheduled to be implemented step-by-step by 2025.

Environmental Investment

	Unit	2019	2020	2021	2022 Goal
Environmental investment ¹	KRW 100 million	0.8	1.3	1.2	9.6 ²

1. Work environment measurement agency, air filter replacement for air pollution prevention facilities
2. Boiler to be replaced with low-NOx burner

Low-carbon Products and Services

ESG Product and Service		Unit	2019	2020	2021
Eco-friendly service and support		KRW 100 million	0	0	0
Environmental emergency response drill	Implementation		Y	Y	Y

Violation of Environmental Laws

	Unit	2019	2020	2021
No. of violations against law	Cases	0	0	0
Fines and penalties	KRW million	0	0	0
Environmental liability insurance	Join	Y	Y	Y



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Labor

Strategy and Policy

SUHEUNG has been committed to helping its employees grow and respecting their human rights. We recruit, manage, and evaluate our employees in accordance with the regulations to prevent discrimination and rules regarding personnel management and employment, and abide by the collective bargaining agreement. Furthermore, we reach an agreement on working conditions, including wage and welfare, through the Works Council. With the aim of supporting our employees in building their capacity, we operate talent development courses along with training and career management. In addition, flexible working hours system is put in place so that our employees can strike a balance between work and life and improve their work efficiency. On top of that, we operate a women's lounge in each division of the Seoul Office and Osong Plant to create a more comfortable working environment for our female workers.

Goal

We will survey our employees on their satisfaction level on the working conditions regularly and refine the work environment. Based on the results of annual survey, we will increase educational expenditures per capita, and encourage employees to use the flexible working hours system, thereby creating an environment where employees can strike a work-life balance.

2021 Performance

Labor Union

	Unit	2019	2020	2021
Works Council application rate	%	100	100	100

Employees

	Unit	2019	2020	2021	
Total employees	Persons	840	867	871	
Gender	Persons	620	647	659	
	Male	%	73.8	74.6	75.7
	Persons	220	220	212	
	Female	%	26.2	25.4	24.3
Age	Persons	366	383	381	
	Under 30 years of age	%	43.6	44.2	43.7
	Persons	371	384	389	
	30~50 years of age	%	44.2	44.3	44.7
	Persons	103	100	101	
	50 years and older	%	12.3	11.5	11.6



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2021 Performance

Employees

		Unit	2019	2020	2021
Contract type	Regular	Persons	822	841	838
		%	97.9	97.0	96.2
	Non-regular	Persons	18	26	33
		%	2.1	3.0	3.8
Nation	Total	Persons	840	867	871
	- Korea	Persons	838	865	868
	- China	Persons	1	1	2
	- Canada	Persons	1	1	1

Employee Diversity

		Unit	2019	2020	2021
Gender balance ¹	Female employee	Persons(%)	220(26.2)	220(25.4)	212(24.3)
	Female manager	Persons(%)	2(5.0)	2(5.0)	3(7.3)
	Female executive	Persons(%)	1(4.3)	1(4.2)	1(3.8)
	Newly hired female employee	Persons(%)	64(27.0)	57(28.4)	55(25.5)
Employees with disabilities²	Total	Persons(%)	11(1.3)	27(3.1)	28(3.2)
Patriots and veterans	Total	Persons(%)	1(0.1)	1(0.1)	1 (0.1)

1. Female employee: Female rate of total employees, Female manager: Female rate of total managers, Female executive: Female rate of total executives, Newly hired female employee: Female rate of total newly hired employees.
2. SUHEUNG provides a work assistant service to raise the convenience of employees with disabilities(minority and vulnerable groups) in their work. In addition, we support them with electric wheelchairs, for minimizing difficulties that may arise during work.



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2021 Performance

Recruitment and Retention

		Unit	2019	2020	2021
Recruitment	Total	Persons	237	201	216
	- Entry-level	Persons	229	194	206
	- Experienced	Persons	8	7	10
Retention	Average retention period	Years	9.3	9.3	9.3
	- Male	Years	10.6	10.3	10.0
	- Female	Years	5.6	6.2	7.0

Remuneration

		Unit	2019	2020	2021
Wage	Average wage of all employees¹	KRW million	54	60	61
	- Male	KRW million	58	64	64
	- Female	KRW million	43	47	50
Equal pay ²	Equal pay	%	74.1	73.4	78.1
	- Management positions	%	86.9	92.8	86.1
	- Non-management positions	%	77.1	79.7	82.2

1. SUHEUNG makes sure its abidance by the statutory minimum wage system, and ensures that it pays all employees more than the statutory minimum wage.

2. Equal pay formula

- All employees: Average wage of female/Average wage of male
- Management positions: Average wage of females in management positions/Average wage of males in management positions
- Non-management positions: Average wage of females in non-management positions/Average wage of males in non-management positions

Education for R&D Researchers

Our Research Center conducts product development for pharmaceutical soft capsules, tablets and health functional foods. In addition, we strive to develop functionality-evaluated raw materials and to register patents for products and manufacturing methods. We frequently provide education and training on drug approval laws and drug formulations from external institutions so that our R&D personnel can carry out their research without any trouble.

		Unit	2019	2020	2021
Employee education (training and career management)	Educational hours per employee	Hours	-	41.6	45.4
	Educational expenses per employee	KRW thousand	110	62	41



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Work-life Balance

	Unit	2019	2020	2021
Ratio of employees participating in flexible working hours system	%	34.6	46.7	47.4

Parental Leave

		Unit	2019	2020	2021
Employees using parental leave	Total	Persons	5	11	11
	- Male	Persons	0	1	1
	- Female	Persons	5	10	10
Employees returning after parental leave	Total	Persons(%)	2(100)	5(100)	6(100)
	- Male	Persons(%)	0(0)	0(0)	0(0)
	- Female	Persons(%)	2(100)	5(100)	6(100)
Employees working for more than 12 months after parental leave	Total	Persons(%)	3(100)	1(50)	5(100)
	- Male	Persons(%)	0(0)	0(0)	0(0)
	- Female	Persons(%)	3(100)	1(50)	5(100)

Performance Evaluation

		Unit	2019	2020	2021
Ratio of employees receiving regular performance assessment	Application rate	%	45	43	45

Employee Satisfaction Survey

With the purpose to put into action employee-oriented management, we conducted an employee satisfaction survey in 2022. The average score was 67.6 points, 70.0 points from male employees and 61.9 points from female employees. In the years to come, we will regularly conduct surveys to track the results, thereby enhancing the working conditions based on the outcomes.

		Unit	2020	2021	2022
Employee satisfaction	All employee	Points	-	-	67.6
	- Male	Points	-	-	70.0
	- Female	Points	-	-	61.9

Next Plans

In an effort to embed an ESG-centered culture into every corner of the company, SUHEUNG will reinforce its policies, systems, and programs in regard of work-life balance. In addition to the provision of statutory education, programs to eradicate workplace harassment will be expanded. We will take the lead in making the ESG culture permeate all levels of the organization.



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Safety and Health

Strategy and Policy

For the sake of the safety and health of our employees, we are committed to becoming a safer and more pleasant workplace. With an aim to offer a safe working environment, we obtained ISO45001 in 2022 and regularly review safety and health management regulations. In detail, Osong 1st and 2nd Plants examine their work environment twice a year in the first and second half. A preliminary investigation comes before the investigation to identify risk factors within the sites. The outcomes of the investigation are reflected in 4M Risk Assessment¹. The results of the working environment investigation and risk assessment are disclosed at the bulletin board of each business division, and if necessary, safety training is offered. In addition, we have kept our eye on the Ministry of Employment and Labor and the Office of Legislation to keep up to date with the enactment and revision of the Occupational Safety and Health Act and other relevant laws. By doing so, we make sure that we respond to violations of the laws in a preemptive manner. Hazardous machines and devices are also subject to management. Regular safety checks and inspections are carried out to prevent workplace accidents. As part of the efforts, many activities are being conducted such as the provision of safety kits, survey on occupational accidents, countermeasure establishment, and fire drills.

1. 4M Risk Assessment: It refers to the way of identifying hazardous risk factors in four aspects; Man, Machine, Media, and Management

Goal

SUHEUNG has set up and managed its practical goals to put safety first in its business sites. First, we are actively communicating with our employees and the workers of partner companies through the ‘Occupational Safety and Health Committee,’ and ‘Safety and Health Council.’ In order to more engage employees in this, we plan to operate a suggestion system on this issue, through which we will find at least one irrational case within our business sites and one near-miss case on a monthly basis. By doing so, we will embed a safety culture driven by our employees. Secondly, we will accomplish ‘Zero Industrial Incidents.’ In 2021, our average workplace incident rate stood at 0.35%. Going forward, we will examine the root causes of the accidents, and map out plans to prevent the recurrence, thereby attaining zero percent at our workplaces in the long-term.

