

SUHEUNG 2023 Sustainability Report



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About This Report

SUHEUNG has been publishing reports every year since publishing its first sustainability report in 2021, and this report is SUHEUNG’s third sustainability report. In the future, SUHEUNG will continue to communicate with stakeholders by transparently disclosing the company’s financial performance, sustainability management vision, strategy, goals, and performance through reports.

Reporting Period

The reporting period for financial and non-financial performance and activities in this report is from January 1, 2023, to December 31, 2023. Quantitative data requiring trend reporting includes performance over three years (2021-2023), with some performance data from the first half of 2024.

Reporting Scope and Boundaries

The financial performance reporting scope includes SUHEUNG and its subsidiaries under K-IFRS consolidated standards, while the non-financial performance reporting scope includes all SUHEUNG business sites, including the Seoul office, domestic production plants, and domestic sales corporations. Some indicators of domestic and international business sites with physical limitations in data collection are excluded from the reporting scope.

Reporting Principles

This report was prepared in compliance with GRI Standards 2021, the international reporting guidelines for sustainable management, and the disclosure guidelines of SASB and TCFD, UN SDGs, UNGC principles, and Responsible Care (RC), a global environment, safety, and health initiative, are reflected.

Report Verification

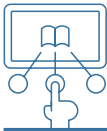
To enhance the reliability and quality of data and content, independent third-party verification was conducted, and the results are included on page 82.

Participation in Report Publication

Planning Team, ESG Team, Purchasing Department, Management Department, Director of the Safety and Health Headquarters, Finance Management Department, EMBOCAPS Global Business Group of SUHEUNG, Marcspon

Report Inquiries

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Interactive Guide

The SUHEUNG 2023 Sustainability Report is published as an interactive PDF with navigation features to related pages within the report.

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CEO Message

“

We will continue to change and grow to become a global healthcare company

”



Dear esteemed stakeholders,

Since its establishment in 1973, SUHEUNG has expanded its business to contribute to human health by manufacturing pharmaceuticals and health functional foods, starting with the successful localization of hard capsules. We express our sincere gratitude to our stakeholders for unwavering interest and encouragement throughout SUHEUNG’s 50 years of challenges and growth.

In 2023, high inflation continued due to distribution network disruption and rising raw material prices due to the wars between Russia and Ukraine and the Middle East, and each country maintained high interest rates, adding to the economic downturn. This also affected the health functional food industry, with costs rising while consumer sentiment declined, and SUHEUNG’s growth also slowed.

Despite these difficult circumstances, marking our 50th anniversary in 2023, SUHEUNG used this time to pledge a new journey toward the next 50 years. By pursuing sustainable growth values rather than immediate profitability, we implemented the mid-to long-term ESG roadmap. As a result, we were awarded the 2023 EcoVadis ‘Silver Medal’, passed the US FDA on-site inspection of the Ochang Plant with zero defects, and completed the expansion of hard capsule production facilities at SUHEUNG Vietnam’s second plant, strengthening our production capacity.

In 2024, based on the future growth foundation laid over the past year, SUHEUNG aims to implement more specific strategies to become a global comprehensive healthcare company. SUHEUNG America plans to diversify its suppliers in the North American market, including the world’s largest health functional food market, the United States, by participating in multiple overseas exhibitions to increase customer engagement. We will also actively sell high-value products to enhance profitability and respond more swiftly

and stably to North American demand with the expanded production capacity of the Vietnam plant, thereby increasing customer satisfaction.

Additionally, this year, we will focus more on strengthening ESG management by expanding the roles of the ESG Committee and dedicated departments to promote ESG activities across all business areas. In particular, we plan to establish an ethical management system by enacting an anti-corruption policy that strengthens the transparency of the governance structure, and in terms of the environment, we plan to reduce environmental pollutant emissions and energy consumption by improving business facilities. At the same time, we will continue to consider and implement ways to contribute to the local community by taking advantage of our role as a healthcare company that promotes a healthy society.

Despite the expected challenges in the business environment in 2024, SUHEUNG has experience overcoming them proactively. Building on the solid foundation of technology accumulated uniquely by SUHEUNG and the trust earned from customers, we will continue to change and grow to become a global comprehensive healthcare company that supplies the highest quality raw materials and products worldwide. We ask for your continued interest and support as SUHEUNG strives for a healthy future for humanity and society over the next 50 years.

CEO of SUHEUNG
Joo-hwan Yang

양주환

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Company Overview

Company Introduction

SUHEUNG, founded in January 1973, successfully localized hard capsules and has been recognized for its excellent quality competitiveness domestically and internationally. Since then, SUHEUNG has focused on research and development, actively expanded overseas, and secured a strong market position both domestically and internationally. Currently, SUHEUNG produces and sells a variety of products, including hard capsules, soft capsules, health functional foods, pharmaceutical raw materials, and cosmetics, through OEM and ODM methods, and especially with the expansion of production facilities centered in Vietnam, enhancing its corporate competitiveness. Building on its experience and technological capabilities, SUHEUNG will firmly establish growth foundations for each business area and continue to grow as a global comprehensive healthcare company.

General Status (as of December 31, 2023)	
Company Name	SUHEUNG Co., Ltd.
Head Office Address	61 Osongsaengmyeong-ro, Osong-eup, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do
Establishment Date	January 30, 1973
Number of Employees	739 employees
Business Areas	Capsule Sector · Production of empty hard capsules Food, Health Functional Food, and Pharmaceutical Sectors · OEM/ODM production of general foods and health functional foods (Producible items: soft capsules, capsule filling, tablets, granules/powder, liquid, jelly, gummy) · Pharmaceutical production (prescription drugs, over-the-counter drugs, quasi-drugs) Raw Materials Sector · Production of gelatin and collagen products Cosmetics Sector · OEM/ODM production of basic cosmetics
Number of Subsidiaries	9 companies

Vision and Core Values

Since its establishment, SUHEUNG has been dedicated to research and technological development to produce the highest quality products. SUHEUNG has not rested on its laurels so far and has improved product quality by actively introducing high-quality automation equipment and improving processes. Moreover, SUHEUNG believes that the capability of each employee is a key element in improving product quality and has focused on enhancing the research and development capabilities of its employees to promote both individual and company growth. These efforts have led SUHEUNG to become an innovative leader in the comprehensive healthcare field globally, contributing to elevating the status of Korean healthcare. SUHEUNG will continue to enhance product quality through continuous research and development, aiming to increase customer satisfaction and evolve as a company that protects human life and health.

"SUHEUNG treasures health of humankind"

Vision

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

Core Value

Research and Development (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 aim to satisfy our customers as the protector of their well-being.

2023 Financial Performance

In 2023, the global economic downturn continued due to reduced demand, high exchange rates resulting from tightened monetary policy, and a prolonged recession. SUHEUNG experienced a decline in sales for the first time and faced challenges in profitability in some business divisions. Despite this difficult business environment, SUHEUNG set the goal of "Realizing Value Management- Creating a Foundation for Innovation" and aimed to maximize productivity by expanding VG PRO production machines at SUHEUNG Vietnam's second plant, laying a solid foundation. Consequently, SUHEUNG achieved total sales of KRW 594.6 billion (K-IFRS consolidated basis). In 2024, SUHEUNG plans to enhance profitability through increased plant utilization rates, product diversification, and improved customer satisfaction.

Summary Consolidated Financial Information (as of December 31, 2023)				
Category	Unit	2021	2022	2023
Sales	KRW million	596,733	634,966	594,567
Operating Profit	KRW million	69,604	61,977	42,995
Net Income	KRW million	59,295	40,597	8,885
· Equity attributable to owners of the controlling entity	KRW million	53,689	33,985	6,119
· Non-controlling interest	KRW million	5,606	6,612	2,766
Basic Earnings per Share	KRW	4,829	3,056	550
Diluted Earnings per Share	KRW	4,829	3,056	550
Number of Companies included in the Consolidation	Company	9	10	9

* Companies included in consolidated financial information: Geltech Co., Ltd., SUHEUNG Vietnam, SUHEUNG America, SH Asset Management, SUHEUNG Japan, SUHEUNG Europe GmbH, SUHEUNG Healthcare Co., Ltd. (including profit and loss performance before the merger with Winnerwell Co., Ltd.), Hankook Cosmo Co., Ltd., Balanceway Co., Ltd.

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SUHEUNG began as SUHEUNG Chemical Engineering Co., Ltd. in January 1973. It was designated as a KGMP certified company in 1987, recognized for its quality excellence, and listed on the stock market in 1990. In 1998, SUHEUNG established its U.S. subsidiary JUMBO CAPSULE (current SUHEUNG AMERICA) to begin overseas expansion, and created its raw material manufacturing subsidiary Geltech, establishing a capsule value chain. SUHEUNG changed its name to SUHEUNG (then SUHEUNG Capsule) in 2014, and in 2018, we expanded our business scope to cosmetics by acquiring Hankook Cosmo. SUHEUNG will continue to enhance its business competitiveness and explore new markets and customers to solidify its position as a leading company in domestic and international markets.

1973–1988

A period of inception and building foundation



- Jan. 1973. · Established SUHEUNG Chemical Engineering Co., Ltd.
- Aug. 1978. · Relocated head office to Songnai, Bucheon
- Jan. 1980. · Changed the corporate name to SUHEUNG Capsule Co., Ltd.
- Jun. 1982. · Acquired Jinheung Pharmaceuticals Co., Ltd.
- Dec. 1987. · Designated as a KGMP-certified company
- Dec. 1988. · Completed building corporate apartments



1990–1998

A period of quality innovation



- Mar. 1990. · Initial public offering
- Aug. 1992. · Established R&D Center
- Nov. 1992. · Received 10 Million Dollar Export Tower Award
- Dec. 1995. · Established Yoo Dang Scholarship Foundation
- Apr. 1998. · Received Economic Justice Enterprise Award (Citizens' Coalition for Economic Justice)
- Mar. 1998. · Developed EXC-100F filling machine
- Jul. 1998. · Established 'JUMBO CAPSULE' in North America (current SUHEUNG AMERICA Co., Ltd.)
- Established Geltech Co., Ltd.



2000–2010

A period of cultivation as a specialized company



- Sep. 2003. · Filed a patent for the FISH gelatin hard capsule
- Nov. 2003. · Received 20 Million Dollar Export Tower Award
- Mar. 2004. · Received 'Model Business' award (Prime minister)
- Feb. 2005. · Obtained KGMP certification for pharmaceutical manufacturing
- Mar. 2005. · Acquired HALAL® certification for hard capsules (Certification No.2006)
- Aug. 2005. · Obtained FGMP certification for health supplement food manufacturing
- Dec. 2005. · Obtained USA Dietary Supplement USP certification
- Dec. 2007. · Established SUHEUNG Japan
- Mar. 2008. · Received Iron Tower Order Of Industrial Service Merit on the Day of Commerce and Industry (President)
- Oct. 2008. · Completed SUHEUNG Vietnam Plant in Long Thanh, Vietnam
- Nov. 2008. · Received 30 Million Dollar Export Tower Award (President)
- Jul. 2010. · Completed a plant in Ochang, Korea
- Oct. 2010. · Selected as a regional contributor (Governor of Gyeonggi Province)

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2011–2024

A period of value management



Aug. 2011. · Relocated R&D Center to Pangyo
 Sep. 2011. · Received Statistical Merit Award on World Statistics Day (Prime Minister)
 Jan. 2012. · Completed Osong Plant and relocated the head office
 Apr. 2012. · Designated as an eligible site after FDA inspection of Osong Plant
 · VG Capsule OU certified with Kosher¹
 Sep. 2013. · Selected as a candidate for professional global corporations
 Oct. 2013. · Obtained TGA certification for Australian dietary supplements

Mar. 2014. · Received the 41st Order of Industrial Service Merit Award on the Day of Commerce and Industry
 Apr. 2014. · Changed the company name to SUHEUNG Co., Ltd.
 May. 2014. · Osong Plant designated as a HACCP-applied plant
 · Received the 13 Order of Industrial Service Merit Award on Food Safety Day
 Jul. 2014. · Received the 71st ‘Korea’s Trader of the Month’ Award
 Dec. 2014. · Completed Osong 2 Plant
 · Received 50 Million Dollar Export Tower Award on the 51st Trade Day
 Jan. 2015. · Osong Plant certified with HALAL food
 Mar. 2015. · Selected an honorable tax payer of 2014
 Dec. 2015. · Received 70 Million Dollar Export Tower Award on the 520 Trade Day and the Bronze Tower Order of Industrial Service Merit
 Nov. 2016. · Established Winnerwell Co., Ltd.
 Sep. 2017. · Completed building Jeungpyeong Plant
 Feb. 2018. · Osong 2 Plant designated as a HACCP-applied plant

Sep. 2018. · Acquired Hankook Cosmo Co., Ltd.
 Oct. 2018. · Established SUHEUNG Europe in Germany
 · Ochang Plant certified with FSSC 22000²
 May. 2019. · Completed building SUHEUNG Vietnam 2 Plant
 · EU-GMP certification
 Oct. 2019. · Ochang Plant certified with HALAL food
 Apr. 2020. · Developed VG PRO capsule
 Apr. 2022. · Established SUHEUNG Healthcare
 Jul. 2022. · Joined UNGC
 Dec. 2022. · Obtained ISO 14001, 45001 certifications
 · Published the first sustainability report
 Jan. 2023. · 50th anniversary CI change and announcement
 Feb. 2023. · Joined RC
 Sep. 2023. · Expansion of 10 VG PRO production machines at the Vietnam 2 Plant
 May. 2024. · Obtained ISO 37001 certification



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. FSSC22000 (Food Safety System Certification): a food safety standard that is most actively adopted by global food companies

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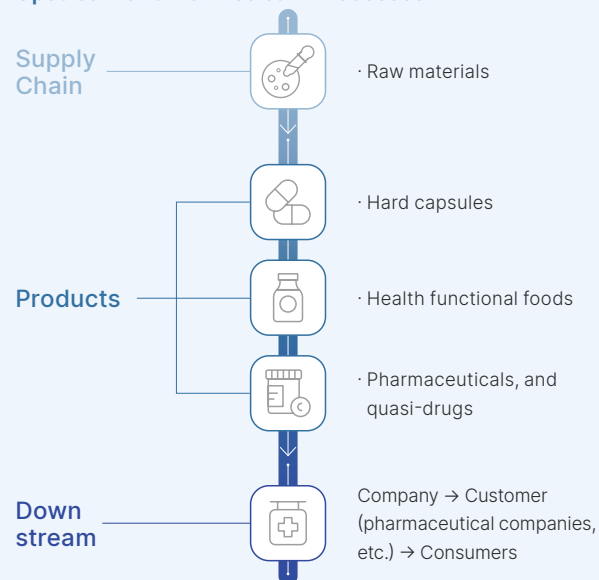
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Business Overview

SUHEUNG has secured a dominant position in the domestic hard capsule market with a market share of approximately 95%, and its excellent quality is recognized globally, maintaining about 7% of the global market share. SUHEUNG continues to expand its business areas to include pharmaceuticals, health functional foods, raw materials, and cosmetics, evolving into a comprehensive healthcare company. With the expansion of hard capsule production facilities at SUHEUNG Vietnam 2 Plant, SUHEUNG aims to increase overseas sales while closely monitoring sales conditions at overseas subsidiaries and managing inventory at optimal levels to build a stable sales structure. SUHEUNG will continue to maximize profitability and maintain market-customized supply to become the best comprehensive healthcare company in Korea.

Upstream and Downstream Processes



Empty Hard Capsule

SUHEUNG produces hard capsules by adhering to the quality assurance processes required by cGMP. SUHEUNG has established a 'Validation-Calibration-Qualification' system that meets cGMP standards, ensuring world-class hard capsule quality. In addition, 'EXC-21V', an automatic capsule inspection machine developed by SUHEUNG, perfectly detects even minute defects that are difficult to identify through image analysis. SUHEUNG also has color experts on staff who measure and manage capsule colors using a color difference meter capable of precise scientific inspections. We can achieve 100% matching of desired colors with minimal dye, preventing quality degradation due to excessive dye use. SUHEUNG produces a total of 14 types of capsules, meeting various customer needs.

EXC-21V

Capsule Automatic Inspection Machine

Unprinted capsule

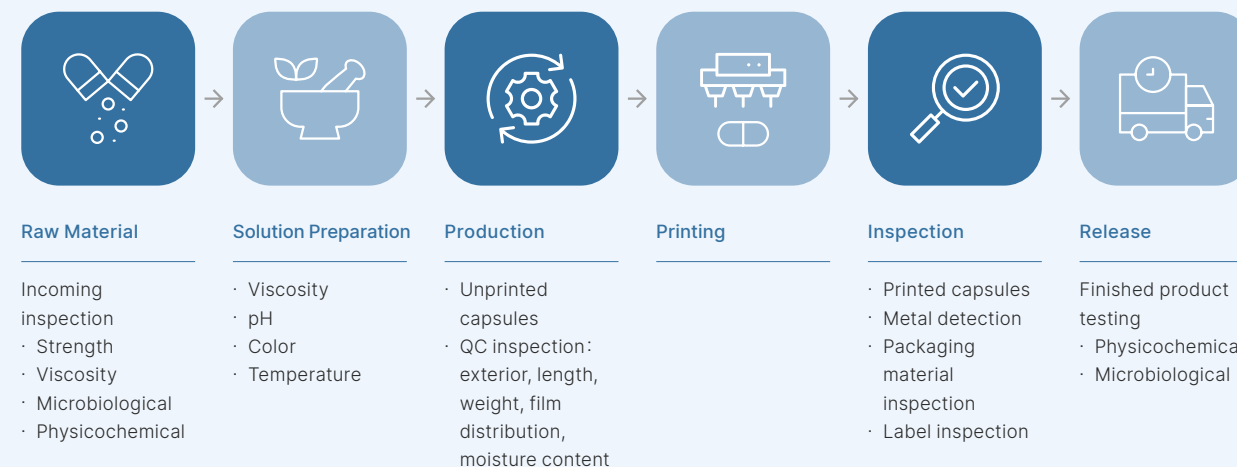
Detects differences in color, double caps, length, holes, bubbles, small spots, and cutting defects in unprinted capsules.