2021 Performance

Industrial Accident

	Unit	2019	2020	2021
Employee	Occupational Fatalities	Persons	0	0
	Lost Time Injury (LTI)	Cases	4	2
	Lost Time Injury Frequency Rate (LTIFR)	%	2.4	1.2
	Industrial accident rate	%	0.50	0.24
	Severity rate of injury	‰	0.52	0.06
Workers of suppliers	Occupational Fatalities	Persons	0	0
	Lost Time Injury (LTI)	Cases	1	0
	Lost Time Injury Frequency Rate (LTIFR)	%	1.9	0.0



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Safety and Health >

2021 Performance

Industrial Safety

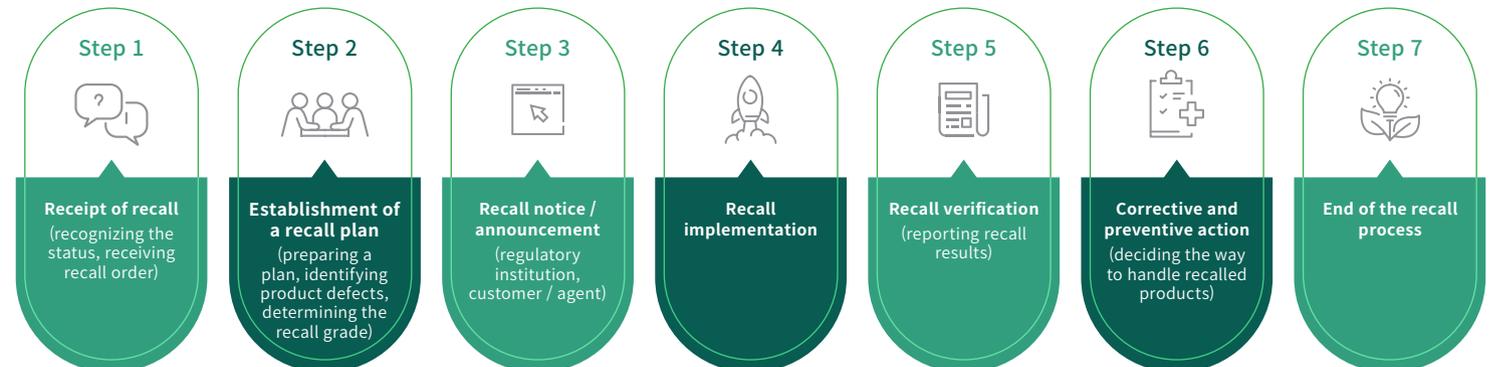
		Unit	2019	2020	2021
Safety management	Risk assessment	Notification	Y	Y	Y
	Supplier safety prevention management	Management	Y	Y	Y

Safety and Health Education

		Unit	2019	2020	2021
Employee	No. of participants	Persons	840	867	871
	Education hours	Hours	21,278	21,174	21,746
	Education expenses	KRW million	3.89	3.71	2.15
	Ratio of employees participating in the education	%	100	100	100
Workers of suppliers	Health and safety education for workers of on-site suppliers	Implementation	Y	Y	Y

Product Recall Process

We maintain product safety following a 7-step systematic product recall process. When a product recall is reported, we prepare a recall plan and identify product defects. This determines the recall grade. Then, we inform regulatory agencies, customers, and distributors of the product recall. The result of the recall from the initiation step is reported. Based on this, we handle the recalled products and take preventive measures.





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2021 Performance

Customer Safety

		Unit	2019	2020	2021
Recall	No. of product recall	Cases	0	0	0

Violation of Laws

		Unit	2019	2020	2021
Occupational accident	No. of serious accidents	Cases	0	0	0
Violation of laws	Violations	Cases	0	0	0
	Fine	KRW thousand	0	0	0
	Penalty	KRW thousand	0	0	0

Next Plans

We provide personal protective gear for workers exposed to harmful factors, preventing the exposure to harmful substances. We plan to conduct a fit test when supplying safety gear so that all individual workers can wear suitable gear for them.



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Human Rights >

Strategy and Policy

SUHEUNG endorses the Universal Declaration of Human Rights of the UN Human Rights Commission, UN Guiding Principles on Business & Human Rights (UNGP), the International Labor Organization Convention, and the human rights principles presented by the UN Global Compact (UNGC). Accordingly, we established our own Human Rights Charter in 2022 with an objective to support and comply with the above-mentioned human rights principles. Besides, we prepared the regulations to safeguard our employees from workplace harassment and sexual harassment. In addition, we annually provide a 2-hour education per employee on improving discrimination against people with disabilities and sexual harassment, aiming to raise awareness of disability and discrimination. We will practice human rights management that respects the human rights of both internal and external stakeholders on the basis on our Human Rights Charter and regulations.

Goal

In order to minimize the negative impact of human rights issues, we do our best to take preventive measures and swiftly implement remedies. We plan to conduct employee satisfaction surveys regularly to identify the vulnerable areas for human rights issues, followed by deriving concrete goal indicators to manage the risk factors. In addition, we will secure a separate time for human rights education to raise the awareness of human rights among our employees.

2021 Performance

Report Handling

	Unit	2019	2020	2021
Reported cases related to human rights	Cases	0	0	0
Processed cases related to human rights	Cases	0	0	0

Violation of Laws

	Unit	2019	2020	2021
Violation of human rights laws	Violations	Cases	0	0
	Fine	KRW thousand	0	0
	Penalty	KRW thousand	0	0

Human Rights Education

	Unit	2019	2020	2021
Sexual harassment prevention education	Educational hours per employee	Hours	-	0.68
Education to improve awareness of the disabled	Educational hours per employee	Hours	-	0.75

Next Plans

Reflecting on the human rights complaints of our internal members, we will revise and improve human rights education materials that are currently being distributed. The educational materials upgraded through the process are utilized to spread a culture of respect for human rights, based on which we will redouble our efforts to make the culture permeate every corner of our organization.



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Supply Chain Management



Strategy and Policy

Aiming at realizing sustainable management, SUHEUNG established the ‘Supplier Code of Conduct’ in regard to human rights and labor, environment, ethical management, safety and health, and management system. This will be the basis for us to select partner companies and verify the adequacy of supply chain management. We have also managed supply chain risks through regular evaluation and monitoring. The ‘Supplier Code of Conduct’ is disclosed on our website, and we encourage our partner companies to participate in and comply with it. Furthermore, we are raising awareness of sensitive transactions throughout the supply chain by delivering an integrity message, which clearly shows our intention that we do not accept money or gifts from our partner companies on holidays.

Goal

We plan to request our suppliers to sign the agreement to comply with the ‘Supplier Code of Conduct’ so that they can follow and practice the Code. Starting with major suppliers, we plan to receive agreements from all our partner companies. Going forward, we will reinforce our supply chain risk management through continuous evaluation and inspection of our suppliers to improve them.

2021 Performance

Supplier Management

		Unit	2019	2020	2021
Total no. of suppliers		Cases	37	33	33
No. of newly registered suppliers		Cases	0	0	0
Supply chain evaluation	ESG included in supplier selection criteria	Evaluation	Y	Y	Y
	Regular evaluation of suppliers	Evaluation	Y	Y	Y
	Ratio of regular evaluation of suppliers	%	100	100	100

Procurement

		Unit	2019	2020	2021
Total purchase		KRW 100 million	1,609	1,974	2,135
Purchase of win-win growth products	Purchase amount of eco-friendly products and services	KRW 100 million	0.00	0.00	1.23



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Relationship with Local Communities

Information Protection and Personal Data Leakage Issue

Strategy and Policy

We established a social contribution strategy in 2022 to fulfill our social responsibility. The main strategies include social contribution projects capitalizing on our characteristics and capabilities of a healthcare company, activities to help local communities enhance their self-reliance, volunteer activities participated by employees, and creating partnerships with civic groups. Going forward, we will devise concrete programs in cooperation with local community stakeholders and increase the effectiveness of social contribution activities through regular monitoring.

Strategy and Policy

With an aim to safely protect personal information of the entire stakeholders, we have established and practiced a personal data processing policy. Personal information is also protected by blocking the internal access of external personnel. Besides, we regularly provide in-house education and outsourced training to prevent information security breaches while thoroughly managing and supervising compliance with laws and regulations in connection to privacy.