Printed capsule

Detects print location defects, blurred print, non-printed, and ink spots in printed capsules.



Validation-Calibration-Qualification Process



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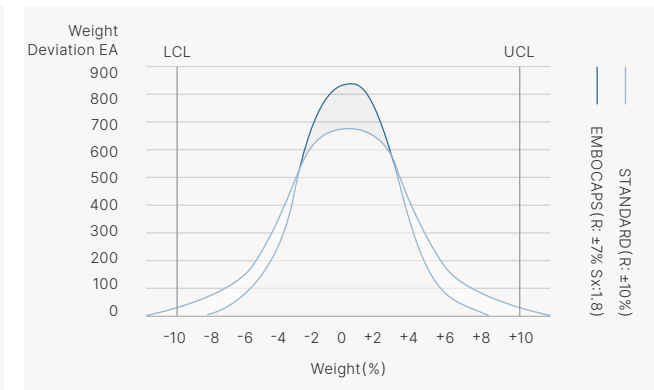
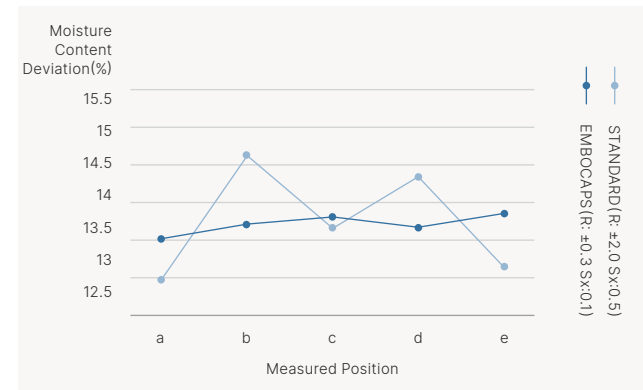
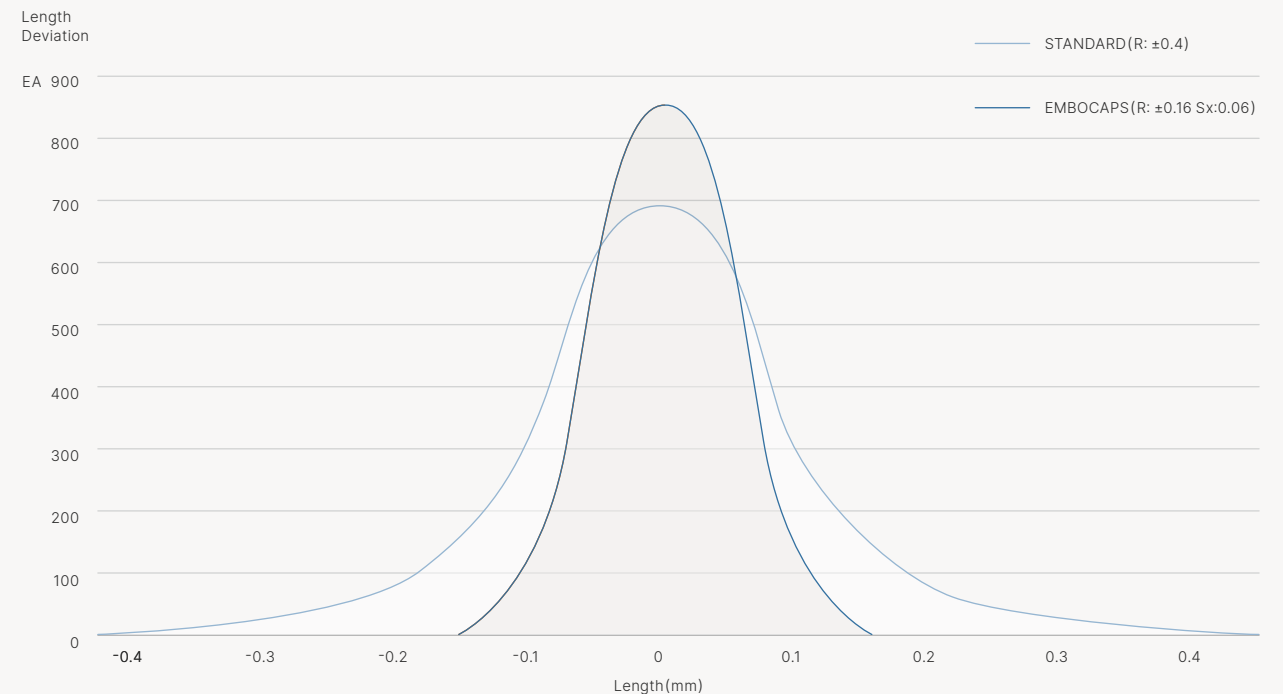
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Empty Hard Capsule

GELATINE CAPSULE

SUHEUNG's gelatin capsules are made from 100% cow hide, 100% pig skin, or a blend of cow hide and pig skin. In addition, we only use BSE (bovine spongiform encephalopathy) free gelatin and raw materials that comply with compendia such as USP, EP, JP, and KP, which are pharmaceutical laws, as raw materials for gelatin capsules. SUHEUNG's gelatin capsules have excellent fillability and safety due to small variations in length, moisture content, and weight, and their excellence has been recognized all over the world, including the U.S. FDA, Japan's Ministry of Health, Labor and Welfare, and Health Canada's Drug Master File (DMF). SUHEUNG will continue to increase customer satisfaction and generate stable profits with the highest quality gelatin capsules.



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Empty Hard Capsule

VG CAPSULE

EMBOCAPS® VG-PRO Improved product of VG capsules with enhanced functionality. It has excellent mechanical film strength, ensuring fillability, and shows almost zero breakage even in low-moisture environments. In addition, VG capsules are generally produced as transparent capsules, but SUHEUNG produces VG capsules in various colors in addition to transparent VG capsules using general and natural raw materials with high safety. Above all, since they are made from 100% plant-based ingredients, anyone can safely consume them regardless of culture or religion.

EMBOCAPS® AP Low-moisture, acid-resistant capsule that prevents the contents from being discharged in the stomach and passes into the intestines where it dissolves. While dissolution is delayed in acidic areas, it dissolves quickly in alkaline areas and is used as capsules for probiotics, enzymes, etc.

EMBOCAPS® VG-ALPHA Low-moisture capsule manufactured using a proprietary gelation process. It is optimized for filling contents that are highly hygroscopic or sensitive to moisture, and has no ingredients that delay dissolution, providing excellent dissolution effect in any liquid.



FISH GELATIN CAPSULE

EMBOCAPS® FISH A gelatin capsule made from raw materials extracted from fish skin and scales. Compared to regular gelatin capsules, it contains less hydroxyproline, allowing film formation even in low-temperature manufacturing environments. In addition, as it is a BSE-free product, demand is maintained steadily as it is not limited by cultural characteristics or religion. SUHEUNG has secured an unrivaled position in terms of technology by applying for a patent for manufacturing fish gelatin capsules in several countries.



OTHER SPECIAL CAPSULE

EMBOCAPS® PEG Prevents capsule breakage in low-moisture environments. Even when filling moisture-sensitive contents in low-humidity environments, the capsules remain intact, preventing content leakage.

EMBOCAPS® LPR A Capsule designed for pulmonary drug delivery using inhalers. After inhalation, the amount of preparation left inside the capsule is maintained below 5%, ensuring consistent dosage per inhalation.

EMBOCAPS® SLS-FREE A capsule for food excluding Sodium Lauryl Sulfate (SLS), allowing safe consumption without concerns about chemical side effects.

EMBOCAPS® LP+ Capsules optimized for liquid micro-powder preparations. Designed with minimal contact between the cap (capsule top) and body (capsule body), preventing content leakage during banding or packaging processes.



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Food

Solid Formulation

Capsules Divided into hard capsules that protect the powder-type contents and soft capsules that fill the liquid-type contents. Capsules are primarily made from plant-based cellulose or animal-derived materials. Plant-based capsules effectively protect ingredients sensitive to moisture or heat. Enteric capsules help improve bioavailability by ensuring active ingredients, which can be destroyed by stomach acid, reach the intestines intact for dissolution or absorption.



Tablets Manufactured by compressing granules or powders into specific shapes, with manufacturing methods varying by shape. First, additive-free tablets are made using only natural raw materials without food additives. Second, sublingual tablets dissolve in the mouth without water, offering extremely fast absorption. Third, chewable tablets can be conveniently consumed without water and come in various flavors and shapes, often used for children’s products. Fourth, effervescent tablets dissolve easily in water, providing a refreshing sensation, mainly developed for palatability and health functional foods. Fifth, enteric tablets, like enteric capsules, protect active ingredients from stomach acid, ensuring they can be dissolved or absorbed in the intestines, improving bioavailability. Lastly, double-layered tablets are designed to ensure the stability of each ingredient and provide easy identification of nutritional information.



Granules·Powders Classified into fluidized granules, reverse granules, and spherical granules based on particle size. Fluidized granules homogenize particles by forming granules using a fluidized bed granulator. Inverse granules dissolve faster and are smoother than powder granules, with improved stability when processing sugar components sensitive to heat and moisture. Spherical granules are made by forming bead-like shapes from powder granules, providing a visual affect and excellent mechanism of absorption, usable in various products.



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Food

Liquid

Liquids are processed in their liquid state, allowing smooth consumption. Highly concentrated liquids offer intense flavor with smaller quantities and can be diluted in water, enhancing versatility.



Jelly

Made by adding gelling agents such as pectin, gelatin, or agar to liquids, resulting in solid or semi-solid products. Gummy jelly offers chewy texture, various shapes, flavors, and scents, providing both eating pleasure and visual enjoyment. Stick jelly and water jelly are portable formats filled with jelly content in stick or pouch packaging, convenient for on-the-go consumption.



Pharmaceuticals

Pharmaceuticals and Quasi-Drugs

SUHEUNG has solidified its foothold in the pharmaceutical and quasi-drug industry through formulation technology and product production capabilities accumulated over a long period of time, as well as strict and demanding quality control. Since opening its research institute in 1992, SUHEUNG has specialized in the production of pharmaceutical soft capsules for over 30 years, holding numerous related patents. SUHEUNG produces a wide range of pharmaceuticals, including cold medicine, antipyretic analgesics, digestive medicines, hepatotonics, and vitamins, as well as quasi-drugs like toothpaste and effervescent agents. Recently, SUHEUNG has been actively researching Choline Alfoscerate formulations, effective in preventing dementia. SUHEUNG will continue to reflect the public's interest in health and quality of life by developing and supplying a variety of pharmaceuticals.



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Our Family

SUHEUNG expands its business beyond capsules to pharmaceuticals, health functional foods, raw materials, and cosmetics, and operates affiliated companies that improve business efficiency in each sector.

SUHEUNG Healthcare is focusing on health functional foods that are expected to continue growing, and has recently been expanding its market based on its expertise in producing liquid and jelly formulations, which are market trends. Geltech has introduced an automated system in all processes to produce and sell gelatin and collagen, which are raw materials for health functional foods. Balanceway is a company specializing in the distribution and sales of health functional foods and is contributing to the promotion of healthy lives in Korea based on related technology, expertise, and network. Hankook Cosmo is a cosmetics ODM company that produces basic cosmetic products. SUHEUNG also supplies capsules, health functional foods, and cosmetics through overseas subsidiaries located in the United States, Europe, Japan, and Vietnam.

Subsidiary Status

(as of December 31, 2023)

Subsidiary	Date of Establishment	Address	Major Business Area	Unit	Total Assets
SUHEUNG Healthcare	Apr. 2022	Cheongwon-gu, Cheongju-si, Chungcheongbuk-do	Manufacturing health functional foods	KRW million	111,086
Geltech Co., Ltd.	Jul. 1998	Songjeong-dong, Gangseo-gu, Busan	Manufacturing and selling gelatin	KRW million	158,233
Balanceway Co., Ltd.	Jan. 2021	Gwangjin-gu, Seoul	Wholesale and retail of health functional foods	KRW million	3,136
Hankook Cosmo Co., Ltd.	Sep. 2018	Dongnam-gu, Cheonan-si, Chungcheongnam-do	Manufacturing cosmetics	KRW million	16,993
SUHEUNG America	Mar. 1998	Saturn St., Brea, CA, USA	Sales of hard and soft capsules	KRW million	104,853
SUHEUNG Europe GmbH	Jun. 2018	Frankfurter, Eschborn, Germany	Sales of hard capsules	KRW million	17,942
SUHEUNG Japan	Dec. 2007	Yokohama, Kanagawa, Japan	Sales of hard capsules	KRW million	6,924
SUHEUNG Vietnam	Oct. 2008	Longthan industrial zone, Longthan district, VIETNAM	Manufacturing and selling hard capsules	KRW million	215,092
SH Asset Management LLC	Dec. 2010	Marquardt Ave., Cerritos, CA, USA	Real estate rental	KRW million	12,524



SUHEUNG Osong Plant



SUHEUNG Healthcare Ochang Plant



SUHEUNG Vietnam

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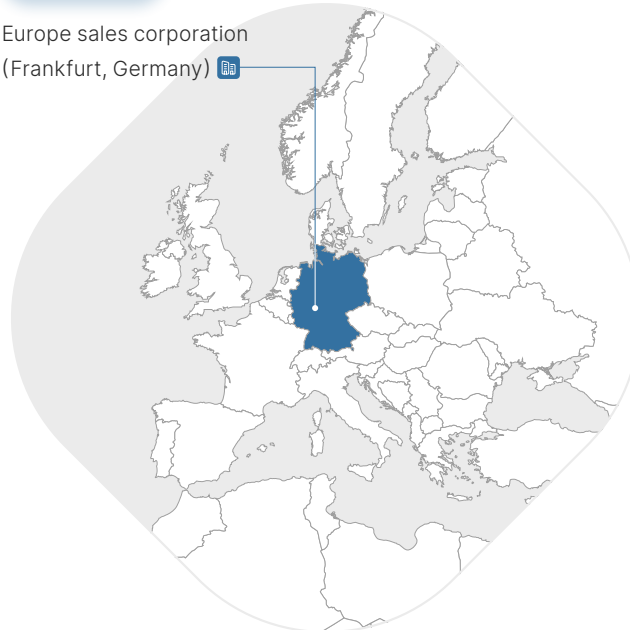
Global Network

SUHEUNG operates production plants in Osong as its main site, as well as in Pyeongtaek, Cheonan, Busan, and other locations, actively producing products in each business area. With the introduction of automated facilities, SUHEUNG enhances production efficiency and quality simultaneously. Additionally, SUHEUNG strengthens its global business by operating overseas subsidiaries in Asia (Japan, Vietnam), North America (US), and Europe (Germany). With the completion of the expansion of production machines at the Vietnam second plant in September 2023, the total sales are expected to continue rising.