Goal

In the future, we plan to acquire international information security certifications and secure professional information security personnel. We will also continue to provide company-wide information security education to raise awareness of data protection among employees. Along with that, we will keep focusing on the diagnosis and improvement of our information security at a company-wide level. Furthermore, we will maintain the current data technology we apply to respond to various risks of data leakage in a remote working environment. In addition, we will improve our employees' data protection activities through professional and periodic information protection education and introduce additional data protection systems to tighten internal and external corporate credibility.

2021 Performance

Information Security and Personal Information Leakage

	Unit	2019	2020	2021
Total no. of security information leakage	Cases	0	0	0
No. of leakage related to customer information	Cases	0	0	0
Fines for violating laws related to information leakage	KRW thousand	0	0	0

Next Plans

We will continue to support diagnosis and improvement activities for information security. More specifically, we will upgrade the level of data security by capitalizing on cutting-edge data technology to cope with various risks of data leakage in a remote working environment.



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Board of Directors

Strategy and Policy

SUHEUNG strives to create a healthy governance system to reinvent itself as a sustainable company. The Board of Directors (BOD), the decision-making body, makes decisions on key issues, such as mid- to long-term strategies and significant investment issues. In December 1986, the regulations on BOD operation were formulated, followed by the revision in March 2014.

The BOD is comprised of four directors; three executive directors and one independent director. The directors are appointed following the approval at a general shareholders' meeting. Additionally, the BOD verifies the career and job capabilities of the recommended candidates for executive and independent directors.

In accordance with the BOD regulations, the BOD meetings are frequently convened. In 2021, a total of 39 meetings were held, and the decisions on key business agenda items concerning shareholder's meetings, guarantee for obligation by affiliated persons, and asset acquisition and disposition were made. Since 2022, salient ESG-related pressing issues have been brought up for discussion. On top of that, ESG performance will be reflected in KPIs for executive members to accelerate the achievement of the goals.

Goal

To reach our goal of sharpening the job expertise and ESG-related capabilities of the management, we have provided education on ESG management. Furthermore, we appointed a female employee as the CEO of SUHEUNG Healthcare so as to secure gender diversity. In the years to come, we will promote diversity.

2021 Performance

BOD Composition

		Unit	2019	2020	2021
Independence	Ratio of independent directors	%	25	25	25
Expertise	Directors with business experiences	%	75	75	75
	Financial expert	Persons	2	2	2
Efficiency	Average tenure	Years	3.8	1.8	2.8
	Attendance rate	%	100	100	100



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2021 Performance

Operation

		Unit	2019	2020	2021
Convocation	No. of meetings convened	Times	22	36	39
Reporting and resolution	No. of agenda reported	Cases	1	1	1
	No. of agenda resolved	Cases	21	35	38
Vote by agenda item	In favor	Cases(%)	22(100)	36(100)	39(100)
	Against	Cases(%)	0(0)	0(0)	0(0)
	Requesting for revision	Cases(%)	0(0)	0(0)	0(0)
	Abstaining	Cases(%)	0(0)	0(0)	0(0)

Accountability

		Unit	2019	2020	2021
Director liability reduction	Directors liability Insurance	Join	Y	Y	Y
	Leadership-related issue	Cases	0	0	0

Evaluation and Remuneration

		Unit	2019	2020	2021
Remuneration	Compensation structure for non-executive directors	Implementation	Y	Y	Y
Share	Shareholding ratio of directors and the CEO	%	52.8	52.8	52.8
	Share ratio among CEO incentives	%	-	-	-
	Share ratio of the National Pension Service	%	10.2	9.7	6.2

Shareholders' Right Enhancement

		Unit	2019	2020	2021
Shareholders' right protection	Notice of agenda items before general shareholders' meetings	Notification	Y	Y	Y



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Board of Directors

BOD Composition

* Jun. 30, 2022 based on the semi-annual report

Category	Name	Gender	Key Experiences and Positions	Term
CEO	Joo-hwan, YANG	Male	BA in Electronic Engineering, Yonsei University Honorary PhD in pharmacy, Chung-Ang University (Former) CEO & President, SUHEUNG Capsul (Current) CEO and Chairman, SUHEUNG	2025.03.25
Executive Director	Joon-taek, YANG	Male	(Former) Head of Procurement Division, SUHEUNG (Former) Head of Overseas Sales and Procurement Division, SUHEUNG (Current) Director of Management Support and Procurement, and Osong Plant Management Division, SUHEUNG	2024.03.26
	Joon-sung, YANG	Male	(Former) Executive Director, Geltech Director of Domestic and Overseas Sales (Current) Director of Future Management Strategy, SUHEUNG, and Executive Director of Domestic and Overseas Sales, Geltech	2025.03.25
Independent Director	Kwang-ho, LEE	Male	BA in Food Science and Technology, Korea University MA in Food Science, Hawaii State University, USA PhD in Food Science, Rutgers University, USA (Former) Chairman of National Institute of Food and Drug Safety Evaluation (Current) Independent Director, SUHEUNG	2025.03.25
Auditor	Young-ho, KIM	Male	(Former) Head of Planning Team, LG Household & Health Care (Current) Full-time auditor, SUHEUNG	2023.03.20

Next Plans

We have fulfilled our duties to disclose data in regard to BOD operation. In addition, all the members of the BOD attend BOD meetings, which, in turn, has led to better decision-making. Going forward, we will introduce an electronic voting system so that more shareholders can participate in the decision-making on key agenda items. Endeavors will be made to make our BOD more diverse in terms of its composition and to raise the expertise of BOD members.



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Ethical Management >

Strategy and Policy

We have established our own Code of Ethics which defines how to act towards shareholders, customers, competitors and partner companies. With the aim of discharging our duties and social responsibilities, the Code specifies the basic rules for our employees to follow including creation of a healthy corporate culture, prohibition of the acts of conflicts of interest, prohibition of internal data use, protection of corporate asset and significant data, ban on sexual harassment, ban on political engagement, ban on taking bribes, and prevention of money laundering. The organization dedicated to ethics operates various programs to monitor compliance with the Code of Ethics. Every year, we provide education programs on anti-corruption ethics and anti-competitive practices for all employees.

Goal

The purpose of the Code of Ethics is to set up judgment standards so that members of our company can adequately understand and practice the Code. Through this, we will respect market orders as well as all laws and regulations at home and abroad while participating in the establishment of fair trade orders, thereby ultimately contributing to developing the nation and society.

2021 Performance

Efforts in Ethics

		Unit	2019	2020	2021
Ethics education	Ethics education hours per employee	Hours	1	1	1
	Ratio of employees receiving ethics education	%	100	100	100
	Prevention of sexual harassment and workplace harassment	Implementation	Y	Y	Y



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2021 Performance

Reporting and Violation

		Unit	2019	2020	2021
Ethical management reporting and consultation	Employee	Cases	0	0	0
	Business partner	Cases	0	0	0
	Customer	Cases	0	0	0
	Others	Cases	0	0	0
Handling	Investigation (audit)	Cases	0	0	0
	Transfer to relevant department	Cases	0	0	0
	Others (rejection, etc.)	Cases	0	0	0
Violating Code of Conduct (corruption incident)	Total	Cases	0	0	0
	- Sexual harassment	Cases	0	0	0
	- Bribery	Cases	0	0	0
	- Non-compliance with the Code of Ethics	Cases	0	0	0
	- Violation of safety, health and environment regulations	Cases	0	0	0
	- Negligence	Cases	0	0	0
	- Others	Cases	0	0	0
Measures for violating Code of Conduct	Total	Cases	0	0	0
	- Dismissal from office	Cases	0	0	0
	- Suspension of work	Cases	0	0	0
	- Pay cut	Cases	0	0	0
	- Reprimand	Cases	0	0	0
- Others	Cases	0	0	0	
Audit	Implementation of audits related to reporting and disciplinary action	Cases	0	0	0
Violation of law	Amount of financial sanctions for violation of laws and regulations	KRW 100 million	0	0	0
	No. of lawsuits for violating laws and regulations	Cases	0	0	0

Next Plans

We will use the internal reporting system to raise the basic sense of ethics so that we can provide better ethics education for our employees and establish a sound and healthy corporate culture. We also plan to operate a two-way communication channel to expand the effectiveness of the ethics programs.



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Compliance

Strategy and Policy

SUHEUNG does its business in compliance with laws regarding ethical management for fair trade and win-win cooperation. Currently, fair trade is being implemented with zero violations of subcontracting and fair trade. We plan to expand fair trade education and enhance relationships with partner companies through technological development and support.

2021 Performance

Reporting and Violation

		Unit	2019	2020	2021
Violation of laws	Amount of financial sanctions for violation of fair-trade laws and regulations	KRW 100 million	0	0	0
	No. of lawsuits regarding fair-trade laws and regulations	Cases	0	0	0

Next Plans

We have continuously conducted research activities, including joint development with our partner companies. We will further sharpen our global competitiveness by establishing a win-win payment system and making win-win cooperation.



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Tax and Accounting >

Strategy and Policy

SUHEUNG fulfills its tax obligations in a transparent and faithful manner per laws and regulations. We comply with the tax rates of the countries where domestic and foreign corporations are located and thoroughly manage them to avoid tax evasion using differences in tax laws between countries.

We annually reflect on the revisions of the tax laws, aiming to establish tax strategies and prevent tax evasion. To this end, we receive advisory services from a tax firm.

Goal

We will strive to secure the best effect by preventing tax evasion, fully understanding the revised tax law, and utilizing special provisions in the tax law.

2021 Performance

Tax Report

	Unit	2019	2020	2021
Report by country				
Korea	KRW 100 million	61.5	93.7	89.5
- SUHEUNG	KRW 100 million	25.1	59.1	58.9
- Geltech	KRW 100 million	36.4	33.5	27.3
- Winnerwell	KRW 100 million	0	1.1	3.3
Vietnam	KRW 100 million	3.1	1.0	28.2
USA	KRW 100 million	13.8	30.2	39.1

Accounting and Auditing

	Unit	2019	2020	2021
Cost for external audits	KRW 100 million	1.4	1.5	1.5

Next Plans

Currently, we actively receive consultations from external services. For the insufficient areas, we will minimize risks through external and online training while extracting accurate data through electric processes.



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(Unit: KRW)

Category	2019	2020	2021
Assets			
Current Assets	264,590,901,712	314,069,599,558	318,602,620,368
Cash and cash equivalents	23,020,986,586	37,590,090,574	26,331,816,542
Other short-term financial assets	8,110,030,285	0	7,170,225,500
Financial assets at fair value through other comprehensive profit or loss	0	18,677,302,968	676,624,477
Account receivable	83,682,894,883	81,017,999,756	90,822,880,319
Other short-term bonds	2,534,243,861	2,839,697,701	4,278,814,631
Inventories	141,009,306,879	166,377,902,195	181,994,990,259
Other current assets	6,233,439,218	7,566,606,364	7,327,268,640
Non-current Assets	444,270,140,493	451,920,176,072	491,352,233,688
Other long-term financial assets	151,106,098	659,272,705	993,611,458
Financial assets at fair value through other comprehensive profit or loss	4,364,812,890	717,103,000	1,126,649,544
Other long-term bonds	1,456,145,387	2,048,399,063	5,266,492,169
Investment in subsidiaries and associates	12,197,909,559	14,096,352,208	42,591,009,884
Invested real estate	12,066,654,236	11,939,748,142	11,812,842,048
Tangible assets	391,981,387,615	404,301,758,152	411,920,527,747
Intangible assets	8,066,000,205	7,523,001,888	7,092,928,104
Right-of-use assets	7,706,284,855	7,314,638,388	7,449,872,590
Deferred income tax assets	270,756,718	0	0
Other non-current assets	6,009,082,930	3,319,902,526	3,098,300,144
Total asset	708,861,042,205	765,989,775,630	809,954,854,056



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Category	2019	2020	2021
Liabilities			
Current liabilities	196,328,591,579	267,309,467,891	236,373,770,859
Account payable	21,998,032,229	9,209,605,607	8,196,814,331
Short-term other payables	21,626,669,966	17,981,322,949	13,608,060,846
Short-term borrowings and bonds	144,608,705,665	230,385,780,932	204,920,100,904
Short-term lease liabilities	421,539,452	454,516,168	532,929,412
Current income tax liabilities	4,472,380,113	7,051,806,970	6,644,296,916
Reserve for contingent liabilities	103,632,000	82,294,000	168,515,100
Other current liabilities	3,097,632,154	2,144,141,265	2,303,053,350
Non-current liabilities	183,537,825,486	121,698,037,747	143,712,632,254
Long-term other payables	315,135,039	225,179,137	215,006,666
Long-term borrowings and bonds	176,579,975,646	116,716,462,608	137,496,260,846
Long-term capital lease liabilities	321,712,681	390,390,706	43,789,019
Severance benefits payables and other long-term payroll payables	1,694,882,000	1,306,264,915	1,303,340,658
Deferred income tax liabilities	4,591,352,660	3,025,788,253	4,614,402,265
Long-term financial guarantee payables	34,767,460	33,952,128	39,832,800
Total liabilities	379,866,417,065	389,007,505,638	380,086,403,113



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Category	2019	2020	2021
Equity			
Parent company ownership interest	295,613,252,568	338,059,832,387	387,764,547,075
- Capital	6,084,556,500	6,084,556,500	6,084,556,500
- Capital surplus	38,543,614,684	38,543,614,684	38,543,614,684
- Other reserves	(4,245,383,589)	(4,115,578,056)	(4,159,071,936)
- Accumulated other comprehensive income	(14,728,790,032)	(19,985,214,144)	(16,337,355,658)
- Retained earnings	269,959,255,005	317,532,453,403	363,632,803,485
Non-controlling interest	33,381,372,572	38,922,437,605	42,103,903,868
Total equity	328,994,625,140	376,982,269,992	429,868,450,943
Total liabilities and equity	708,861,042,205	765,989,775,630	809,954,854,056



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Category	2019	2020	2021
Sales	460,728,389,318	553,012,153,653	596,733,152,009
Cost of goods sold	369,360,374,744	432,048,748,861	470,499,756,778
Gross profits	91,368,014,574	120,963,404,792	126,233,395,231
SG&A	39,075,597,327	40,624,169,074	49,515,412,593
R&D expenses	4,888,394,380	6,022,003,967	7,114,357,203
Operating profit (loss)	47,404,022,867	74,317,231,751	69,603,625,435
Finance incomes	4,291,718,542	4,298,515,229	9,009,709,539
Finance expenses	12,070,065,362	16,764,453,951	9,013,278,086
Other incomes	3,338,542,040	8,521,815,627	2,373,639,158
Other expenses	2,105,042,954	2,792,424,828	2,879,228,114
Share of profit of associates	4,023,832,229	4,574,530,619	5,754,367,667
Profit before income tax from continuing operations (loss)	44,883,007,362	72,155,214,447	74,848,835,599
Tax expenses (incomes)	7,517,003,551	12,893,275,680	15,553,699,095
Net profit for the year (loss)	37,366,003,811	59,261,938,767	59,295,136,504
Attribution of net profit (loss)			
Parent company ownership	31,719,135,666	52,999,088,034	53,689,082,928
Non-controlling interests	5,646,868,145	6,262,850,733	5,606,053,576
Other comprehensive income	(5,893,133,940)	(6,214,257,815)	931,405,697
Other comprehensive income to be reclassified to profit or loss (Other comprehensive income, net of tax)	2,086,766,262	(4,421,458,752)	7,531,703,642
Equity adjustments in equity method	0	0	(76,026,932)
Net gain from translation of foreign operations	2,086,766,262	(4,421,458,752)	7,607,730,574



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Category	2019	2020	2021
Other comprehensive income not to be reclassified to profit or loss (Other comprehensive income, net of tax)	(7,979,900,202)	(1,792,799,063)	(6,600,297,945)
Change in value of liability products measured at fair value through other comprehensive income	(7,918,320,781)	(834,965,361)	(3,883,845,156)
Actuarial gain/loss on defined benefit liability (Other comprehensive income, net of tax)	(61,579,421)	(957,833,702)	(2,716,452,789)
Total comprehensive income (loss)	31,472,869,871	53,047,680,952	60,226,542,201
Total comprehensive income attributable to			
Owners of parent	25,888,785,107	46,805,210,386	54,751,809,418
Non-controlling interests	5,584,084,764	6,242,470,566	5,474,732,783
Earnings Per Share			
Basic earnings per share (loss)	2,853	4,766	4,829
Diluted earnings per share (loss)	2,853	4,766	4,829

* Companies included in the consolidated financial statement: Geltech Co., Ltd., SUHEUNG Vietnam Co., Ltd., SUHEUNG America Co., Ltd., SH Asset Management LLC., SUHEUNG Japan Co.,Ltd., SUHEUNG Europe GmbH, Winnerwell Co., Ltd., Hankook Cosmo Co., Ltd.