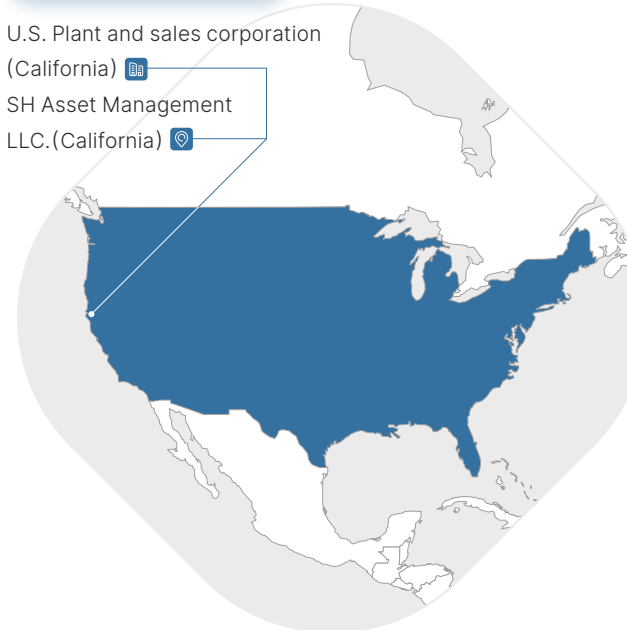
EUROPE

- Europe sales corporation (Frankfurt, Germany)



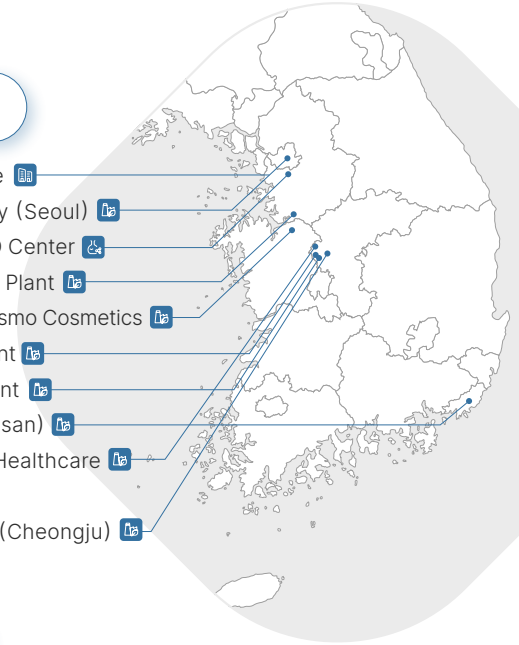
NORTH AMERICA

- U.S. Plant and sales corporation (California)
- SH Asset Management LLC. (California)



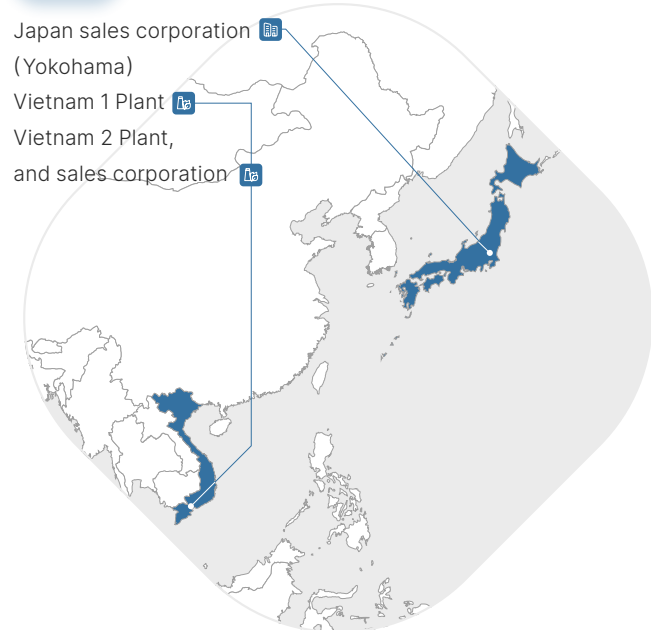
KOREA

- Seoul Office
- Balance Way (Seoul)
- Pangyo R&D Center
- Pyeongtaek Plant
- Hankook Cosmo Cosmetics
- Osong 1 Plant
- Osong 2 Plant
- Geltech (Busan)
- SUHEUNG Healthcare (Ochang)
- Winnerwell (Cheongju)



ASIA

- Japan sales corporation (Yokohama)
- Vietnam 1 Plant
- Vietnam 2 Plant, and sales corporation



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- ESG Strategy Framework
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ESG Highlights

Environment

Achieved **100%** of the 2023 energy consumption target



Achieved **113%** of the 2023 waste generation target



Monthly average of **2,304m³** water recycling



Total of **78** hours of environmental emergency drills



Total purchase amount of eco-friendly certified products: **740** KRW million



Social

42.4% participation rate in flexible work arrangements



All parental leave takers returned to work and worked for more than **12** months



Zero human rights violations



Zero industrial accidents among employees



100% regular ESG evaluations for suppliers



Governance

First publication of the corporate governance report



Established **anti-corruption policy**



Obtained **ISO 37001** certification



Zero reports of ethical management violations



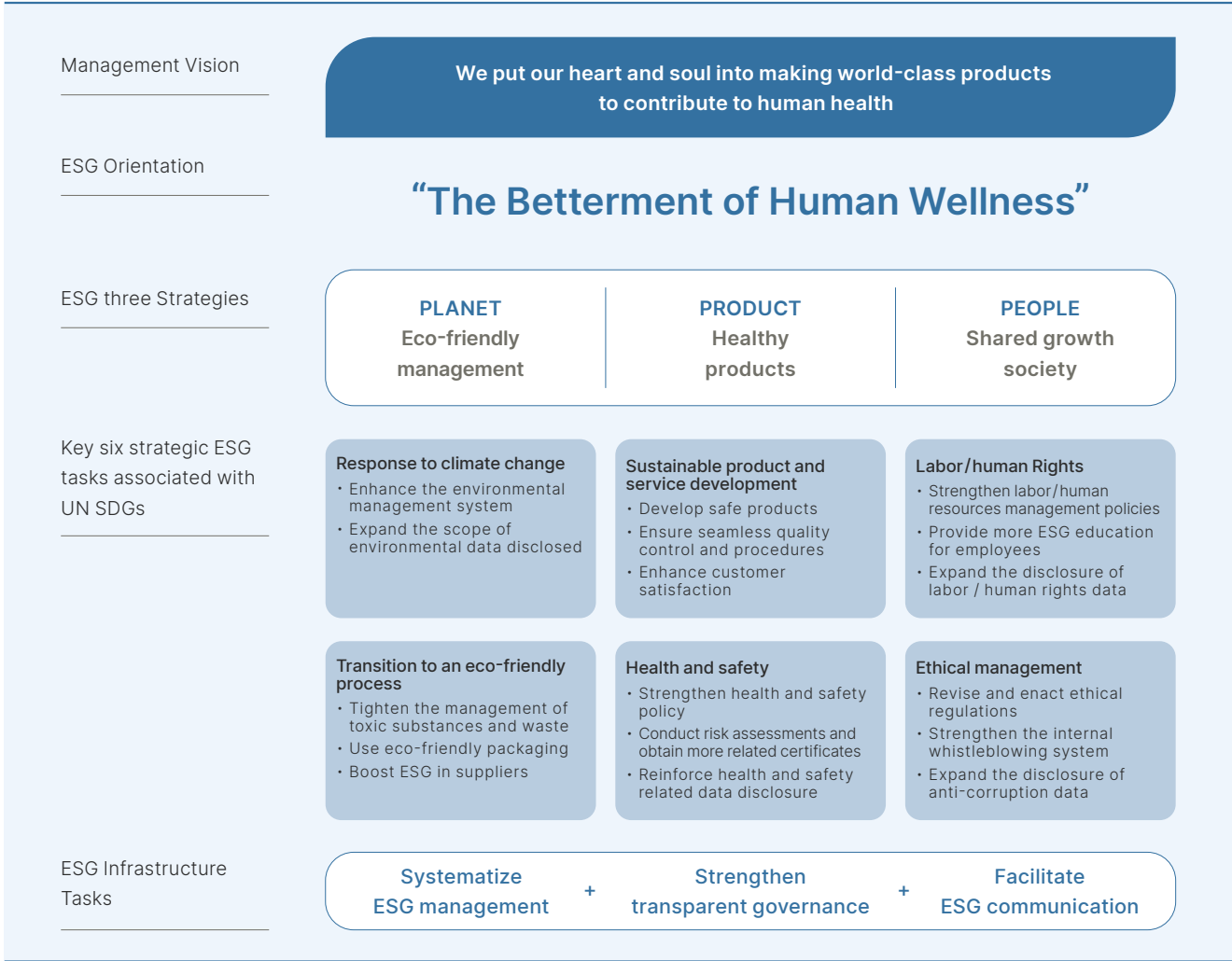
Zero information security violations



ESG Strategy Framework

ESG Strategy

SUHEUNG recognizes the importance of ESG management as the foundation for sustainable growth and has established an ESG strategy framework to implement ESG management across all business areas. SUHEUNG’s ESG orientation is ‘The Betterment of Human Wellness,’ and to achieve this, we have derived three strategies for ESG management and six strategic tasks.



ESG Committee

The ESG Committee reviews the implementation of ESG management in each organization and approves future plans, encouraging each organization to promote ESG management. When each dedicated organization establishes an ESG plan and implements detailed activities, the ESG team of the Future Strategy Headquarters reviews the contents and reports it to the ESG Committee. The ESG Committee reviews the reported matters, and the Board of Directors re-examines them for final approval. In 2023, the ESG Committee held a total of three meetings, discussing environmental performance and plans, the introduction of the anti-corruption management system, and other related matters.

Dedicated ESG Organizations







SUHEUNG has established dedicated organizations for each field, such as environment, safety and health, and human rights, to proactively manage ESG risks and efficiently promote ESG strategic tasks. Each organization implements detailed activities according to its annual work plans.

Area	Organization in charge	Personnel in charge
Environment	Environment Department, Management Division	Director of Management Division
Safety and Health	Safety & Health Headquarters	Director of Safety & Health Headquarters
Labor	Planning Department, Planning Team, Management Support Division, Management Support Headquarters	Director of Management Support Headquarters
Human Rights	HR Department, Planning Team, Management Support Division, Management Support Headquarters	Director of Management Support Headquarters
Supply Chain	Procurement Team, Procurement Division, Management Support Headquarters	Director of Management Support Headquarters
Data Protection	IT Team, Management Support Division Management Support Headquarters	Director of Management Support Headquarters
Ethics	Ethics Innovation Team, Future Strategy Headquarters	Director of Future Strategy Headquarters
ESG	ESG Team, Future Strategy Headquarters	Director of Future Strategy Headquarters

Stakeholder Communication

Stakeholder Communication Status

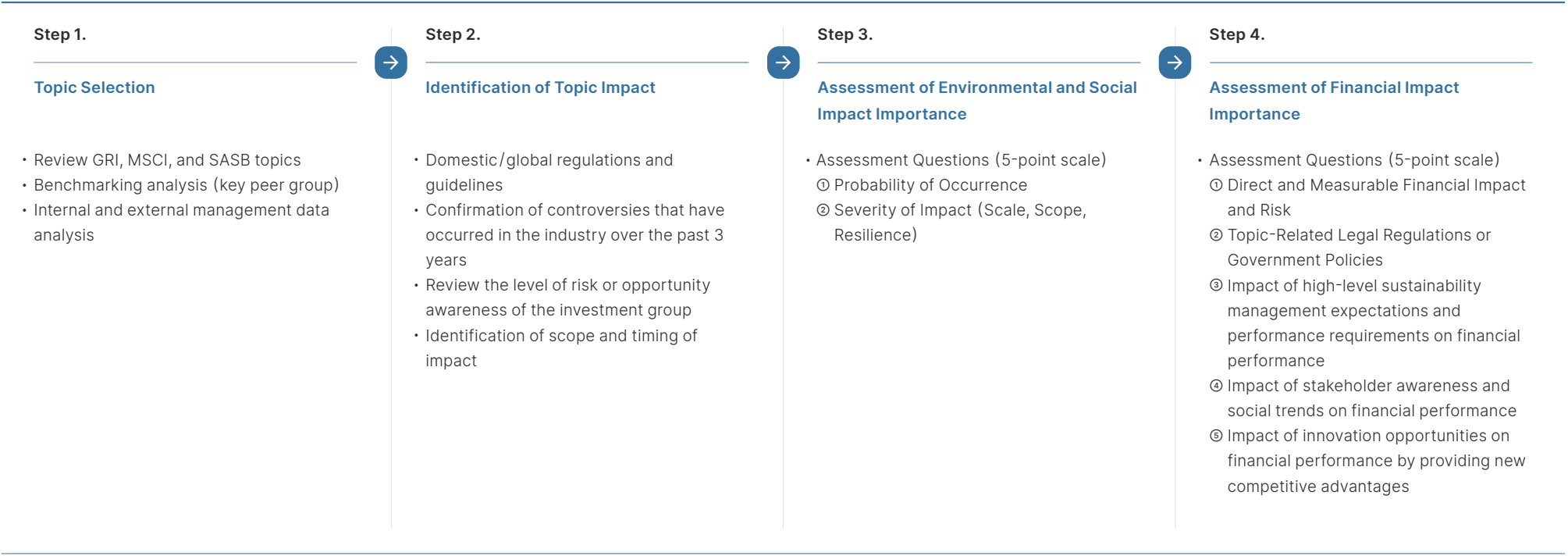
SUHEUNG divides stakeholders into employees, customers, shareholders and investors, suppliers, government and local communities, and operates various communication channels tailored to the characteristics of each stakeholder group. Through these communication channels, we gather the opinions and requirements of stakeholders and strive to reflect them in our business strategies and decision-making processes. Additionally, since 2021, we have published an annual sustainability report and added an ESG menu to our website to disclose the sustainability report and ESG-related policies. SUHEUNG will continue to actively reflect the opinions and requirements of stakeholders in overall management and strengthen communication by informing the implementation status through the sustainability report.

Category	Communication Channels	Major Issues	Countermeasures
All stakeholders 	<ul style="list-style-type: none"> Website (always) 	<ul style="list-style-type: none"> Illegality/corruption Human rights violation Supplier grievances and unfair trade practices Inhibition of organizational culture Improvement of product quality and service 	<ul style="list-style-type: none"> Investigation by guaranteeing neutrality, objectivity, and anonymity of received reports, and follow-up actions are taken
Employees 	<ul style="list-style-type: none"> Labor-Management Council (once a quarter) Employee satisfaction survey (once a year) Grievance handling channel (always) Occupational Safety and Health Committee (once a quarter) 	<ul style="list-style-type: none"> Organizational Culture Welfare and benefits Fair evaluation and compensation Potential risks in the workplace 	<ul style="list-style-type: none"> Strengthening training programs Implementation of flexible work system Employee welfare system Safety and health suggestion system
Customers 	<ul style="list-style-type: none"> Consultation on the website (always) 	<ul style="list-style-type: none"> Customer satisfaction Information security and personal information protection Product quality and safety 	<ul style="list-style-type: none"> Immediate response to product-related claims Research and development of new products Customer information protection according to the personal data management policy
Shareholders and investors 	<ul style="list-style-type: none"> General meeting of shareholders (more than once a year) Performance announcement (quarterly) Public disclosure (always) IR meetings (always) Shareholder consultation (always) 	<ul style="list-style-type: none"> Financial soundness Product competitiveness Market dominance Stable governance structure Disclosure of corporate performance 	<ul style="list-style-type: none"> Conference calls and company visits Open shareholder consultation channels on the website (dedicated e-mail account created)
Suppliers 	<ul style="list-style-type: none"> Report a problem on homepage / online consultation (always) Safety and Health Council (monthly) 	<ul style="list-style-type: none"> Fair competition Shared growth Communication and co-prosperity with suppliers 	<ul style="list-style-type: none"> Report on homepage / online consultation (always) Suppliers visits Safety and health programs aimed at collaboration and co-prosperity
Government and local community 	<ul style="list-style-type: none"> Agreements with government and public institutions Social contribution activities 	<ul style="list-style-type: none"> Contribution to the local economy Social contribution Environmental protection 	<ul style="list-style-type: none"> Communication with the local community Social contribution activities

Double Materiality Assessment

Double Materiality Assessment Process

SUHEUNG conducts an annual materiality assessment to identify and reflect the priorities of ESG issues that impact stakeholders in its management activities. The assessment is conducted using the double materiality approach, which comprehensively evaluates the impact of sustainability issues on the company and the impact of the company’s activities on the environment and society. SUHEUNG selected topics by analyzing media, understanding the current status of the industry, and similar industries, based on major topics considered in sustainability management standards such as GRI, SASB, and MSCI. Afterwards, we conducted a survey targeting internal and external stakeholders to derive priorities. SUHEUNG will reflect the major topics derived through the double materiality assessment in its management activities in connection with its ESG strategy and report the results transparently.



Double Materiality Assessment

Double Materiality Assessment Results

In the 2024 double materiality assessment, a total of 17 issues were selected by comprehensively considering the external environmental and social impact of SUHEUNG and the financial impact of ESG issues on SUHEUNG. Priorities were evaluated by considering the level of interest and business impact for each issue according to internal and external stakeholder surveys. Among them, four issues that emerged as top issues were selected as key issues, and the remaining 13 issues were selected as reporting issues. The 2024 materiality assessment results highlighted ‘Enhancing Product Safety and Quality,’ ‘Increasing Customer Satisfaction,’ ‘Integrating Financial and Non-Financial Risk Management,’ and ‘Responding to Climate Change and Reducing Carbon Emissions’ as key issues. This reflects a shift in priorities from previous reports, influenced by global uncertainties and climate change issues significantly impacting corporate operations. The top-priority topic, ‘Enhancing Product Safety and Quality,’ reflects the expectations for SUHEUNG’s products, which lead the health functional food and pharmaceutical markets, and ‘Increasing Customer Satisfaction’ and ‘Integrating Financial and Non-Financial Risk Management’ were also highlighted for similar reasons. The increased regulatory focus on climate change has elevated the importance of ‘Responding to Climate Change and Reducing Carbon Emissions.’ SUHEUNG implements ESG management based on these assessment results, transparently disclosing key activities and plans in this report.

Rank	Issue	Overall Importance	Environmental/Social Impact Importance	Financial Impact Importance	Previous Year Rank
1	Improvement of product safety and quality	6.14	4.06	4.60	1
2	Increasing customer satisfaction	5.95	3.91	4.48	11
3	Integrating management of financial and non-financial risks	5.92	3.78	4.56	13
4	Responding to climate change and reduction of carbon emissions	5.89	4.46	3.84	3
5	Securing a foundation for safety and health and internalizing safety management	5.86	4.35	3.92	2
6	Strengthening management of environmental pollutants	5.84	4.43	3.80	5
7	Talent acquisition and employee capability enhancement	5.82	3.61	4.56	4
8	Enhancing supply chain sustainability	5.82	3.76	4.44	12
9	Reducing waste generation and expanding recycling	5.81	4.40	3.80	5
10	Building cooperative labor-management relations	5.77	3.54	4.56	10
11	Establishing a sound and transparent governance structure	5.75	3.79	4.32	15
12	R&D innovation and increasing profitability	5.74	3.83	4.28	9
13	Advancing ethics and compliance systems	5.66	3.70	4.28	8
14	Respect for human rights and diversity	5.49	3.67	4.08	New
15	Expanding social contribution	5.27	3.38	4.04	16
16	Conservation of biodiversity	4.97	3.21	3.80	New
17	Strengthening information security and personal information protection	4.89	3.51	3.40	14

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Double Materiality Assessment

Managing Key Topics

Rank	Issue	Selection Background	Activities and Achievements	Reporting Page
1	Improvement of product safety and quality	In aging societies, interest in personal health is increasing. Consequently, the market for health functional foods and pharmaceuticals is growing domestically and internationally, and related regulations are also strengthening. Despite this, concerns are rising among consumers due to controversies over raw materials and quality management by some companies. Companies are striving to enhance their quality management capabilities by complying with domestic and international regulations.	<ul style="list-style-type: none">Managing product quality violations and suggestionsConducting quality stability testsDeveloping and launching new products	23-26
2	Increasing Customer Satisfaction	The customer base for pharmaceuticals and health functional foods is diversifying. Domestic and international companies are practicing customer-centric management in line with this trend. They actively manage customer demands and complaints, improve production processes, and participate in overseas exhibitions.	<ul style="list-style-type: none">Gathering and managing customer opinions related to workplace environment and safety risksImproving production processesPromoting high-value products and expanding customer engagement through participation in overseas exhibitions	27-29
3	Integrating Financial and Non-Financial Risk Management	In an environment where uncertainties are increasing due to external risks, the ability of companies to respond is emphasized. Companies continuously monitor financial risks such as high interest rates, exchange rates, and oil prices, and establish response processes to swiftly address unexpected situations. Additionally, they thoroughly analyze non-financial risk factors such as climate change, safety and health, and supply chain issues, reviewing them at the management and board levels to enhance corporate value.	<ul style="list-style-type: none">Establishing a legal section within the planning teamConducting risk assessments	30-32
4	Responding to Climate Change and Reducing Carbon Emissions	As the pace of climate change accelerates, climate disclosures are becoming mandatory, and companies are disclosing key information on climate-related risks and opportunities, governance, strategies, indicators, and targets. Some companies are also detailing their processes for identifying and assessing climate-related risks and opportunities.	<ul style="list-style-type: none">Signing voluntary agreements to reduce fine dust and greenhouse gasesObtaining ISO 14001 certification and enhancing management systemsInstalling and operating solar power facilities	33-34

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Safety and Quality

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Increasing Customer
Satisfaction

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Focus 3.
Integrating Management of
Financial and Non-Financial Risks

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Focus 4.
Responding to Climate Change
and Reducing Carbon Emissions

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Focus 1. Enhancing Product Safety and Quality

Background

In the healthcare industry, which creates products for the health and lives of people, ensuring product safety and quality is a top priority that companies must guarantee. To prevent issues and promote the safety of patients and consumers, global countries and institutions regulate companies by implementing Good Manufacturing Practice (GMP) for pharmaceutical, health functional food, and cosmetic manufacturers. In Korea, the Ministry of Food and Drug Safety (MFDS) oversees various regulations such as the PHARMACEUTICAL AFFAIRS ACT managing them under KGMP. Korean companies comply with KGMP to secure global-quality standards and enhance their export competitiveness. Recently, with the rising interest of global consumers in healthcare products, regulatory bodies are expanding their oversight and strengthening their control measures.

Approach

SUHEUNG has established a quality management system that applies both domestic and international regulations, ensuring high quality through scientific analysis at every production stage. In the capsule division, the quality is managed at the factory level by a dedicated quality business division. In the pharmaceutical and health functional food divisions, quality is also ensured through dedicated quality organizations within each business division, thereby enhancing the competitive edge in quality across divisions. Systematic management from design to post-distribution minimizes issues, and a 7-step Recall Process is in place to minimize damage in case of recall incidents. These quality management efforts have led SUHEUNG to obtain numerous quality management certifications, securing excellent global-level quality.

Key Performance

2023 Product Recalls

ZERO



Global Quality Management Certifications

17 certifications



2024

Established global dedicated quality business division



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Focus 1. Enhancing Product Safety and Quality

Product Safety and Quality Management

Quality Management System of SUHEUNG

| Quality Management Framework

SUHEUNG has established a quality management system that applies scientific analysis at all stages, from product development to raw material selection, production, packaging of finished products, and guarantees. This system incorporates global regulatory standards. Additionally, we continuously review the latest consumer safety and environmental protection regulations and integrate with the system to elevate our management levels.

Quality Management Framework



Differentiated Automated Production System

Through a differentiated automated system, SUHEUNG conducts product design, raw material selection, and product packaging. Inspections are conducted at each process stage, with a pre-management system applied to incoming raw materials. The safety of auxiliary materials and pre-shipment testing of finished products ensure perfect quality.



Process Validation

We standardize manufacturing methods for each process and machine based on scientific theories and conduct Process Validation to ensure the validity of design methods. Through this, we continuously improve processes and enhance customer satisfaction with product quality.



Reliable Warranty System

A multi-stage warranty system supports customer satisfaction, with utmost effort in handling customer complaints and post-shipment product management.



Systematic Process Management

All SUHEUNG products undergo systematic management and development processes. By obtaining global certifications such as KGMP, cGMP, TGA, and ISO 9001, SUHEUNG's superior process management capabilities and product quality are recognized.

| Quality Management Organization

SUHEUNG operates dedicated quality organizations for each product category, focusing on securing quality competitiveness. In 2024, SUHEUNG and SUHEUNG Vietnam integrated their dedicated quality organization into a single business division. This division is responsible for the quality management of the capsule division, overseeing production quality at the Osong and Vietnam factories. The F&P business division also has a dedicated quality organization managing the quality of pharmaceuticals and health functional foods.



Focus 1. Enhancing Product Safety and Quality

Product Safety and Quality Management

Quality Management Certifications

All of our products have obtained numerous quality management certifications from domestic and international institutions, such as KGMP, cGMP, TGA, and ISO 9001. Additionally, we acquired ISO 14001, an environmental management system certification, and ISO 45001, a safety and health management system certification. Based on these certifications, we are systematically operating environmental and safety management processes that serve as the basis for quality assurance.

Certifications Status

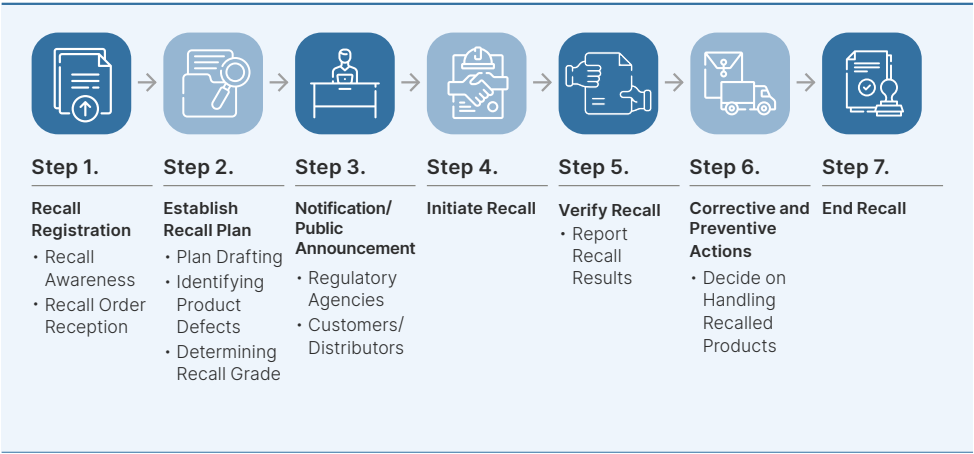
					
EU GMP	FSSC 22000	HACCP	TGA	ISO 9001	KGMP
					
KOSHER	USP	FGMP	WHOPIRS	VEGETARIAN	HALAL
					
VEGAN	NSF NON GMO	ISO 14001	ISO 45001	ORGANIC	

Recall Process

Operation of Product Recall Process

To minimize risk from recalled products and prevent recurrence, SUHEUNG operates a 7-step Product Recall Process. Upon receiving a recall notice, a recall plan is drafted, and the product defect is thoroughly analyzed. Based on the analysis, the recall grade is determined, and the recall plan is communicated to regulatory agencies, customers, and distributors. Post-recall actions include verification, reporting recall results, and taking preventive measures against recurrence. SUHEUNG’s efforts resulted in zero product recalls in 2023.

Recall Process Steps



Recall Status

Recall	Unit	2021	2022	2023
No. of product recall	case	0	0	0

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Focus 1. Enhancing Product Safety and Quality

Product Safety and Quality Management

Enhancing Quality Management Capability

| Quality Management Education

SUHEUNG conducts various quality management training, including GMP education, to enhance employees' quality management competencies. Regular annual training is conducted for all employees, with basic education and practical training provided to new hires. Division/Department-specific training includes hygiene management, storage management, manufacturing mindset, and GMP education in the hard capsule division, and general GMP and GMP hygiene education in the F&P division. Quality managers receive external education (in 2023, training was provided by the Korea Pharmaceutical and Bio-Pharma Manufacturers Association) to enhance their expertise in quality management, responding to global guidelines.



Quality Education Session in the Hard Capsule Division

Manufacturing Innovation for Quality Improvement

Quality Management Utilizing Data

| Smart Factory Establishment

SUHEUNG is advancing our production facilities and quality in the hard capsule division by establishing a smart factory. The smart factory aims to enhance data accuracy and reliability in field operations and optimize operation systems through real-time production and process analysis. This initiative also allows field workers to reduce the time spent on manual tasks and focus on quality management, contributing to overall quality improvement. The introduction of WMS (Warehouse Management System), LIMS (Laboratory Information Management System), and an auto-labeling system was completed in the first phase in 2023, with plans to complete AI-based predictive maintenance and QMS (Quality Management System) by 2026.

Smart Factory Establishment Roadmap



Phase 1 (Completed)

- WMS Established and Operational
- LIMS Established and Operational



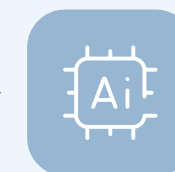
Phase 2 (2024)

- Establish APS (Advanced Planning and Scheduling) System
- Establish LIMS at Vietnam Factory
- Initial Mes (Manufacturing Execution System)/POP (Point of Production) Establishment



Phase 3 (2025)

- Second Phase of MES/POP Establishment
- Establish Auto-Labeling System At Vietnam Factory



Phase 4 (2026)

- Establish Ai-Based Predictive Maintenance System
- Establish QMS

Focus 2. Increasing Customer Satisfaction

Background

Healthcare-related companies, operating in sectors such as pharmaceuticals, food, and cosmetics, should cater to a broad consumer base, necessitating the provision of products that meet diverse demands. Healthcare companies require their OEM¹ and ODM² partners to swiftly respond to market changes. Manufacturers must internalize the technology to provide high-quality products that meet diverse consumer needs on time, thereby maximizing customer satisfaction. The increasing awareness of general consumers regarding manufacturing processes due to manufacturing-related recall issues has elevated the importance of manufacturers' capabilities in product selection.

1.OEM: Original Equipment Manufacturing, where the producer handles the production stage of products designed by the client.

2.ODM: Original Development Manufacturing, where the producer is responsible for developing and producing products based on the client's needs.

Approach

SUHEUNG R&D Center has established a One-Stop System capable of handling all processes from raw material development to sample production, quickly responding to customer needs. Annual satisfaction surveys are conducted to gather feedback on quality and service from key clients, identifying improvement areas to reflect in operations. Various channels are used to actively communicate with customers, and the VOC channel promptly addresses complaints to promote customer satisfaction.

Key Performance

'Lightning Beauty Collagen Ampoule' using Low Molecular Collagen Peptide SH

Awarded Jang Young Sil IR52 Award



2023 Customer Satisfaction

90.5% answered 'Satisfied' or over



From raw material development to product production, through a One-Stop System

New product development **3,088** items

New product launch **383** items



- Focus 1. Enhancing Product Safety and Quality
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Focus 2. Increasing Customer Satisfaction

Customer-Centric Management

Customer Communication

| Customer Quality Complaint Handling Process

SUHEUNG’s Standard Operating Procedure for managing quality complaints includes analyzing the root cause and devising optimal solutions. Various VOC channels like the online customer support menu and telephone are available for complaint reception. According to the complaint handling process, complaints are received by the sales/overseas business department and immediately notified to the dedicated quality organization. The dedicated quality organization convenes a complaint handling committee to approve the complaint review, and the production/quality-related department is requested to investigate the complaint. The results are reported to the dedicated quality organization, which then informs the customer. All complaints and actions are documented, categorized, and analyzed for training and process improvement to prevent recurrence and enhance quality, aiming to achieve customer satisfaction. [VOC Channel](#) www.suheung.com | +82 043-249-4100

| Customer Satisfaction Survey

SUHEUNG conducts annual customer satisfaction surveys to gather opinions on overall quality and service. Additionally, we strive to improve deficiencies and enhance customer satisfaction through continuous monitoring. Based on survey results, improvement measures are incorporated into work procedures for below-average items, while actively addressing specific dissatisfaction cases even for above-average items. In 2023, the survey involved 20 clients, with 90.5% rating satisfaction (4-5 points) and 9.5% rating average or below (1-3 points). High satisfaction was noted in quality, with some complaints in delivery satisfaction leading to plans for improvement. Additionally, numerous ESG management demands were received, and an ESG team will formulate comprehensive responses to enhance both customer satisfaction and ESG management levels.



Rapid Response to Customer Needs

| One-Stop System for Product Development

SUHEUNG R&D Center’s one-stop system encompasses entire process from raw material development to sample production. This system not only quickly responds to diverse customer demands but also fosters an environment for researchers to focus on R&D. In addition, it helps to develop and launch market-leading products. For example, SUHEUNG R&D Center developed 2,000 formulations annually, with 200-300 items launched. In particular, Low Molecular Collagen Peptide SH, which SUHEUNG began selling in 2022, is a representative example of Korea’s first successful in-house production, starting from the need for local production of collagen, which had previously had to rely on imports. In March 2024, ‘Lifening Beauty Collagen Ampoule’ made from collagen was selected as an IR52 Jang Young-sil Award (14th week of 2024) product, recognizing SUHEUNG R&D Center’s technology.



One-Stop System Process



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Focus 2. Increasing Customer Satisfaction

Customer-Centric Management

R&D Performance

	Unit	New Product Development			New Product Launch		
		2021	2022	2023	2021	2022	2023
Soft Capsules	Items	463	390	452	95	62	81
Tablets, Hard Capsules, Powders	Items	775	734	1,303	119	102	153
Liquids, Jellies, Gummies	Items	704	922	1,333	71	102	149
Total	Items	1,942	2,046	3,088	285	266	383

Patent Applications

- Tablet composite deriving from natural ingredients, tablets and manufacturing method
- Composite for preventing, improving, or treating respiratory diseases containing extract of monk fruit as active ingredient
- Film composition for acid-resistant enteric soft capsules and comprising the enteric composition
- Composition for preventing, treating, and improving prostate diseases or hair loss containing astragalus and angelica gigas as active ingredients
- Multi-capsules containing lactic acid bacteria
- Film composition for acid-resistant enteric soft capsules including HPMCP and comprising enteric soft capsules
- Composition for preventing, mitigating, or treating hair loss, containing supercritical millet extract
- Film composition for enteric soft capsules using plant-based raw material and comprising enteric soft capsules

Patent and Trademark Registrations

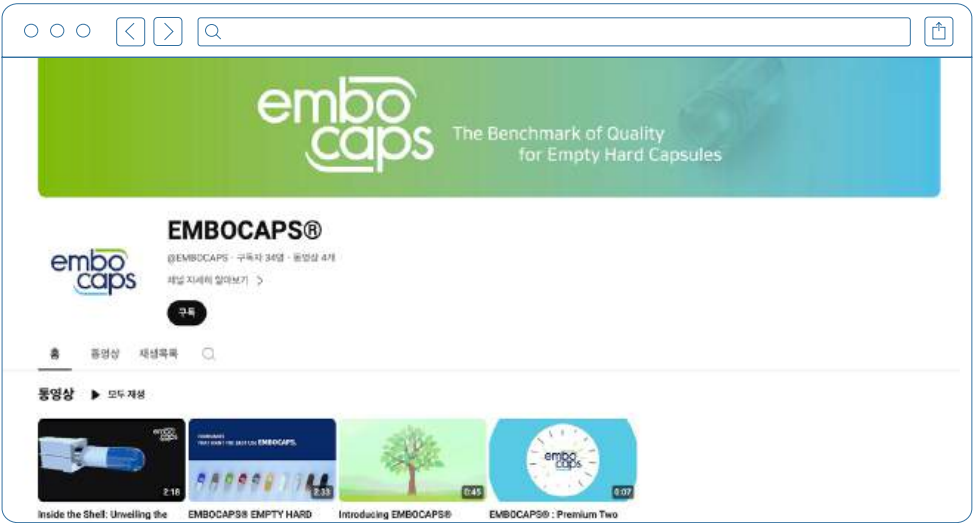
Classification	Unit	Domestic patent	Overseas patent	Trademark
Registered	case	23	5	16
Applied	case	8	3	1

Customer Value Innovation

Increasing Customer Touch Points

Active Communication with Customers

We are increasing our customer touch points through various channels such as the official website, the dedicated global website for EMBOCAPS, YouTube channel, exhibitions, and campaigns. Exhibitions are significant events to directly engage future customers. In this regard, SUHEUNG actively participates globally in the USA, Japan, Europe, and Asia. The investment includes expanding booth sizes to showcase SUHEUNG’s high-value products and brand value. Additionally, considering that SUHEUNG’s hard capsules are better known as ‘EMBOCAPS’ to global customers, a dedicated global website and YouTube channel have been established for promotion. The YouTube channel continuously produces content on EMBOCAPS manufacturing technology, company and product introductions, and employee profiles to engage customers closely. In response to strengthening regulations on forced labor product imports in the US and Europe, SUHEUNG launched ‘Fair Trade Capsule campaign’ website to inform customers and consumers about the issues with forced labor products and guide them on SUHEUNG’s ethical supply chain.