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Policy & Guideline

Human Rights Management

The Charter of Human Rights

SUHEUNG endorses human rights principles stipulated in the Universal Declaration of Human Rights presented by the United Nations Commission on Human Rights, the UN Guiding Principles on Business and Human Rights, and the conventions defined by the International Labor Organization, and declared its compliance with the principles. In addition, every effort is being made to respect the human rights of all stakeholders including its employees, partner companies, customers, and local residents.

- 1. Respect for Human Rights_** We respect the dignity and value of all stakeholders with all-out efforts to prevent the occurrence of both physical and mental improper treatment.
- 2. Prohibition of Discrimination_** We shall not discriminate against anyone on the grounds of gender, race, nationality, religion, disability, age, and other reasons in terms of personnel management, such as recruitment or working conditions. And we take zero-tolerance policies against any form of discrimination.
- 3. Prohibition of Forced Labor_** No one shall be required to perform forced or compulsory labor against their will including bonded labor and human trafficking. And no one shall be requested to transfer his or her identification card or passport on account of employment.
- 4. Prohibition of Child Labor_** We comply with the minimum age of employment defined by the laws of the nations and regions where we operate, and shall not hire children or adolescents aged 15 or below. When we hire young workers under 18 years of age, we make sure that, under any circumstances, their work does not put their health and safety at risk.
- 5. Compliance with Laws Regarding Working Conditions_** We abide by the labor relations-related laws of the nations and regions where we operate, such as statutory working hours, minimum wage, social insurance subscription, and holidays and leave.
- 6. Freedom of Association and Collective Bargaining_** We guarantee the freedom of association and the rights to collective bargaining in accordance with the relevant laws, and provide ample opportunities for employees to communicate with each other.

7. Occupational Safety and Environmental Protection_ We make sure our compliance with the environmental laws, and the standards for occupational safety and health in the country and abroad and conduct inspections on facilities and equipment at the workplace on a regular basis to make our workplace safer. In addition, every effort shall be made to prevent environmental disasters, and also to protect the environment.

8. Protection of the Human Rights of Local Residents_ Built on the respect for the culture of local communities, we make sure that we do not infringe on the human rights of local residents, and support their economic, social, and cultural advancement, thereby improving their quality of life.

Our Policies against Harassment and Sexual Harassment in Workplace

With the aim of creating a healthy and sound work environment, we adopt a zero-tolerance principle against all forms of discrimination, harassment, and sexual harassment in the workplace. To this end, we have shared the following regulations in regard to the prevention and disciplinary actions with all our employees, and put them into action.

- 1. Ban on Workplace Harassment_** Acts of employer or workers in the workplace that cause either physical or emotional harm to another worker out of the scope of work, abusing his or her superior status or position

Prevention	- Formulate and implement policies - Provide an educational program on the prevention more than once a year
Measures and Disciplinary Actions	- Accept a report and keep it confidential - Investigate the case pursuant to the procedures - Take disciplinary actions in accordance with the severity of the case, such as department transfer, written warning, memorandum collection, official notification, notification from the department head, or referral to the disciplinary committee



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2. Ban on Sexual Harassment_ Any sexual comment and behavior, or request that makes someone feel upset, scared, offended or humiliated by an employer, superior or worker, abusing their advantageous position or status, towards another person, and any act of giving disadvantage in terms of employment or working conditions on the grounds of refusal to comply with their request

Prevention	- Formulate and implement policies - Provide an educational program on the prevention more than once a year - Provide counseling
Measures and Disciplinary Actions	- Accept a report and keep it confidential - Investigate the case pursuant to the procedures - Take disciplinary actions in accordance with the severity of the case, such as department transfer, written warning, memorandum collection, official notification, notification from the department head, or referral to the disciplinary committee

Ethical Management

SUHEUNG respects all of the laws and market order in the country and abroad, takes the lead in the establishment of an order for fair trading, pays respect to social value and practice, and contributes to the development of the nation and community through various social contribution activities. To this end, we have enacted the Code of Ethics, and the Code of Conduct for Suppliers so that we can fulfill our duties and responsibilities, and also achieve co-prosperity with stakeholders.

Code of Ethics

I . Our Attitude towards Shareholders and Investors

1. Protection of the Rights and Interests of Shareholders

- We protect the rights of shareholders, and respect their reasonable demands and suggestion.
- We disclose the information on our business operations to establish a relationship built on mutual trust between shareholders and investors, and also endeavor to deliver maximized interests to shareholders.

2. Equal Treatment

- We treat all shareholders including minority shareholders in a fair and equitable manner.
- We make business decisions in the interest of all shareholders and not to infringe on the interests or rights of minority shareholders.

3. Active Disclosure of Business Information

- We record and manage our accounting data in accordance with the generally recognized accounting principles, and disclose our financial statements and business performance in a transparent manner.
- We provide accurate business data pursuant to the relevant laws at an opportune time to make information users make informed and rational decisions in regard to investment.

II . Our Attitude towards Customers

1. Respect for Customers

- We always think and act from the perspective of customers, and make every effort to satisfy customers by providing reliable, and high-quality products and services.
- We offer accurate data on our products and services to customers, and do not overhype or promote excessively.

2. Protection of Customers

- We protect the interests and safety of customers, safeguard their personal data, and do not unjust act towards customers.
- We ensure our respect for and compliance with the laws on consumer protection.

III. Our Attitude towards Competitors and Partner Companies

1. Fair Competition with Competitors

- We make every effort to prevent corruption and ensure fair competition to enhance fairness and reliability, thereby contributing to promoting a fair society and breaking down bad anti-competitive practices.
- We compete with competitors fair and square in compliance with the principles of free competition and the order of fair and free market economy.
- We respect fair trade orders and abide by the relevant laws regarding fair transactions.

2. Fair Transactions with Partner Companies

- We establish cooperative partnerships with partner companies underpinned by mutual trust through fair transactions, thereby pursuing shared growth.
- We shall not abuse our superior position to force any form of unfair behavior or to wield influence.



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IV. Responsibility for Our Employees

1. Fair Treatment

- We shall not discriminate against any employee, and make sure to offer fair opportunities according to their capabilities and qualifications.
- We set up a set of standards for employees' qualifications, abilities, and performance, based on which employees are evaluated and rewarded fairly.

2. Creation of a Work Environment

- We strive to create a healthy and safe environment for employees
- We cultivate employees and help them achieve self-realization by respecting their autonomy and creativity, and also giving them a fair chance.
- We respect the basic rights and independent personality of employees, and create a work environment where they can freely make suggestions and proposals.

V. Responsibility for Our Society

1. Compliance with Domestic and Overseas Laws

- We, as a member of the nation and local community, abide by all relevant laws and regulations, and also international regulations.

2. Contribution to National and Societal Development

- We contribute to developing national and social economies by improving productivity, creating jobs, paying our taxes faithfully, and carrying out social contribution activities.

3. Environmental Protection

- We make all-out efforts to protect the nature and preserve the environment.
- We comply with environmental laws and relevant international conventions, and prevent our business operations from destroying, contaminating, and damaging the environment.
- We secure pollution prevention facilities and personnel required for the prevention of environmental pollution.
- We abide by all safety-related laws and regulations, and strive to eliminate safety hazards in advance.
- Employees endeavor to create a pleasant and safe work environment within their business sites.

VI. Code of Ethics for Employees

1. Establishment of a Health Corporate Culture

- Employees share the company's management philosophy, relate to the goals and values of the company, and fulfill their duties in accordance with the company's policies.
- Employees create a corporate culture built on mutual trust where they can freely communicate between subordinates and superiors, and among coworkers.
- Employees do their best to perform their functions in a proper manner, and ensure their compliance with all relevant laws and regulations, and the company's policies.

2. Prohibition of Conflicts of Interest

- Employees make every effort to prevent any form of behavior that conflicts with the interests of the company. In the event of a conflict of interest between the company and an individual, or between the departments, employees shall act in the interest of the company.
- No one shall trade with the company in their own name, or the name of an interested party.
- Employees shall not invest or acquire property jointly with an interested party.
- If employees are aware that an employee's relatives are stakeholders in the company, they notify the department responsible for ethics, and if it is related to their job, they avoid conflicts of interest by taking measures, including position change.
- Employees cannot engage in business transactions with those who have retired due to dishonest acts while in office.