EMBOCAPS YouTube Page

Focus 3. Integrating Management of Financial and Non-Financial Risks

Background

In an environment where global regulations are intensifying, companies entering the global market face various risks. In addition to financial risks due to capital and market volatility, non-financial risk factors such as environmental regulations and quality issues are increasingly having an impact on the business environment, and integrated risk management has become an essential element of corporate stability and sustainable growth. Particularly in the pharmaceutical and health functional food industries, high R&D costs and strict regulations necessitate integrated risk management to minimize risks and improve efficiency across all areas. Additionally, systematic risk management enhances corporate credibility and competitiveness in ESG aspects, such as pharmaceutical waste management and ethical management.

Approach

SUHEUNG manages financial and non-financial risks comprehensively, led by the board of directors and the ESG Committee. Regularly identifying and responding to regulations, relevant departments cooperate to manage financial and non-financial risks efficiently, reporting management status to the executives. SUHEUNG manages non-financial risks by conducting an environmental impact assessment every year, and in the financial sector in 2023, SUHEUNG responded to fund-related fraud risks by reviewing the operation status of the internal accounting management system. Additionally, a new anti-corruption risk assessment was conducted in the first half of 2024.

Key Performance

Board-centered corruption risk review and
ISO 37001 certification



At the level of non-financial risk management

**Implementation of
Environmental impact assessment**



Report on the operation of

**Internal accounting
management system**



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Focus 3. Integrating Management of Financial and Non-Financial Risks

Establishing Risk Management

Risk Management Framework

Risk Management Governance

SUHEUNG identifies and monitors financial and non-financial risks through the board of directors and the ESG Committee, and relevant departments report their risk monitoring results and responses to the board. In 2023, the SUHEUNG board of directors approve agendas such as investment and credit agreements and reviewed the operation status of the internal accounting management system. The ESG Committee reviewed environmental management performance in 2023, as well as the establishment of anti-corruption guidelines, appointment of the director of anti-corruption, and introduction of an anti-corruption management system. SUHEUNG will continue to enhance its corporate value in the long term by strengthening its company-wide risk management and supervision system led by the board of directors and ESG Committee.

Key Agenda for 2023 and the First Half of 2024

Meeting Dates	Agenda
January 27, 2023	Operation status of the internal accounting management system of the CEO, internal accounting manager, and auditor
March 20, 2023	Establishment of anti-corruption guidelines and manuals, appointment of anti-corruption director
May 10, 2023	Anti-corruption management system review
July 7, 2023	Performance of environmental management activities in the first half of 2023
January 10, 2024	Performance of environmental management activities in the second half of 2023 and plans for 2024

Risk Management Process

SUHEUNG manages risks systematically through four stages: risk identification, monitoring, management, and reporting. Identified risks are continuously monitored and addressed promptly.



Risk Identification

All departments identify risks that affect long-term business operations, dividing them into financial and ESG risks and establishing response systems.



Monitoring

Domestic and international policies, regulations, and market trends are monitored, and the findings are shared with relevant departments. Internal and external data are used to identify and assess the severity of each risk.






Management

Based on risk assessment results, improvement measures are developed and implemented. Training on environment, human rights, quality, and ethics is provided to employees to internalize risk management.



Reporting

Risk management results are reported to the board of directors and the ESG Committee, evaluating performance and making improvements.

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Focus 3. Integrating Management of Financial and Non-Financial Risks

Establishing Risk Management

Risk Analysis and Response

| Financial Risk

Market Risk

SUHEUNG analyzes market risks due to exchange rate and interest rate fluctuations and mitigates them through various efforts. Financial assets and liabilities exposed to exchange rate fluctuations are identified and sensitivity analyzed, while interest rate risk is managed by balancing fixed and variable rate borrowings.

Credit Risk

SUHEUNG recognizes and manages credit management as a basic element of corporate management. In particular, in order to prevent financial losses that may occur due to lack of cash flow and inability to collect receivables due to a supplier’s default, we maintain transactions with suppliers whose credit rating is above a certain level, and periodically check our credit risk exposure. Additionally, we are reviewing suppliers’ credit ratings.

Liquidity Risk

SUHEUNG assesses the impact of liquidity risk on the company, preparing for unexpected cash outflows to ensure operational funds and prevent disruptions to investment and operation plans. Future cash flows are forecasted, and short-and long-term funding plans are established, with an analysis of financial liabilities’ after the expiration of remaining contracts.

| Non-Financial Risk

Quality Risk

SUHEUNG proactively addresses quality risks by enhancing quality management systems based on quality certifications and conducting quality stability tests during production to prevent quality risks. In 2023, the Ochang plant passed the US FDA on-site inspection without any defects, demonstrating quality stability.

Regulatory Risk

SUHEUNG prepares for regulatory risks related to environment, safety, and other business operations. A legal section in Planning team was established in 2024 to identify major regulatory changes and guide relevant departments. Compliance-related risk analysis is conducted to assess current management levels and develop improvement measures.

ESG Risk

SUHEUNG complies with global guidelines and regulations related to non-financial risks such as climate change, safety & health, and anti-corruption. Environmental, safety & health, and corruption risk assessments are conducted, and ESG evaluations are performed on suppliers to mitigate risks in the value chain. ESG education is provided to relevant department staffs to internalize ESG risk management.

Focus 4. Responding to Climate Change and Reducing Carbon Emissions

Background

The climate crisis can have unpredictable impacts, critically affecting business operations and severely threatening human health through disasters and ecosystem disruptions. Companies must develop response strategies for climate crisis-related risks. Recently, more companies are disclosing detailed strategies, governance, targets, and data in line with enhanced global climate disclosures. Particularly for healthcare companies operating global supply chains are expanding risk management to encompass the entire supply chain and working with suppliers to respond to climate change.

Approach

SUHEUNG strives to minimize environmental impacts from business operations and identifies risks and opportunities arising from climate change to incorporate them into operations. Annual environmental risk assessments identify risk types, severity, causes, current management levels, and measures to convert risks into opportunities. Greenhouse gas emission reduction targets are monitored periodically, and reduction measures are developed. Regular supplier evaluations identify environmental risks in the supply chain, and support is provided for suppliers to internalize management capabilities.

Key Performance

Enhanced environmental management system based on

ISO 14001 certification



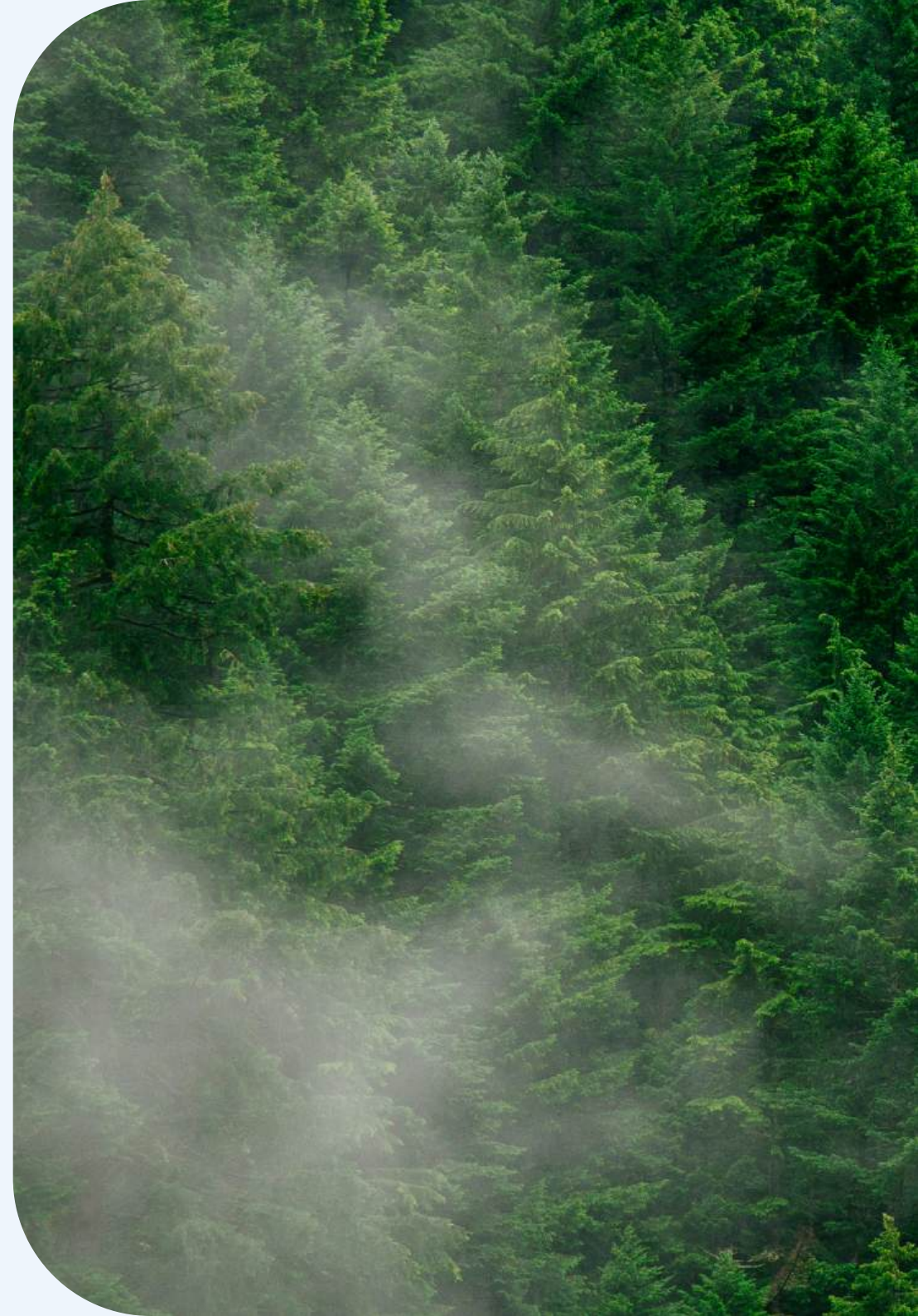
Expanded scope for greenhouse gas emissions calculation





SCOPE 3 emissions



Increased energy efficiency from 85% to 100% by

Replacing 3 old boilers



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Focus 4. Responding to Climate Change and Reducing Carbon Emissions

Governance

SUHEUNG established the ESG Committee in 2022 to identify and manage climate change risks related to corporate operations. The ESG Committee is the highest decision-making body that manages and supervises company-wide ESG issues, including climate change-related risks and opportunities, and reviews major issues to ensure that they are reflected in mid- to long-term management strategies. In particular, we are striving to respond to climate change company-wide by focusing on monitoring the implementation of environmental policies and the achievement of greenhouse gas emissions reduction goals. To ensure smooth operation of the ESG Committee, the TF Team and the ESG Team under the Future Strategy Headquarters report company-wide ESG management plans and detailed activities every year. Executives are responsible for implementing climate response activities, with climate-related indicators included in executive evaluations to implement environmental policy and achieve emission reduction goals. SUHEUNG will continue to review climate change issues from a mid- to long-term perspective through the ESG Committee and incorporate them into business operations.

Strategy

SUHEUNG has established an environmental management policy to respond to climate change, annually reviewing climate-related regulations and risks to develop response strategies. In the short term, we are discussing carbon credit price increases and operating cost increases due to environmental taxation across the supply chain and in the mid to long term, we are considering investment costs related to replacement of low-carbon facilities and development of reusable packaging materials. Additionally, measures are sought for operational cost increases and logistics cost rises due to abnormal climate and natural disasters. SUHEUNG, as a health functional food and pharmaceutical company, contributes to human health by supplying world-class products and minimizes environmental impacts during operations. In 2023, Environment Department, an organization dedicated to the environment, expanded the Scope 3 emissions calculation to strengthen environmental management and plans to develop comprehensive emission reduction measures covering the entire supply chain. Low-carbon boxes minimizing corrugated cardboard usage and recyclable craft tape for packaging are used to reduce emissions when providing our products and services. SUHEUNG identifies transition and physical risks from climate change based on IPCC and NDC, enhancing carbon emission management. Air pollutants are monitored to remain below legal limits, and energy efficiency is improved by replacing old boilers, fulfilling various measures.

Risk Management

Climate-related risks directly affect business operations across production, distribution, transportation, and supply chains and pose financial risks. SUHEUNG integrates climate risks into company-wide risk management processes, with an ESG team under the Future Strategy Division and related departments monitoring relevant laws, regulations, market responses, and report the company’s risk analysis and management performance to the board of directors. Environmental impact assessments identify climate risks affecting operations, and management plans are discussed. SUHEUNG will continue to reduce climate-related risks and implement response measures across all business activities.

Metrics and Targets

SUHEUNG was designated as a business entity under the Greenhouse Gas and Energy Target Management System in 2014, per Article 42, Paragraph 5 of the Framework Act On Low Carbon, Green Growth. Greenhouse gas emissions are calculated according to the Reporting and Verification of Amounts of Emissions, and the latest three years’ emissions are disclosed in the sustainability report. Additional management includes energy usage, air pollutant emissions, and environmental law violations to identify climate-related risks and opportunities. Direct (Scope 1) and indirect (Scope 2) gas emissions for 2023 were 7,459 tCO₂eq and 28,631 tCO₂eq, respectively, with other indirect (Scope 3) gas emissions at 16,936 tCO₂eq. SUHEUNG aims to participate in the CDP Climate Change evaluation in the second half of 2024, further enhancing emission data management.

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Climate Change Response

Strategy

SUHEUNG has established an environmental management policy to respond to climate change and has made it available on its website for stakeholders. The policy includes the goal of establishing an environmental management system and three key tasks: operating an environmental management system based on ISO 14001, considering environmental aspect as a priority, and improving environment. Additionally, SUHEUNG has established management regulations for energy, air quality, water, waste, chemical substances, recycling, and the environmental impacts of product use to clearly define management procedures and responsibilities, ensuring compliance with both domestic and international environmental laws and guidelines. The energy management guidelines, which apply to all domestic and international sites and employees, include energy management procedures and reduction targets and are reviewed annually according to domestic laws and international guidelines. The dedicated Environment Department reports on environmental management performance and future plans to top management. Based on the approved matters, environmental management promotion strategies and detailed plans are developed and implemented. Moreover, we reflect ESG performance in KPIs for business division evaluation to increase the target achievement rate.

[🔗 SUHEUNG Environmental Management Policy](#)

Target

SUHEUNG calculates greenhouse gas emissions by categorizing them into Scope 1, 2, and 3. For Scope 1 and 2 emissions, the goal is to reduce by 1% annually compared to the previous year, aiming for a 3% reduction to 34,939 tCO₂eq by 2025 (compared to 2022). In 2023, Scope 1 and 2 emissions totaled 36,087 tCO₂eq. Although Scope 1 emissions increased compared to the previous year, missing the target of 35,648 tCO₂eq, Scope 2 emissions decreased by 83 tCO₂eq. Energy consumption in 2023 was 191,407 MWh, meeting the target of 191,604 MWh. The Environment Department annually analyzes trends in greenhouse gas emissions and energy usage at each site, striving to achieve reduction targets by inspecting and upgrading outdated facilities for more efficient reductions.

Scope 1 Reduction Target
(compared to 2022)

3%

Reduce usage by 1% annually
compared to the previous year
Achieve 7,078 tCO₂eq by 2025

Scope 2 Reduction Target
(compared to 2022)

3%

Reduce usage by 1% annually
compared to the previous year
Achieve 27,682 tCO₂eq by 2025

Scope 1&2 Reduction Target
(compared to 2022)

3%

Reduce usage by 1% annually
compared to the previous year
Achieve 34,939 tCO₂eq by 2025

Performance

Conducting Environmental Impact Assessment

SUHEUNG established a regulation for environmental aspects and environmental impact assessment to understand the direct and indirect impacts of its management activities on the environment. Environmental impact assessments are conducted when new environmental regulations are established or existing ones are revised, or when environmental complaints or accidents occur, or when situations that may affect the environment occur, such as the introduction of new raw materials. These assessments classify environmental aspects into normal, abnormal, and emergency situations. Based on internal evaluation criteria, environmental impact statements are prepared. Issues classified as significant are registered in the Environmental Impact Register and managed strictly according to policy management procedures. In 2023, environmental impacts were measured for chemical use, wastewater discharge, and waste storage.

During environmental impact assessments, health-related risks from the perspective of internal employees and customers are also identified. In addition, customer feedback on the safety of wastewater discharge and hazardous chemical handling facilities is reflected in the emission implementation plan and inspection records. These records are used as important reference materials for regularly reviewing health and environmental risks. Monthly reviews of the environmental impacts of plant production activities are conducted to maintain normal levels. Additionally, we identify the potential occurrence and impact of environmental issues and determine their final grade to reduce the environmental impact from aging office supplies and environmental equipment.

Environment

Climate Change Response

Internal and External Risk Assessment

The Environment Department categorizes risks into regulatory compliance, facility management, and customer requirements, assessing severity, occurrence, and detection rates. Risks rated as ‘high’ are considered critical and require prompt action to eliminate the cause and address the issue swiftly. Additionally, if necessary, the initiation of related new tasks is prohibited until the risks are reduced to an acceptable level. In 2023, 18 risks were identified, and recommendations were made for each department to improve the efficiency of low-NOx burners, replace outdated prevention facilities, and enhance cooling water quality.

Environmental Risk Assessment

Category	Unit	2021	2022	2023
Percentage of sites conducting environmental risk assessment	%	100	100	100

Evaluation of Employees’ Compliance with Environmental Management

SUHEUNG incorporates employees’ compliance with environmental management into their performance evaluations. By providing rewards for participation, SUHEUNG motivates employees to adhere to environmental management practices and fosters a culture of voluntary participation in environmental management.

Calculation of Scope 3 Greenhouse Gas Emissions

From 2021, SUHEUNG calculated greenhouse gas emissions from all business sites by classifying them into Scope 1, Scope 2, and Scope 3. We calculated Scope 3 emissions by focusing on upstream by 2022. However, we expanded the calculation range to downstream from the second half of 2023. SUHEUNG will continue to calculate Scope 3 greenhouse gas emissions based on its greenhouse gas inventory and transparently disclose them to all stakeholders.

Greenhouse Gas Emissions

Category		Unit	2021	2022	2023	2024 Target
Greenhouse Gas Emissions ¹	Total emissions (Scope 1&2) ²	tCO ₂ eq	43,540	36,009	36,087	35,292
	Total emissions (Scope 1&2&3)	tCO ₂ eq	43,808	36,487	53,023	52,493 ⁵
	- Direct emissions (Scope 1)	tCO ₂ eq	9,306	7,294	7,459	7,149
	- Indirect emissions (Scope 2)	tCO ₂ eq	34,234	28,714	28,631	28,143
	- Other emissions (Scope 3) ³	tCO ₂ eq	268	479	16,936	16,766 ⁵
	Emissions intensity (Scope 1)	tCO ₂ eq / KRW 100 million	1.56	1.15	1.25	
	Emissions intensity (Scope 2)	tCO ₂ eq / KRW 100 million	5.74	4.52	4.82	
Greenhouse Gas Reductions ⁴	Emissions intensity (Scope 3)	tCO ₂ eq / KRW 100 million	0.04	0.08	2.85	
	Emissions intensity (Scope 1&2)	tCO ₂ eq / KRW 100 million	7.3	5.7	6.1	6.0 ⁵
	Emissions intensity (Scope 1&2&3)	tCO ₂ eq / KRW 100 million	7.3	5.7	8.9	8.8 ⁵
	Total reductions (Scope 1&2)	tCO ₂ eq	-8,457	7,531	-78	
	Total reductions (Scope 1&2&3)	tCO ₂ eq	-8,725	7,321	-16,536	
	- Direct reductions (Scope 1)	tCO ₂ eq	-2,968	2,012	-165	
	- Indirect reductions (Scope 2)	tCO ₂ eq	-5,489	5,520	83	
	- Other reductions (Scope 3)	tCO ₂ eq	-	211	-16,457	

1. Differences in totals may occur due to rounding down of emission units by business site
2.Greenhouse gas emissions are calculated in accordance with the guidelines for reporting and certifying greenhouse gas emissions [Effective from September 18, 2023] [Ministry of Environment Notification No. 2023- 221]
3.Calculated for upstream transportation only for 2021 and 2022; scope expanded from 2023 onwards
4.Reductions based on the greenhouse gas emission reduction plan and employee participation in energy consumption reduction programs
5.Target to reduce 2023 emissions by 1% by 2024

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Climate Change Response

Scope 3 Greenhouse Gas Emissions

Category		Unit	2021	2022	2023
Scope 3 Emissions	Total emissions (Scope 3)	tCO ₂ eq	268	479	16,935.6
	Upstream	tCO ₂ eq	268	479	3,823
	Downstream	tCO ₂ eq	-	-	13,113
	C1. Purchased goods and services ¹	tCO ₂ eq	-	-	482.3
	C2. Capital goods ²	tCO ₂ eq	-	-	61.8
	C3. Fuel-and energy-related activities	tCO ₂ eq	-	-	-
	C4. Upstream transportation and distribution ³	tCO ₂ eq	268	479	276.7
	C5. Waste generated in operations ⁴	tCO ₂ eq	-	-	2,741.0
	C6. Business travel ⁵	tCO ₂ eq	-	-	95.2
	C7. Employee commuting ⁶	tCO ₂ eq	-	-	165.8
	C8. Upstream leased assets	tCO ₂ eq	-	-	-
	C9. Downstream transportation and distribution ⁷	tCO ₂ eq	-	-	330.6
	C10. Processing of sold products	tCO ₂ eq	-	-	-
	C11. Use of sold products	tCO ₂ eq	-	-	-
	C12. End-of-life treatment of sold products	tCO ₂ eq	-	-	-
	C13. Downstream leased assets ⁸	tCO ₂ eq	-	-	1,575.3
	C14. Franchises	tCO ₂ eq	-	-	-
	C15. Investments ⁹	tCO ₂ eq	-	-	11,207

1. Emissions from the entire upstream process (raw material extraction, production, transportation) of products/services purchased in 2023, calculated only for raw materials included in the environmental product declaration (EPD) and those certified by the EPD. Greenhouse gas emission factors are based on the Korea Environmental Industry and Technology Institute's EPD evaluation factors

2. Emissions from the entire upstream process (raw material extraction, production, transportation) of capital goods purchased in 2023, limited to vehicles purchased in 2023. Greenhouse gas emission factors are based on the Korea Environmental Industry and Technology Institute's greenhouse gas emissions before and during manufacturing in the status of EPD verified products

3. Emissions from upstream transportation and distribution in 2023, calculated as purchase volume (ton) × transportation distance (km) × emission factor per transportation mode. Distance and factors are based on EPD carbon emission factors

4. Emissions from waste treatment in 2023, with greenhouse gas emission factors based on the Korea Environmental Industry and Technology Institute, EPD evaluation factors, and the Ministry of Environment's Guideline for Low-carbon Events

5. Emissions from business travel in 2023, with greenhouse gas emission factors for each transportation mode based on the Ministry of Environment's Guideline for Low-carbon Events

6. Emissions from commuting in 2023, limited to car passengers at the Seoul office and Pangyo Technology Research Center, and bus oassengers at the Osong plant. Greenhouse gas emission factors for each transportation mode are based on the Ministry of Environment's Guideline for Low-carbon Events

7. Emissions from the transportation and distribution process of products sold to retailers (and end consumers) in 2023, with greenhouse gas emission factors based on the Korea Environmental Industry and Technology Institute's EPD evaluation factors

8. Emissions from leased assets in 2023, calculated as Σ(Scope 1 & 2 greenhouse gas emissions from assets leased by the company)

9. Emissions from investment activities in 2023, calculated as Σ(Scope 1&2 emissions reported by the invested companies or projects × equity ratio)

ISO 14001 Certification

Category	Unit	2021	2022	2023
ISO 14001	Y/N	N	Y	Y

Greenhouse Gas Emission Reduction and Energy Efficiency Improvement Activities

SUHEUNG has developed plans to reduce greenhouse gas emissions and is actively pursuing various activities, including transitioning to high-efficiency equipment and fostering a culture of energy conservation. In 2023, we replaced our low-efficiency low-NOx burners (with a reduction efficiency of 51.4%) with high-efficiency models (with a reduction efficiency of 82.7%), thereby reducing nitrogen oxides and greenhouse gas emissions. Additionally, educational materials were distributed to encourage all employees to participate in energy-saving efforts. Annually, employees are reminded about maintaining indoor temperatures, managing personal heating devices, and turning off lights during non-working hours and when leaving the office. Furthermore, comprehensive training on the impacts of climate change and biodiversity, provided by the National Environmental Education Center (under the Ministry of Environment), was conducted for all employees.

In addition to these emission reduction activities, SUHEUNG is making multifaceted efforts to improve energy efficiency. One notable example is the waste heat exchanger, which recycles waste heat from the boiler and supplies it to the boiler feedwater heat exchanger, preheating the feedwater up to 45°C. This has resulted in a 7.5% reduction in LNG usage. Additionally, the re-evaporation heat exchanger on top of the condensate tank recovers uncondensed steam that would otherwise be released into the atmosphere, thereby reducing steam consumption. Furthermore, quarterly inspections of steam traps are conducted to minimize steam leakage.

Environment

Climate Change Response

Energy Consumption

Category		Unit	2021	2022	2023	2024 Target
Total Energy	Total consumption (general + renewable)	MWh	203,601	193,539	191,407	189,493 ¹
		TJ	733	697	689.1	
	Intesity	MWh/KRW 100 million	34	30	32	
		TJ/KRW 100 million	0.123	0.005	0.005	
General Energy	Total consumption (direct + indirect)	MWh	203,601	193,539	191,128	
		TJ	733	697	688	
Direct Energy	Direct energy consumption	MWh	37,469	36,145	36,418	
		TJ	135	130	131	
	- City gas (LNG)	MWh	36,515	35,277	35,461	
		TJ	131	127	128	
	- Gasoline	MWh	124	138	137	
		TJ	0.4	0.5	0.5	
	- Diesel	MWh	822	722	816	
		TJ	3	3	3	
	- Kerosene	MWh	0	-	0	
		TJ	0	-	0	
	- LPG (vehicle)	MWh	9	8	4	
		TJ	0.03	0.03	0.01	
Indirect Energy	Indirect energy consumption	MWh	166,132	157,347	154,710	
		TJ	598	566	557	
	- Electricity	MWh	166,132	157,347	154,710	
		TJ	598	566	557	
	- Steam	MWh	0	0	0	
		TJ	0	0	0	

1. Target to reduce 1% of 2023 consumption by 2024

Expansion of Renewable Energy Usage

SUHEUNG has been using solar panels to increase its use of renewable energy. In 2023, renewable energy generation significantly improved, using 5.2 TJ. SUHEUNG plans to continue inspecting the solar panels and monitoring renewable energy usage to enhance energy performance.

Renewable Energy Consumption

Category		Unit	2021	2022	2023
Renewable Energy	Total consumption	MWh	0	47	544
		TJ	-	0.45	5.2
	- Solar	MWh	0	47	544
		TJ	-	0.45	5.2
	- Wind	MWh	0	0	0
		TJ	0	0	0
	- Geothermal	MWh	0	0	0
		TJ	0	0	0
	- Hydroelectric	MWh	0	0	0
		TJ	0	0	0
	- Other (biomass, etc.)	MWh	0	0	0
		TJ	0	0	0

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Water Resource Management

Strategy

SUHEUNG operates a water resource management system focused on water quality management guidelines and wastewater treatment regulations. The water quality management guidelines include identifying emission and prevention facilities and conducting environmental impact assessments for new installations and modifications to existing facilities. To ensure reliability, water pollutants are measured according to specified parameters and intervals by a designated agency, with results retained for two years.

Target

SUHEUNG aims to reduce water usage by 5% and increase water reuse by 5% by 2027 compared to 2022. In 2023, water usage was 297,586 tons, which did not meet the target of 281,072 tons but still showed a decrease compared to the previous year. Water reuse remained at 27,740 tons, the same as the previous year, but the reuse rate increased due to reduced overall water usage. SUHEUNG will continue to systematically manage water usage to achieve these targets.

Water Usage Reduction Target
(compared to 2022)

5%

Reduce usage by 1% annually
compared to the previous year
to achieve 290,523¹ tons by 2027

1. Target figures revised due to correction
of previous year's reported usage

Water Reuse Target
(compared to 2022)

5%

Increase reuse by 1% annually
compared to the previous year
to achieve 29,155² tons by 2027

2. Target figures adjusted according to
changes in internal calculation methods

Performance

Adoption of Cooling Systems with Reduced Water Consumption

SUHEUNG has installed auxiliary cooling towers and circulation pumps in chiller cooling tanks to reduce water consumption in cooling systems. The chilled water produced by the chiller is moved to colling tanks and further cooled in the auxiliary cooling tower. Circulation pumps maintain water flow of chilled water and enhance the cooling process efficiency, minimizing the water used in production processes.

Water Withdrawal and Usage

Category			Unit	2021	2022	2023
Water Withdrawal ¹	Osong Plant	Top water	ton	219,841	189,735	186,312
		Underground water	ton	-	-	-
		Other (industrial water)	ton	107,460	101,377	98,425
	Pyeongtaek Plant	Top water	ton	563	698	720
		Underground water	ton	-	-	-
		Other (industrial water)	ton	-	-	-
	Jeungpyeong Plant	Top water	ton	6,901	5,801	4,828
		Underground water	ton	-	-	-
		Other (industrial water)	ton	5,953	4,644	4,612
	Seoul Office	Top water	ton	2,401	2,742	2,184
		Underground water	ton	-	-	-
		Other (industrial water)	ton	-	-	-
	Technology Research Center	Top water	ton	460	498	505
		Underground water	ton	-	-	-
		Other (industrial water)	ton	-	-	-
	Total water withdrawal			ton	343,579	305,495

1. We have classified water stress areas according to World Resources Institute (WRI) Standards

- Osong: Medium-high
- Pyeongtaek: Medium-high
- Jeungpyeong: Medium-high
- Seoul: High
- Pangyo: High

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Water Resource Management

Water Withdrawal and Usage

Category		Unit	2021	2022	2023	2024 Target
Usage ¹	Osong Plant	Municipal water	ton	219,841	189,735	186,312
		Groundwater	ton	-	-	-
		Other (industrial water)	ton	107,460	101,377	98,425
	Pyeongtaek Plant	Municipal water	ton	563	698	720
		Groundwater	ton	-	-	-
		Other (industrial water)	ton	-	-	-
	Jeungpyeong Plant	Municipal water	ton	6,901	5,801	4,828
		Groundwater	ton	-	-	-
		Other (industrial water)	ton	5,953	4,644	4,612
	Seoul Office	Municipal water	ton	2,401	2,742	2,184
		Groundwater	ton	-	-	-
		Other (industrial water)	ton	-	-	-
	Technology Research Center	Municipal water	ton	460	498	505
		Groundwater	ton	-	-	-
		Other (industrial water)	ton	-	-	-
	Total usage	ton	343,579	305,495	297,586	294,610 ²
	Intensity	ton/KRW 100 million	57.78	51.38	50.05	

1. Correction of figures for the past three years due to incorrect reporting in the previous year's data.
2.Target to reduce 1% of 2023 consumption by 2024

Water Recycling

Since 2023, SUHEUNG has implemented a purified water treatment system to recycle RO (Reverse Osmosis) and EDI (Electrodeionization), and concentrated water as cooling water for cooling towers. Additionally, to prevent potential issues in water recycling caused by corrosion or wear in wastewater discharge and prevention facilities, equipment is regularly inspected. Furthermore, we attached informational signs such as recycling phrases and water-saving tapes to all industrial facilities in the plants to encourage employees to reduce and recycle water for daily use.

Water Reuse

Category		Unit	2021	2022	2023
Osong Plant ¹	ton		27,360	27,740	27,740
	%		8.53	9.77	10.14
Pyeongtaek Plant	ton		-	-	-
	%		-	-	-
Jeungpyeong Plant	ton		-	-	-
	%		-	-	-
Seoul Office	ton		-	-	-
	%		-	-	-
Technology Research Center	ton		-	-	-
	%		-	-	-
Total Reuse Volume ²	ton		27,360	27,740	27,740
	%		7.96	9.08	9.32

1. Only includes reuse volume for Osong Plant 1 (no water reuse for Osong Plant 2 or other sites)
2. Correction of total reuse volume data for 2021 and 2022

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Water Resource Management

Stabilization of Wastewater Treatment Facilities

In 2023, SUHEUNG expanded the wastewater treatment facility to effectively remove high concentrations of organic pollutants using the biological treatment method, Bio Compact Reader (BCR), at Osong Plant 1. This upgrade has enabled the facility to consistently achieve a total organic carbon (TOC) removal rate of over 80%. Additionally, to ensure compliance with regulations and internal standards, responsible personnel inspect the wastewater discharge and prevention facilities at least once daily and document the inspection results.

Wastewater Generation ¹					
Category		Unit	2021	2022	2023
Osong Plant ²	- Self-treatment	ton	383.2	340.9	375
	- Entrusted Treatment	ton	0.99	0.94	1.23
Pyeongtaek Plant	- Self-treatment	ton	-	-	-
	- Entrusted Treatment	ton	0.02	0.03	0.04
Jeungpyeong Plant	- Self-treatment	ton	35.17	28.83	18.14
	- Entrusted Treatment	ton	-	-	-
Seoul Office	- Self-treatment	ton	-	-	-
	- Entrusted Treatment	ton	-	-	-
Technology Research Center	- Self-treatment	ton	-	-	-
	- Entrusted Treatment	ton	-	-	-
Total Wastewater Generation		ton	419.33	370.70	394.16

1. Average daily discharge volume
2. Self-treatment volume includes the combined data from Osong Plant 1 and 2, while entrusted treatment volume is based only on data from Osong Plant 1 (Osong Plant 2 does not entrust wastewater treatment)

Pollutants and Waste

Strategy

SUHEUNG manages pollutants and waste based on guidelines for chemical substance management, air quality management, and waste management. Each guideline includes detailed information such as scope of application, responsibilities and authority, and emission investigation, while faithfully reflecting the enactment and revision of relevant laws and regulations.

Target

SUHEUNG has set reduction targets for pollutant and waste recycling rates. By 2027, the aim is to increase the waste recycling rate to 60%, recycling a total of 2,145 tons of waste compared to 2022. The goal is also to reduce the use of hazardous chemicals by 3%, achieving a reduction of 52.3 tons by 2025 compared to 2022. SUHEUNG reviews the achievement rate annually and establishes effective reduction plans to minimize the environmental impact on the local community. In 2023, waste emissions were 3,184 tons, achieving 113% of the target of 3,604 tons for the year.