3. Prohibition of Inside Information Usage

- Employees do not trade stocks using inside information acquired in the course of their work.
- Employees do not provide undisclosed critical information that may affect stock prices to third parties without abiding by legal procedures.

4. Protection of Company Property and Critical Information

- Employees protect the company's physical properties, intellectual property rights, trade secrets, and others and do not use them for personal purposes.
- Employees do not engage in acts, such as embezzlement of public funds, misappropriation of public funds, outflow of property, or use them for other purposes that cause loss to the company property.
- Employees do not pursue personal gains using their positions or do not engage in unfair trade practices using non-disclosed information obtained from the company.
- Employees do not leak critical information that may affect the company's profits.



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5. Sexual Harassment Prevention

- Employees do not engage in any physical, verbal, and visual language or behavior that is recognized as causing sexual humiliation and any language or behavior that harms the healthy relationship with other employees.

6. Prohibition of Political Involvement

- Employees do not engage in political activities within the company during working hours and do not use the company's organization, human resources, and property for political purposes.
- The political rights and political opinions of individual employees are respected. However, their political views or involvement shall not be misunderstood as the company's position.

7. Prohibition of Money or Benefit Acceptance

- Employees do not receive money, gifts, or entertainment from stakeholders such as business partners.
- Employees do not provide money, valuables, gifts, or entertainment beyond the scope accepted by social norms to stakeholders, such as business partners, in relation to company business.
- Employees do not give or receive money, valuables, excessive gifts, or entertainment to each other.

8. Prevention of Money Laundering

- It is banned to convert slush funds or illegal money related to crime, tax evasion, bribery, or others into legitimate money in various ways to make it difficult to trace the source of the money.

9. Compliance with the Code of Ethics

- All employees faithfully comply with the Code of Ethics, and in case of violation, they will hold responsible for their actions.
- Employees report to the department in charge of the Code of Ethics if they are forced to act against the Code or if they recognize an unfair act.
- Employees prevent recurrence through in-depth identification of root causes and training in the event of a violation of the Code of Ethics.
- When reporting, the confidentiality of the identity and information of the informant is guaranteed, and any disadvantage or discrimination against the informant is prohibited.

Supplier Code of Conduct

SUHEUNG stipulates essential matters to be observed as partners of our company and recommends partner companies comply with it.



1. Human Rights and Labor

- Suppliers ensure that there is no discrimination in employment, compensation, education, and others on the ground of gender, age, nationality, race, or religion.
- Suppliers guarantee legitimate employment and rights in accordance with local laws and regulations.
- Working hours and days set by law shall not be exceeded, and holidays are guaranteed under the Labor Standards Act.
- Suppliers guarantee the minimum wage and provide compensation and welfare benefits for overtime work in accordance with the law.
- Suppliers shall not use involuntary labor, such as forced labor, and shall not employ children.
- Suppliers ensure the right to associate or join labor unions with other workers for their workers.
- Suppliers respect the human rights of workers and do not give inhumane treatment, such as sexual harassment, violence, or abusive language.

2. Environmental Protection

- Suppliers abide by environmental laws and regulations to acquire and maintain permits and comply with reporting obligations to minimize environmental impact.
- Suppliers document and manage relevant figures aiming to minimize energy consumption and GHG emissions and reduce air pollutants.
- Suppliers establish a management system for purchase, use, disposal, and recycling, aiming to safely manage hazardous chemicals.
- Suppliers manage factors that cause air pollutants in their business process, deal with them following laws, and constantly monitor for pollution mitigation activities.
- Suppliers strive to minimize environmental pollution and save resources.
- Suppliers reduce water and energy consumption in their business activities and appropriately treat and discharge all wastewater and waste under laws and regulations.



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Policy & Guideline

Ethical Management

3. Ethical Management

- Suppliers maintain integrity in all corporate activities.
- Suppliers shall not engage in illegal acts, such as bribery, embezzlement, corruption, and gift-giving.
- All transactions are conducted legally and ethically, and illegal activities are monitored and reviewed.
- Suppliers comply with all laws and regulations related to fair trade.
- Suppliers respect intellectual property rights and abide by the Personal Information Protection Act when handling the personal data of all stakeholders.
- Suppliers report their identity so that their workers can report unethical behaviors and prohibit discrimination or retaliation.
- Suppliers transparently disclose corporate information, such as financial status and business performance, in accordance with relevant laws and regulations.

4. Safety and Health

- Suppliers obtain safety and health licenses under the relevant laws to ensure the safety of employees.
- Suppliers establish a safety management system and provide safety training and education to prevent accidents.
- Suppliers regularly conduct inspections on safety to prevent occupational accidents and diseases.
- Suppliers set up response procedures by type in preparation for emergencies within the workplace and improve them regularly.
- Suppliers offer personal protective gear when workers are at risk of being harmed or exposed to hazards.

5. Management System

- Suppliers establish regulations and systems for human rights and labor, environmental protection, ethical management, and safety and health by acquiring approval from the management, followed by checking the operation status regularly. Suppliers provide education so that workers can check on and comply with this Code of Conduct.

Environmental Management

SUHEUNG established policies and norms for environmental management to pursue sustainable management. With an aim to minimize the impact on the environment, we have reviewed and evaluated environmental risks in advance in the decision-making process and made efforts to prepare and practice systematic processes.

Environmental Policy

1. The environmental policy seeks to minimize the impact on the environment through effective production activities for the efficient use of resources and the prevention of environmental pollution by actively operating ISO14001 (2015) environmental management system.
2. We check the operating status of the environmental management system and put environmental aspects first in business management activities.
3. We minimize the environmental impact on local communities by reducing GHG emissions through habitat protection, energy saving, resource saving, efficient resource management, and recycling promotion through lessening the discharge of water pollutants, thereby continuously improving the environment and preventing environmental pollution.
4. All employees familiarize themselves with this environmental policy and goals through education and training in order to implement the environmental policy and achieve the environmental goal, while establishing, maintaining, and developing an effective and efficient environmental management system. In addition, the environmental policy serves as the foundation for all business operations. We make company-wide efforts to achieve environmental goals and targets.



Environmental Policy



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Policy & Guideline

Environmental Management >

Key Environmental Policies and Norms

Environmental Management Manual

Environmental management policy and goal

Chemical Substance Management Guidelines

Hazardous chemical handling / distribution / emission management and inspection of handling facilities

Identification of Environmental Aspects and Environmental Impact Assessment

Environmental impact assessment method and plan

Hazard Substance Management Guidelines

Storage and processing of substances specified in the Safety Control of Hazardous Materials Act

Air Quality Management Guidelines

Air pollutant reduction and management plan

Risk Assessment Management Regulations

Risk assessment method for the work in the workplace, identification of hazard risk factors, KRAS technique, establishment and implementation of reduction measures

Water Quality Management Guidelines

Water pollutant reduction and management plan, compliance with the Water Quality Conservation Act

Emergency Management Regulations

Action guidelines for emergency situations, recovery plans and prevention measures, emergency drills and training

Soil Contamination Management Guidelines

Soil pollutant reduction and management plan, compliance with Soil Environment Conservation Act and other requirements

Biodiversity Policy

Identification of biodiversity aspects and environmental conservation activities

Energy Management Regulations

Goal-setting and management items for energy use reduction

Safety and Health Management Regulations

Activities to promote the safety and health of workers for the prevention of occupational accidents, regulations of the Occupational Safety and Health Committee



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GRI Index

Global Reporting Initiative

General Standards Disclosures (GRI 100)



Topic	No.	Core Disclosure	Reporting Page
Organization profile	GRI 102-1	Name of the organization	5
	GRI 102-2	Activities, brands, products, and services	5
	GRI 102-3	Location of headquarters	5
	GRI 102-4	Location of operations	6
	GRI 102-5	Ownership and legal form	5
	GRI 102-6	Markets served	5
	GRI 102-7	Scale of the organization	5
	GRI 102-8	Information on employees and other workers	47
	GRI 102-9	Supply chain	12, 54
	GRI 102-10	Significant changes to the organization and its supply chain	No significant changes
	GRI 102-11	Precautionary Principle or approach	79
	GRI 102-12	External initiatives	77~81
	GRI 102-13	Membership of associations	82
Strategy	GRI 102-14	Statement from senior decision-maker	4
Ethics and Integrity	GRI 102-16	Values, principles, standards, and norms of behavior	59, 69~72
	GRI 102-17	Mechanisms for advice and concerns about ethics	59, 60
Governance	GRI 102-18	Governance structure	56~58
	GRI 102-34	Nature and total number of critical concerns	22~25
Stakeholder Engagement	GRI 102-40	List of stakeholder groups	21
	GRI 102-41	Collective bargaining agreements	46
	GRI 102-42	Identifying and selecting stakeholders	21
	GRI 102-43	Approach to stakeholder engagement	21
	GRI 102-45	Entities included in the consolidated financial statements	6
Reporting Practice	GRI 102-46	Defining report content and topic Boundaries	2
	GRI 102-47	List of material topics	22~23
	GRI 102-48	Restatements of information	N/A
	GRI 102-49	Changes in reporting	2
	GRI 102-50	Reporting period	2
	GRI 102-51	Date of most recent report	2