Waste Recycling Target

60%

Achieve 2,145 tons by 2027

Hazardous Chemical Usage Reduction Target

3%

Reduce usage by 1% each year compared to the previous year
Achieve 52.3 tons by 2025

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Performance

Waste Management

SUHEUNG has established a waste management guideline to store and dispose of waste generated from manufacturing activities. According to the guideline, responsible personnel classify waste into general waste and designated waste, ensuring that storage periods are not exceeded. Additionally, waste generated at the business sites is safely handled domestically through specialized waste disposal companies. Depending on the type, the waste is either disposed of or recycled. Equipment such as can crushers is used to reduce waste volume, thereby minimizing the environmental impact of end-of-life products. Furthermore, reusable waste such as paper scraps, aluminum, and drums are sold to recycling companies. Additionally, to reduce internal waste generation, various methods such as reuse, recovery, and repurposing of waste are implemented. SUHEUNG rigorously manages documentation related to waste disposal and ensures the lawful handling of consigned waste, thereby restricting the transboundary movement of hazardous chemicals and other wastes. Additionally, in compliance with the Ordinance of the Ministry of Environment, SUHEUNG inputs the details of waste transfer and receipt into an electronic information processing program during transportation. Consequently, the annual waste disposal performance for the previous year is reported to the relevant authorities via the electronic information processing system by the end of February each year.

Waste Management Process at Business Sites







Waste

Category		Unit	2021	2022	2023	2024 Target
Waste Emission ¹	Total emissions	ton	3,762	3,640	3,184	3,152
	- General waste	ton	3,721	3,619	3,140	
	- Designated waste	ton	41	21	44	
	- Hazardous waste	ton	0	0	0	
	Intensity	ton / KRW billion	0.6	0.6	0.5	
Waste Disposal	Total disposal volume	ton	3,762	3,640	3,184	
	- Recycling	ton	2,534	1,688	1,414	
	- Incineration	ton	1,228	1,952	1,770	
	- Landfill	ton	0	0	0	
Waste Recycling	Total recycling volume	ton	2,534	1,688	1,414	
		%	67.4	46.4	44.4	
Waste Recovery	Total recovery volume	ton	0	0	0	
		%	0	0	0	
Pharmaceutical Waste	Pharmaceuticals unused or exceeding expiry dates	kg	1,456	0	0	
		%	0.15	0	0	

1. The target of reducing 2023 emissions by 1% by 2024

Hazardous Chemical Substance Management

SUHEUNG strictly manages hazardous chemicals based on a chemical substance management guideline. The hazardous chemicals manager reviews compliance with the installation and management standards of hazardous chemical handling facilities and ensures that personnel handling these chemicals wear proper personal protective equipment to prevent exposure to harmful substances. Additionally, through chemical substance investigations and emission investigations, SUHEUNG monitors the circulation of chemicals within the business site and the amount of chemicals released during handling processes, seeking reduction measures. In product design, technologies that minimize the amount of chemicals used in products are actively applied.

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The hard capsule production department, which handles hazardous substances, completes two hours of hazardous substance handling and management training annually. This training is conducted by an external hazardous chemicals management specialist and covers detailed topics such as signs of chemical accidents, methods to avoid fires and accidents, and emergency measures in case of chemical exposure. In product design, minimizing the use of chemicals is a core principle. Additionally, hazardous substances that may be generated during the production process are regularly measured, with particular attention to ensuring that persistent organic pollutants are not released. In the 2023 inspection, no persistent organic pollutants were detected.

Air Pollutant Management

SUHEUNG manages air pollutants in accordance with an air management guideline. We appoint personnel with specialized skills, who operate and manage facilities in compliance with the Clean Air Conservation Act and related regulations. During the operation of emission facilities, prevention facilities are also operated to ensure that pollutants are not diluted and released using air or other means. Specifically, during the production of gelatin hard capsules, centrifugal dust collectors are used, and in the manufacturing of health supplement foods, filter dust collectors are employed to reduce the emission of nitrogen oxides (NOx), which is a major component of air pollution. Additionally, facilities are inspected to prevent the leakage of pollutants and dust due to corrosion and wear of emission and prevention facilities, and process and facility consumables are continuously replaced. In the event of equipment failure, the responsible personnel immediately notify the management department and take corrective actions. Furthermore, air pollutant measurement items and cycles are monitored by a specialized measurement company, and the results are stored for two years. In addition, SUHEUNG has signed a voluntary agreement with the Chungcheongbuk-do Provincial Government to actively participate in reducing fine dust and greenhouse gases, contributing to the reduction of air pollutants in the region.

Air Pollutant Management

Category		Unit	2021	2022	2023	2024 Target
Nitrogen Oxides (NOx)	Emissions	ton	5.4	4.7	3.6	3.56
	Emission intensity	ton/KRW 100 million	0.001	0.001	0.001	
Sulfur Oxides (SOx)	Emissions	ton	0	0	0.12	
	Emission intensity	ton/KRW 100 million	0	0	0.00002	
Volatile Organic Chemicals (VOCs)	Emissions	ton	0	0	0	
Particle Matter (PM10)	Emissions	ton	0.2	0.1	0.1	

Water Pollutant Management

SUHEUNG adheres to a water quality management guideline to minimize water pollution resulting from its business operations. The person in charge regularly monitors the status of emission and prevention facilities as per the Water Quality Conservation Act. The person in charge conducts environmental impact assessments when installing new facilities or modifying existing ones. Additionally, the person in charge determines whether the facility is in normal operation through trial operations and operates the facility after determining whether it meets legal regulations and internal standards including the number of days of operation. Furthermore, to ensure adherence to regulations and internal standards, the responsible personnel inspect the operational status of emission and prevention facilities at least once a day and document the results. Any non-conforming issues identified during inspections are rectified according to relevant regulations. The relevant departments analyze non-conforming issues and overall performance to devise measures to prevent recurrence. Moreover, based on the frequency of non-conforming equipment occurrences, preventive activities are strengthened by considering maintenance cycles, management methods, and improvement plans.

In addition, SUHEUNG assesses whether water pollutants such as TOC, BOD, SS, and T-N are being discharged in compliance with legal and internal standards through wastewater quality evaluations and analyzes the results. Water pollution measurements are conducted by an external agency, and based on these results, major emission sources for each type of water pollutant are identified and managed. We have established quantitative goals for reducing water pollutant emissions and are continuously improving the management of major emission sources to meet these goals. In May 2023, we strengthened our water quality management by conducting an autonomous inspection of non-point pollution sources.

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Water pollutants					
Category		Unit	2021	2022	2023
TOC ¹	Emission concentration	mg/l	119.6	136.4	140.3
	Emissions	ton	15.3	15.3	14.9
	Emission intensity	ton/KRW billion	0.026	0.024	0.025
BOD	Emission concentration	mg/l	9.1	4.6	3.9
	Emissions	ton	1.16	0.52	0.41
	Emission intensity	ton/KRW billion	0.002	0.001	0.001
SS	Emission concentration	mg/l	6.3	6.5	5.7
	Emissions	ton	0.82	0.44	0.61
	Emission intensity	ton/KRW billion	0.001	0.001	0.001
T-N	Emission concentration	mg/l	38.2	39.3	33.2
	Emissions	ton	0.5	4.4	3.5
	Emission intensity	ton/KRW billion	0.001	0.007	0.006

1. Changing the management from COD to TOC

Soil Pollutant Management

SUHEUNG complies with Soil Environment Conservation Act and other requirements in accordance with a soil pollution management guideline and strives to reduce soil pollution caused by business activities, products, and services. Inspections are conducted at least once a month to check whether soil pollution-causing facilities and prevention facilities are operating normally and to prevent pollutants from leaking during the injection and transportation of soil pollutants. The department in charge manages soil pollutant emissions to comply with legal and the internal emission standards.

Odor Reduction at Business Sites

SUHEUNG is reducing odor by installing a portable local ventilation system in the printing rooms of each business site. Additionally, we check odor removal efficiency and wind speed to ensure that the local ventilation system operates normally, and take immediate action if any abnormalities occur.

Biodiversity

Strategy

SUHEUNG establishes and manages a biodiversity policy to protect biodiversity and preserve the ecosystem throughout its business activities. Based on this policy, we periodically review various guidelines, including air quality, water quality, waste, and hazardous materials. Furthermore, we provide related information and educational materials to raise employees’ awareness of biodiversity conservation.

Target

SUHEUNG aims to collect and propagate approximately 500 native plant species by 2028 to contribute to biodiversity restoration and conservation. We plan to expand business agreements with national institutions from four to six to lead local biodiversity enhancement.

Performance

Management of Endangered Species

In order to protect animals at risk of extinction, SUHEUNG has designated the Seoul pond frog (2nd grade endangered species) and the gobiobotia naktongensis (1st grade endangered species), which inhabit near Osong Bio valley, as management targets. Environmental risk assessments are conducted to minimize negative impacts on these species from business activities. To prevent habitat destruction caused by wastewater from our business sites, we treat all of the wastewater from our Osong Plant by flowing it into the final water treatment plant in Osong. Environmental impact assessments are conducted for new plants or the introduction of raw materials, and the results are incorporated into new business promotion, process improvement, and business development to reduce negative impacts on the local ecosystem.

Biodiversity

Category		Unit	2021	2022	2023
Company operations on endangered species		Y/N	Y	Y	Y
Impact from company operations	Oil spill	ml	0	0	0
Partnership for the preservation of biodiversity		case	4	4	4

Environment

Environmental Engagement

Environmental Programs

Employee Environmental Training SUHEUNG conducts environmental training for all employees to raise awareness of environmental protection. Training materials are designed to be easily understood by all employees and are provided in document format. Employees in departments managing water quality, air quality, hazardous chemicals, and waste, including the hard capsule production department, complete additional external training from the Korea Environmental Preservation Association and participate in environmental emergency drills.

Environmental Training¹

Category	Unit	2021	2022	2023
Total environmental training hours	hour	0	1,645	1,695
Total environmental training costs	KRW million	0	0	0
Total number of employees received training on environmental issues	person	0	584	565
	%	0	100	100
Environmental training hours per employee	hour	0	2.8	3
Environmental training costs per employee	KRW million	0	0	0

1. Includes waste-related training

Environmental Emergency Drills SUHEUNG conducts annual environmental emergency drills to prepare for unexpected situations such as environmental impacts and loss of property and production. In 2023, confined space and fire drills were conducted, totaling 78 hours. The results of these drills and training sessions are reported to each employee’s department head and reviewed semi-annually by the CEO.

Environmental Purchasing and Investments

Purchase of Eco-Friendly Certified Products SUHEUNG prioritizes eco-friendly certified products when purchasing goods necessary for company operations and product production, in line with a green procurement policy. In 2023, eco-friendly certified products, such as organic raw materials and eco-friendly packaging, were purchased, totaling KRW 740 million. SUHEUNG plans to set annual green procurement target amounts and explore ways to increase purchase volumes.

Environmental Facility Investment SUHEUNG continuously invests in facilities that minimize environmental impact. In 2023, non-point pollution reduction facilities were dredged, three boilers were replaced, and TOC improvement facilities for high-concentration wastewater treatment were established.

Environmental Purchasing and Investment¹

Category		Unit	2021	2022	2023	2024 Target
Environmental Investment Costs		KRW 100 million	1.2	1.1	7.6	2.8 ¹
Purchase amount	Total purchase amount	KRW 100 million	2,135	2,490	1,635	
	- Eco-friendly purchase amount ²	KRW 100 million	1.23	2.65	7.44	
		%	0.06	0.11	0.46	

1. 2024 budget for environmental facility investment
2.Amount spent on eco-friendly certified product purchases

Compliance with Environmental Regulations

SUHEUNG, led by its environmental management officer, regularly checks amendments and new enactments of domestic and international environmental laws and incorporates them into the workplace and environmental improvement plans. Additionally, we conduct internal compliance assessments of environmental regulations to enhance management levels. In 2023, out of 101 evaluation items in the compliance assessment of environmental regulations, 98 items were found ‘compliant,’ achieving an excellent performance rate of 97%. Furthermore, in cases of environmental regulation violations or risks arising during business operations, thorough analyses are conducted, and corrective measures are proposed. The Environment Department issues and delivers requests to the relevant business units that need to take corrective actions, follows up on the outcomes, and verifies the corrections. Moreover, SUHEUNG has environmental liability insurance in case of environmental pollution accidents.

Environmental Regulations

Category	Unit	2021	2022	2023
Law Violations	case	0	0	0
Fines and penalties	KRW million	0	0	0
Environmental liability insurance	Y/N	Y	Y	Y

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Strategy

SUHEUNG strives to maintain cooperative labor-management relations by continuously refining internal regulations such as a regulation on personnel management and a human rights policy and actively communicating with employees. The regulation on personnel management ensures all employees have the right to maintain health, work in a pleasant environment, and develop expertise, prohibiting discrimination throughout recruitment, personnel affairs, assessment, and other processes. SUHEUNG manages equal pay data to prevent gender-based discrimination in equal-value work, in accordance with the ILO Fundamental Conventions.

The labor-management council operates quarterly based on a labor-management council regulation, discussing labor environment, employee recruitment and training, performance distribution, employee welfare, prevention of discrimination and harassment, and more. Agreements reached in the council are shared with all employees.

Recognizing employee competence as a core competitiveness, SUHEUNG establishes and implements plans and specific actions to cultivate talent. Training is divided into general training and job-specific professional training, supporting the acquisition of equipment operation skills. In addition, we encourage employees to participate in training regardless of gender, age, or disability, preventing discrimination in the professional development process. Moreover, we are establishing standardized work procedures to help employees to perform tasks more accurately and efficiently in all work processes.

Consultation Agendas in the Labor-Management Council Regulation

SUHEUNG has established the following 16 items as agendas under the labor-management council regulation. Various matters such as labor cooperation, safety and health, working environment, training, and employee compensation can be discussed.

1	Productivity improvement and performance distribution
2	Hiring, placement, and training of employees
3	Employee grievance handling
4	Safety, health, other improvements in the working environment, and employee health promotion
5	Improvement of personnel and labor management systems
6	General principles of employment adjustment, such as redeployment, retraining, and dismissal due to business or technical reasons
7	Operation of working and break times
8	Improvement of wage payment methods, systems, and structures
9	Introduction of new machinery, technology, or improvement of work processes
10	Establishment or revision of work rules
11	Employee stock ownership and other matters related to the formation of employee assets
12	Matters related to compensation for employee inventions
13	Employee welfare enhancement
14	Protection of maternity for female workers and support for work-life balance
15	Prevention of workplace sexual harassment and customer-related sexual harassment as defined in Article 2, Paragraph 2 of Equal Employment Opportunity and Work-Family Balance Assistance Act
16	Other matters related to labor-management cooperation

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Target

SUHEUNG manages female and disabled employment rates as key indicators to enhance organizational competitiveness through workforce diversity. As of 2023, SUHEUNG’s female employment rate is 21.9%, with a goal to increase the female employee ratio to 25% by 2025. The disabled employment rate exceeds the legal requirement of 3.1%, and SUHEUNG will explore various measures to gradually increase this rate.

Performance

Operation of the Labor-Management Council

SUHEUNG operates a quarterly labor-management council to promote mutual interests. In 2023, the council held four meetings, discussing key issues such as salary adjustments and additional commuter bus services. These issues were negotiated and implemented throughout the year. SUHEUNG will continue to actively operate the labor-management council according to its regulations, pursuing mutual growth between labor and management while realizing the company’s overall interests and vision.

2023 Labor-Management Council

Meeting Date	Agenda
March 24, 2023	Salary adjustment for 2023
June 23, 2023	Adjustment of dormitory management support
September 18, 2023	Request for additional commuter bus operation
December 14, 2023	Addition of mobile paycheck function

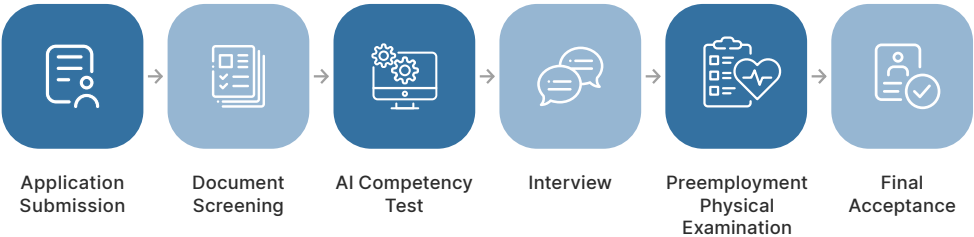
Labor-Management Council

Category	Unit	2021	2022	2023
Number of employees subject to Labor-Management Council	person	871	758	739
	%	100	100	100
Percentage of employees covered by collective agreements	%	100	100	100

Fair and Transparent Employment and HR Management

SUHEUNG hires employees through fair and transparent recruitment processes, conducted publicly using a recruitment platform, without discrimination based on nationality, academic background, region, gender, age, religion, disability, or marital status. However, to prevent child labor, the age of applicants is verified on the recruitment platform. The recruitment process consists of application submission, document screening, AI competency test, interview, preemployment physical examination, and final acceptance. The entire process is transparently disclosed on the recruitment website. Additionally, there is no discrimination in promotion and job assignments, and there are no disadvantages in personnel evaluations due to maternity or parental leave. Support systems and activities are reviewed to help minorities, including women and people with disabilities, actively develop their job competencies.