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GRI Index

Global Reporting Initiative

General Standards Disclosures (GRI 100)

Topic	No.	Core Disclosure	Reporting Page
	GRI 102-52	Reporting cycle	2
	GRI 102-53	Contact point for questions regarding the report	2
	GRI 102-54	Claims of reporting in accordance with the GRI Standards	2
	GRI 102-55	GRI content index	75~77
	GRI 102-56	External assurance	84~85
	Management Approach	GRI 103-1	Explanation of the material topic and its Boundary
GRI 103-2		The management approach and its components	22~25
GRI 103-3		Evaluation of the management approach	22~25

Topic Specific Standards-Economic Performance (GRI 200)

Topic	No.	Core Disclosure	Reporting Page
Economic Performance	GRI 201-1	Direct economic value generated and distributed	64~68
Anti-corruption	GRI 205-3	Confirmed incidents of corruption and actions taken	59~61
Anti-competitive Behavior	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	59~61

Topic Specific Standards-Environmental Performance (GRI 300)

Topic	No.	Core Disclosure	Reporting Page
Energy	GRI 302-1	Energy consumption within the organization	40
	GRI 302-3	Energy intensity	40
Water	GRI 303-3	Water withdrawal	41
	GRI 303-5	Water consumption	41
Emissions	GRI 305-1	Direct (Scope 1) GHG emissions	39
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	39
	GRI 305-4	GHG emissions intensity	39
	GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	42
Waste	GRI 306-3	Waste generated	43
	GRI 306-4	Waste diverted from disposal	43
Environmental compliance	GRI 307-1	Non-compliance with environmental laws and regulations	45



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GRI Index

Global Reporting Initiative

Topic Specific Standards-Social Performance (GRI 400)

Topic	No.	Core Disclosure	Reporting Page
Employment	GRI 401-3	Parental leave	49
	GRI 403-4	Work participation, consultation, and communication on occupational health and safety	50~52
Occupational Health and Safety	GRI 403-5	Worker training on occupational health and safety	50~52
	GRI 403-6	Promotion of worker health	50~52
	GRI 403-8	Workers covered by an occupational health and safety management system	50~52
	GRI 403-9	Work-related injuries	50~52
	GRI 403-10	Work-related ill health	50~52
	Training and Education	GRI 404-1	Average hours of training per year per employee
Diversity and Equal Opportunity	GRI 405-1	Diversity of governance bodies and employees	46~47, 56~58
	GRI 405-2	Ratio of basic salary and remuneration of women to men	48
Human Rights Assessment	GRI 412-2	Employee training on human rights policies or procedures	53
Local Communities	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	55
Supplier Social Assessment	GRI 414-1	New suppliers that were screened using social criteria	54
Customer Health and Safety	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	52
Customer Privacy	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55
Socioeconomic Compliance	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	60~61



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SASB

Sustainability Accounting Standard Board

Sustainability Accounting Standards Board (SASB) is a nonprofit organization that develops a common language about the corporate financial impacts. SASB presents sustainability-related risks that highly relate to each industry, and recommends companies to report their financial data in a constant manner. SUHEUNG reported its data in accordance with the standards subject to Biotechnology & Pharmaceuticals.

Topic	Code	Accounting Metric	Reporting Page
Drug Safety	HC-BP-250a.3	Number of recalls issued, total units recalled	52
Counterfeit Drugs	HC-BP-260a.3	Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products	60
Ethical Marketing	HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	60
Employee Recruitment, Development & Retention	HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	29, 48
Business Ethics	HC-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	60

* Only the concerning items among all industrial standards are detailed here.



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TCFD

Task Force on Climate-related Financial Disclosures

The Task Force on Climate-Related Financial Disclosures (TCFD) is an initiative established in 2015 by the Financial Stability Board (FSB), entrusted by the G20 Finance Ministers and Central Bank Governors, aiming to urge companies to voluntarily and consistently disclose climate-related information. Climate-related information disclosed in accordance with TCFD's recommendations is being used in decision-making by international stakeholders and investors. SUHEUNG will disclose our climate change response status and data following the TCFD recommendations to stakeholders in a transparent manner.

TCFD Recommendations		SUHEUNG activities and plans
Governance	a) The board's oversight of climate-related risks and opportunities	SUHEUNG established the ESG Committee within the Board of Directors (BOD) in September 2022 to identify and manage environmental risks that may affect financial performance. As the highest decision-making body, the ESG Committee manages ESG risks, including risks and opportunities concerning climate change, while reviewing them so that they can be reflected in the company's mid- to long-term management strategies. The corporate management identifies risks in relation to climate change by conducting a materiality assessment. We established a task force (TF) team comprised of working-level departments and an ESG team under the Future Strategy Division, aiming to prepare an organizational system that can communicate organically with the management, implement company-wide environmental policies, and achieve carbon reduction goals by reflecting climate change indicators in evaluating the management.
	b) Management's role in assessing and managing climate-related risks and opportunities	
Strategy	a) The climate-related risks and opportunities the company has identified over the short, medium, and long term	As the crisis over climate change escalates, the transition to a low-carbon economy is expected to be accelerated. Korea's 2030 Nationally Determined Contribution(NDC), which refers to a national GHG reduction target, has been significantly raised from 26.3% to 40% compared to 2018, while the European Union is preparing to introduce Carbon Border Adjustment Mechanism (CBAM). Against this backdrop, we strive to grasp the risks in regard to climate and environmental regulations in and outside Korea. In the short term, we expect increased operating costs due to carbon credit price hikes and environmental taxation throughout the supply chain. In the mid- to long-term, we expect to bear investment expenses caused by low-carbon facility replacement costs and the introduction of eco-friendly raw materials and packaging materials. We are also required to prepare for physical risks as frequent natural disasters and extreme weather may lead to higher operating costs and logistics expenses. Therefore, we manage data, including Scope 3 emissions throughout the product raw material, packaging, and logistics processes, and make efforts to identify measures for reducing environmental impact. The global epidemic spread and the severity of climate change can be good opportunities for the pharmaceutical and healthcare industries. Changes in disease patterns will create new demand, and we expect to see higher income levels and greater consumer interest in health. We currently have six teams in the R&D Center to develop and launch new products for quality improvement and market development. We have also equipped with a system specializing in OEM and ODM that enables us to produce and supply the highest quality hard / soft capsules, health functional food, and raw materials (pharmaceuticals, cosmetics) worldwide in a stable manner. We have a dual production system divided by plants in Vietnam and in Korea, expanding the production scale by investing in facilities. Going forward, SUHEUNG will identify transition risks and physical risks based on IPCC and NDC with an aim to understand the impact of climate change and mitigate carbon emissions. In addition, we monitor air pollutants so that they are below legally permitted standards, and we do our best to lessen carbon emissions by investing in eco-friendly facilities, such as replacing filters in air pollution prevention facilities in the business sites and switching facilities to low-NOx burners.
	b) The impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning	
	c) The resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management	a) The company's processes for identifying and assessing climate-related risks	SUHEUNG pushes forward the company-wide ESG strategy led by the ESG team of the Future Strategy Division. The responsible organization monitors environmental regulations and market trends, identifies potential risks concerning climate change, and devises improvement measures. The ESG team of the Future Strategy Division selects significant risk factors derived from climate change by conducting an annual materiality assessment, followed by reporting them to the management. As we advance, we will establish an ESG management system that handles both financial and non-financial risks so that we can reduce climate change risks in our business activities and upgrade our management.
	b) The company's processes for managing climate-related risks	
	c) How processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management	
Metrics and Targets	a) The metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process	Aiming to manage climate risks, we measure climate change-related indicators, such as GHG emissions, energy consumption, and violations of environmental laws, and disclose the three-year changes in the indicators. In 2021, direct GHG emissions (Scope 1) were 9,306 tCO ₂ eq, indirect emissions (Scope 2) were 34,234 tCO ₂ eq, and other indirect emissions (Scope 3) were 268,003 tCO ₂ eq. We started to include Scope 3 emissions from the supply chain in 2021, and the data has been verified by a third-party institution to enhance credibility. We plan to annually measure and disclose the relevant indicators and expand the scope to both upstream and downstream for carbon emissions management.
	b) Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	
	c) The targets used by the company to manage climate-related risks and opportunities and performance against targets	



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UN SDGs

UN Sustainable Development Goals

The United Nations Sustainable Development Goals (UN SDGs) consist of 17 main goals for sustainable development by 2030. We endorse the UN SDGs, carrying out a variety of activities in connection with it.

UN SDGs	Activities
 Goal 1. No Poverty	Donated quarantine items (hand sanitizers)
 Goal 3. Good Health and Well-being	Delivered safety and health management, and offered health insurance and health checkups
 Goal 5. Gender Equality	Recruited and evaluated employees in a fair manner pursuant to the Rules of Employment
 Goal 6. Clean Water and Sanitation	Revised the guidelines on water quality, and invested in facilities
 Goal 7. Affordable and Clean Energy	Invested in eco-friendly facilities (solar)
 Goal 8. Decent Work and Economic Growth	Made sure transparency in recruitment, and created quality jobs
 Goal 10. Reduced Inequalities	Established the Human Rights Charter and the prevention policy against sexual harassment and workplace harassment
 Goal 12. Responsible Consumption and Production	Waste management
 Goal 13. Climate Action	Introduced high-efficiency equipment to manage GHG emissions
 Goal 15. Life on Land	Set up the policy for bio-diversity
 Goal 16. Peace, Justice and Strong Institutions	Revised the Code of Ethics and conducted employee survey on anti-corruption activities
 Goal 17. Partnerships for the Goals	Joined the UN Global Compact



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UNGC

UN Global Compact

SUHEUNG joined the UN Global Compact (UNGC) in May 2022. We abide by the UNGC’s recommended principles in the four areas; human rights, labor, environment, and anti-corruption. We will annually submit the performance reports in order to transparently share our implementation results.

	UNGC Principles	Reporting Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	53, 69
	 2. Make sure that they are not complicit in human rights abuses.	53, 69
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	46
	4. The elimination of all forms of forced and compulsory labour.	46, 53, 69
	5. The effective abolition of child labour.	46, 53, 69
	 6. The elimination of discrimination in respect of employment and occupation.	46, 53, 69
	7. Businesses should support a precautionary approach to environmental challenges.	39~45
Environment	8. Undertake initiatives to promote greater environmental responsibility.	39~45
	 9. Encourage the development and diffusion of environmentally friendly technologies.	39~45
Anti-Corruption	 10. Businesses should work against corruption in all its forms, including extortion and bribery.	59~60



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Awards & Memberships

Awards

Category	Organization	Award	Date
1	President	Saemaeul Service Medal	1981.12
2	President	Order of Saemaeul Service Merit, Hyeopdong Medal	1985.10
3	President	Civil Merit Medal	1986.11
4	President	5 Million US Dollar Export Tower	1992.11
5	President	10 Million US Dollar Export Tower	1994.11
6	Citizens Coalition for Economic Justice	Economic Justice Award	1998.04
7	President	20 Million US Dollar Export Tower	2003.11
8	Prime Minister	Exemplary Entrepreneur Award	2004.03
9	President	Iron Tower Order of Industrial Service Merit	2008.03
10	President	30 Million US Dollar Export Tower	2008.11
11	President	Industrial Service Medal	2014.03
12	Korea International Trade Association	Trader of the Month that honors Korea	2014.07
13	Minister of Trade, Industry and Energy	50 Million US Dollar Export Tower	2014.12
14	President	70 Million US Dollar Export Tower	2015.12
15	President	Bronze Tower Order of Industrial Service Merit	2015.12

Memberships

Category	Association
1	Korea Listed Companies Association
2	Korea Management Association
3	Korea International Trade Association
4	Federation of Middle Market Enterprises of Korea
5	Pharmaceutical Forum
6	Korea Association for Chief Financial Officers
7	Korea Health Supplements Association
8	Korea Pharmaceutical Industry Cooperative
9	Korea Pharmaceutical and Bio-Pharma Manufacturers Association
10	Korea Pharmaceutical Traders Association
11	UN Global Compact



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Certifications

<p>HALAL certification</p> <p>.....</p> <p>First certified year 2005</p>	<p>FGMP certification for health functional food manufacturing</p> <p>.....</p> <p>First certified year 2005</p>	<p>USA Dietary Supplement (USP) certification</p> <p>.....</p> <p>First certified year 2005</p>	<p>KGMP for pharmaceutical tablet manufacturing</p> <p>.....</p> <p>First certified year 2012</p>
<p>Kosher certification for VG Capsule</p> <p>.....</p> <p>First certified year 2012</p>	<p>Therapeutic Goods Administration (TGA), an Australian certification for health functional food</p> <p>.....</p> <p>First certified year 2013</p>	<p>HACCP certification</p> <p>.....</p> <p>First certified year 2014</p>	<p>Non-GMO, the National Sanitation Foundation (NSF)</p> <p>.....</p> <p>First certified year 2016</p>
<p>Osong Plant ISO9001: transitioned in 2015</p> <p>.....</p> <p>First certified year 2017</p>	<p>Ochang Plant FSSC22000</p> <p>.....</p> <p>First certified year 2018</p>	<p>WHOPIRs certification</p> <p>.....</p> <p>First certified year 2019</p>	<p>EU-GMP</p> <p>.....</p> <p>First certified year 2019</p>
<p>VEGAN certification</p> <p>.....</p> <p>First certified year 2021</p>	<p>ISO14001</p> <p>.....</p> <p>First certified year 2022</p>	<p>ISO45001</p> <p>.....</p> <p>First certified year 2022</p>	<p>Certification of processed organic food</p> <p>.....</p> <p>First certified year 2022</p>



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Independent Assurance Statement

To readers of 2021 SUHEUNG Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by SUHEUNG to conduct an independent assurance of its 2021 Sustainability Report (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of SUHEUNG. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with SUHEUNG and issue an assurance statement.

Scope and Standards

SUHEUNG described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- **GRI Sustainability Reporting Standards**
- **Universal Standards**
- **Topic Specific Standards**
Management approach of Topic Specific Standards
 - GRI206: Anti-Competitive Behavior
 - GRI305: Emissions
 - GRI306: Effluents and Waste
 - GRI401: Employment
 - GRI403: Occupational Health and Safety

- GRI412: Human Rights Assessment
- GRI413: Local Communities
- GRI414: Supplier Social Assessment
- GRI418: Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of SUHEUNG’s partners, suppliers and any third parties.

KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- **reviewed the overall Report;**
- **reviewed materiality assessment methodology and the assessment report;**
- **evaluated sustainability strategies, performance data management system, and processes;**
- **interviewed people in charge of preparing the Report;**
- **reviewed the reliability of the Report’s performance data and conducted data sampling;**
- **assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.**

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by SUHEUNG to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.



Introduction

- CEO Message
- 2021 Highlights
- Company Overview
- History
- Global Network
- Our Family
- Business Portfolio

ESG Management

- ESG Strategy System
- Stakeholder Engagement and Materiality Assessment

Our Sustainability Story

- #1. R&D, core growth driver over the past 50 years
- #2. Leading the health functional food industry with work engagement and innovation
- #3. Taking a leap forward to becoming a global total health care company

ESG Report

- Environmental Data
- Social Data
- Governance Data

Appendix

- Financial Data
- Policy & Guideline
- GRI Index
- SASB
- TCFD
- UN SDGs
- UNGC
- Awards & Memberships
- Certifications
- Independent Assurance Statement

Independent Assurance Statement

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with SUHEUNG on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

- Inclusivity**
SUHEUNG has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.
- Materiality**
SUHEUNG has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.
- Responsiveness**
SUHEUNG prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of SUHEUNG's actions.
- Impact**
SUHEUNG identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

- Reliability of Specific Sustainability Performance Information**
In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.
- Competence and Independence**
KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with SUHEUNG and did not provide any services to SUHEUNG that could compromise the independence of our work.

Nov. 2022 Seoul, Korea
CEO Eun Ju Hwang