Recruitment Process



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Employee Status

Category		Unit	2021	2022	2023
Total number of employees		person	871	758	739
By gender	Male	person	659	587	577
		%	75.7	77.4	78.1
	Female	person	212	171	162
		%	24.3	22.6	21.9
		By age	Under 30	person	381
%	43.7			39.3	33.0
30-49	person		389	357	382
	%		44.7	47.1	51.7
50 or above	person		101	103	113
	%		11.6	13.6	15.3
By employment type	Regular	person	838	738	715
		%	96.2	97.4	96.8
	Non-regular	person	33	20	24
		%	3.8	2.6	3.2
		By nationality	Total no. of employees	person	871
- Korea	%		868	755	736
- China	person		2	2	2
- Canada	%		1	1	1
Other	Non-affiliated workers ¹		person	454	533

1. Major occupational groups of non-affiliated workers: Security, simple food production, cleaning, and other service jobs

Recruitment and Retention

Category		Unit	2021	2022	2023
Recruitment	Total new hires	person	216	208	95
	- New employees	person	206	198	81
	- Experienced employees	person	10	10	14
	- Male	person	161	174	80
	- Female	person	55	34	15
	- Age under 30	person	206	149	80
	- Age 30-49	person	6	51	14
	- Above 50 or above	person	4	8	1
Retention	Average retention years	year	9.3	10.3	11.5
	- Male	year	10.0	10.9	12.1
	- Female	year	7.0	8.3	9.4

Compensation

Category		Unit	2021	2022	2023
Wage	Average wage of employees ¹	KRW million	61	64	61
	- Male	KRW million	64	67	65
	- Female	KRW million	50	53	48
	Ratio of the annual total compensation for the highest paid individual, to the median annual total compensation for all employees	%	10.81	10.97	12.3
Equal pay	Overall	%	78.1	78.3	80.3
	- Managerial positions	%	86.1	93.9	92.6
	- Non-managerial positions	%	82.2	82.7	84.2

1. We comply with the statutory minimum wage system, and pay all employees more than the minimum wage. Additional compensation for overtime work is provided according to a regulation on personnel management.

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Employment of People with Disabilities

SUHEUNG provides high-quality jobs for people with disabilities, helping them establish a stable economic foundation and achieve self-realization. We consistently maintain a legal obligation employment rate of 3.1% or higher, and as of 2023, a total of 24 employees with disabilities are working at SUHEUNG. Additionally, to create a sustainable working environment for employees with disabilities, we operate legally mandated facilities such as parking spaces and restrooms for people with disabilities. Furthermore, SUHEUNG provides office supplies including laptops for employees with disabilities to work from home.

Workforce Diversity

Category		Unit	2021	2022	2023
Gender balance	Total female employees	person	212	171	162
		%	24.3	22.6	21.9
	Female executives	person	1	1	1
		%	3.8	4.0	4.2
	Female in managing positions	person	3	2	3
		%	7.3	5.3	7.7
	Female new hires	person	55	33	15
		%	25.5	19.0	15.8
Employment of people with disabilities	Total employees	person	28	24	24
		%	3.2	3.1	3.2
Employment of veterans	Total employees	person	1	1	1
		%	0.1	0.1	0.1

Creating Good Working Conditions

SUHEUNG operates various welfare programs and company facilities to ensure that employees can work in a better condition. By introducing flexible working hours and the deemed working hours system for work outside the business premises, we reduce commuting burdens and enhances work concentration. Additionally, SUHEUNG conducts health check-ups and smoking cessation programs for employees’ health management. Furthermore, we actively encourage parental leave and promote a family-friendly organizational culture to prevent any disadvantages upon returning to work. When employees apply for maternity leave benefits, SUHEUNG actively cooperates to ensure they receive maternity leave benefits in accordance with the Employment Insurance Act. Additionally, for the convenience of female employees, we operate women’s lounges for each business unit in the Seoul Office and Osong Plant.

<div><div><div></div></div><div><div></div></div></div> <div>Implementation of Flexible Working Hours Operation of flexible working hours system Implementation of deemed working hours system for work outside the business premises</div>	<div><div><div></div></div><div><div></div></div></div> <div>Operation of Health Management Programs Conducting health check-ups for employees Operating smoking cessation programs (in cooperation with Heungdeok Public Health Center)</div>
<div><div><div></div></div><div><div></div></div></div> <div>Creating a Family-Friendly Organizational Culture Actively encouraging parental leave Establishing a culture that prevents disadvantages upon returning to work</div>	<div><div><div></div></div><div><div></div></div></div> <div>Improving Convenience for Female Employees Operating women’s lounges (Seoul office and Osong plant)</div>

Work-Life Balance

Category	Unit	2021	2022	2023
Participation rate in flexible working hours	%	47.4	40.4	42.4

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Parental Leave

Category		Unit	2021	2022	2023
Parental leave	Employees subject to parental leave	person	180	147	144
	Total number of employees using parental leave	person	11	12	16
	- Male	person	1	1	2
	- Female	person	10	11	14
Return to work after parental leave	Total number of employees returning after parental leave	person	6	6	6
		%	100	100	100
	- Male	person	0	0	0
		%	-	-	-
	- Female	person	6	6	6
		%	100	100	100
Working for more than 12 months after returning to work	Total number of employees returned	person	5	6	6
		%	100	100	100
	- Male employees working for more than 12 months after returning from parental leave	person	0	0	0
		%	-	-	-
	- Female employees working for more than 12 months after returning from parental leave	person	5	6	6
		%	100	100	100

Employee Satisfaction Survey

SUHEUNG conducts an annual employee satisfaction survey to build a corporate culture where employees and the company can grow together. The survey covers approximately ten categories, including job suitability, organizational culture, performance evaluation and compensation, welfare benefits, and ethical standards. Each year, the overall average score and the average score by gender are calculated. In 2023, the overall average score was 68.6 points, with male employees scoring an average of 70.2 points and female employees scoring an average of 65.5 points, showing an increase compared to the previous year. Based on the results of the employee satisfaction survey, SUHEUNG will continuously improve its weak points to enhance employee satisfaction and pride.

Employee Satisfaction ¹

Category		Unit	2021	2022	2023
Employee Satisfaction	Overall	point	-	67.6	68.6
	- Male	point	-	70.0	70.2
	- Female	point	-	61.9	65.5

1. Employee satisfaction survey conducted since 2022

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Employee Training

SUHEUNG recognizes the improvement of employees’ competencies as a key factor in enhancing corporate competitiveness. Therefore, in addition to general training on topics such as the environment, gender equality, human rights (including the human rights of external stakeholders), safety, and ESG, we conduct job- and rank-specific training programs. In 2023, each department strengthened job competencies by completing training tailored to their roles, such as hazardous chemical safety training, HR, internal audit, and ESG. Particularly, the Procurement Division took relevant courses to understand and prepare for environmental and social issues that may arise within the supply chain. Employees in departments that require specialized knowledge, such as the Audit Team, Planning Team, and Management Division, are supported in receiving job-related external training. Pharmaceutical R&D personnel completed training on pharmaceutical regulatory laws and formulation techniques to enhance their overall understanding of their work. New employees undergo job comprehension enhancement programs and complete separate on-the-job training (OJT) before being assigned to factories and production lines. Additionally, SUHEUNG supports education expenses to allow employees to freely take courses they desire.

Employee Training¹

Category		Unit	2021	2022	2023
Subject of skills-related training		person	871	758	739
Participants of skills-related training		person	871	758	739
		%	100	100	100
By gender	Male	hour	-	54	51.4
	Female	hour	-	55	49.6
By age	Age under 30	hour	-	57	52.0
	Age 30-49	hour	-	52	50.2
	Age 50 or above	hour	-	53	51.4
By position ²	Managing positions	hour	-	57	49.6
	Non-managing positions	hour	-	53	51.7
Training hours per employee		hour	45.4	54.4	51.0
Training cost per employee		KRW thousand	46	94	67

1. Classification by gender, age, and position has been implemented since 2022
2.Managing position refers the manager position and above, and employees below the position are categorized as non-managing position

Introduction of 360-Degree Assessment

SUHEUNG has introduced and implemented a 360-degree assessment to ensure the validity and reliability of personnel evaluations. Designated employees at each rank are evaluated, incorporating feedback from various organizational members, including supervisors, colleagues, and subordinates, with anonymity guaranteed through anonymous participation. The evaluation items are classified into 10 categories, including work performance, organizational contribution, and cooperation skills. Individual evaluation results are managed to develop employees’ expertise and leadership. We will continue to enhance the evaluation system by designing questions and feedback methods.

Regular Evaluation

Category		Unit	2021	2022	2023
Percentage of employees who received regular performance and career development reviews	Evaluation ratio	%	45	48	51

Internal Recruitment

SUHEUNG encourages internal personnel transfers to allow employees to fully utilize their competencies and potential. When a department needs additional employees, it submits a request form that includes key responsibilities and qualifications required for the position. Employees who meet these criteria can apply for the posted positions. Those selected through internal recruitment will perform their duties in the new department, thereby enhancing their job competencies in the process. Moving forward, SUHEUNG will continue to actively utilize internal recruitment to support career development and strengthen organizational capabilities.

Reemployment of Retired Employees

SUHEUNG reemploys retired employees with accumulated know-how to mitigate negative impacts such as labor shortages and reduced potential growth rates. We plan to gradually increase reemployment numbers and improve operational measures to ensure that rehiring after retirement is carried out smoothly.

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Human Rights

Strategy

SUHEUNG has established a Human Rights Charter and a Human Rights Policy based on basic principles of human rights principles proposed by the Universal Declaration of Human Rights, UN Guiding Principles on Business & Human Rights, the International Labor Organization Convention, and the Human Rights Principles defined by the UN Global Compact (UNGC). The Human Rights Charter, which applies to all stakeholders including employees, suppliers, customers, and local communities, is approved by the CEO and publicly available on SUHEUNG’s website. The human rights policy specifies the management of significant human rights issues such as child labor, forced labor, and human trafficking throughout our business activities. It also details the procedures for reporting human rights violations and the actions to be taken following a report. Additionally, SUHEUNG has implemented policies prohibiting workplace bullying and sexual harassment, as well as internal procedures for handling human rights grievances and disciplinary actions to prevent and address workplace harassment, sexual harassment, and sexual violence promptly.

SUHEUNG’s human rights management is led by a team for human rights affairs in the Planning Department. This team proactively addresses major human rights issues to manage human rights risks. The team reviews and investigates reports of human rights violations submitted via SUHUENG’s website and other channels, and promptly reports these issues to the Personnel Management Committee and top management. If a human rights violation is confirmed, the perpetrator is disciplined according to the human rights policy and personnel regulations, and the victim is protected.

[SUHEUNG’s Human Rights Charter](#)

Target

SUHEUNG manages human rights education hours and the number of violations as key indicators to ensure that no human rights violations occur during business operations. To prevent major human rights issues such as discrimination, harassment, and sexual harassment or violence among employees, we conduct human rights education. SUHEUNG plans to extend the mandatory education time from the current legal standard of 2 hours to a total of 3 hours by 2025. Additionally, SUHEUNG aims to maintain zero human rights violations by 2025, and as of 2023, there have been no reported violations.

Performance

Operation of Human Rights Grievance System

SUHEUNG handles human rights-related grievances through its Human Rights Grievance System. Any employee who becomes aware of incidents of sexual misconduct or harassment in the workplace can report these to SUHEUNG, with anonymity guaranteed. Upon receiving a report, an investigation is conducted promptly to verify the facts. During the investigation, the protection of the victim is prioritized, and appropriate measures such as changing the work location or reassigning duties are taken to ensure the victim’s safety. The outcomes of these actions can vary depending on the severity of the issue and may include written warnings, internal announcements, or referral to the disciplinary committee. Additionally, SUHEUNG strictly prohibits any unfavorable treatment towards the reporters or victims of workplace sexual misconduct or harassment. Furthermore, not only internal employees but also suppliers and customers can report any human rights violations they become aware of through the ‘Report’ page on SUHEUNG’s website.

Human Rights Grievance Handling Process

Category	Details
Case Reception	<div><div>Any employee or external stakeholder can report human rights violations via the ‘Report’ menu on the website, mail, or phone</div><div>Identify the facts and measures for victim protection</div><div>Based on the victim’s opinion, the case is either closed or an investigation is initiated</div></div>
Formal Investigation	<div><div>Subjects:Reporter, reported person (perpetrator), related parties</div><div>Duration:Investigation begins immediately upon receipt</div><div>Methods:Question-and-answer session about the case, submission of materials, site visits, etc.</div><div>Anonymity is guaranteed for the reporter, reported person, and related parties</div><div>No unfavorable treatment in employment for the reporter or victim</div></div>
Investigation Closure and Reporting	<div><div>If confirmed as workplace sexual misconduct or harassment: Collect victim’s opinion → Review by disciplinary committee and disciplinary action against the perpetrator, implement measures for victim protection → Notify parties involved → Close the case</div><div>If not confirmed as workplace sexual misconduct or harassment: Notify parties involved → Improve work environment if necessary</div></div>

[Report page](#)

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Human Rights

Human Rights Management

Category	Unit	2021	2022	2023
Percentage of company operations that are covered by the deployment of human rights actions	%	100	100	100

Human Rights Reports Handling

Category	Unit	2021	2022	2023
No. of human rights-related reports	case	0	0	0
No. of human rights-related reports handled	case	0	0	0

Violations of Laws

Category		Unit	2021	2022	2023
Violations of human rights-related laws	No. of violations	case	0	0	0
	Fine	KRW thousand	0	0	0
	Penalty	KRW thousand	0	0	0

Human Rights Training

SUHEUNG is committed to promoting a culture of respect for human rights. We provide all employees with 2 hours of sexual harassment prevention training and education to improve awareness of people with disabilities, and plans to increase the training hours in the future. Additionally, to prevent and eradicate serious human rights issues that may affect internal and external stakeholders, such as discrimination, child labor, forced labor, and human trafficking, SUHEUNG offers education on the core principles of labor and human rights.

Human Rights Education

Category		Unit	2021	2022	2023
Percentage of employees trained on human rights education (diversity, discrimination, harassment, etc.)		%	100	100	100
Education on sexual harassment prevention	Education hours per employee	hour	1	1	1
Education on disabled awareness improvement	Education hours per employee	hour	1	1	1

Industrial Safety and Health

Strategy

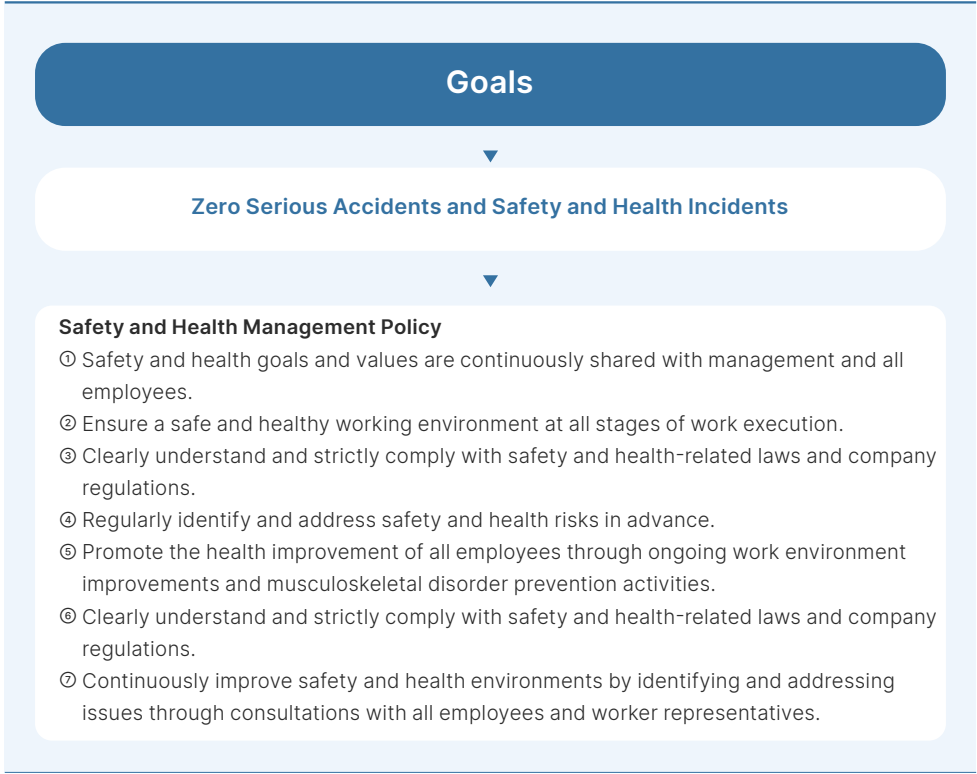
SUHEUNG has established a health and safety management policy and built a health and safety management system in line with global standards to ensure everyone can work in a safe environment. The Safety and Health Management Regulation, which applies to all stakeholders, including all employees, customers, and suppliers, are posted at the workplace to provide information on safety and health management. Additionally, SUHEUNG continuously monitors amendments and updates to safety and health-related laws, such as the Occupational Safety and Health Act and the Serious Accident Punishment Act and incorporates these into internal regulations. We regularly review and update safety and health-related documents, including the EHS (Environment, Health, and Safety) manual, Standard Operating Procedures (SOP), and risk assessment implementation regulations. Furthermore, SUHEUNG enhances its safety and health management system through various activities such as equipment safety inspections, risk assessments, work environment measurements, and safety and health education and training. Safety and Health Team oversees and manages our overall safety and health operations. This organization conducts biannual inspections to ensure compliance with safety and health-related laws, identifies and improves hazardous risk factors, and promotes self-inspection activities at each business site to systematically manage workplace safety and health. Every year, plans related to safety and health are reported to the Board of Directors and the ESG Committee, and performance and issues are reviewed. SUHEUNG enhances its overall safety and health management level through compliance evaluations with safety and health-related laws, internal audits of the safety and health management system, and management reviews. As a result of these continuous efforts, SUHEUNG has achieved zero serious accidents for three consecutive years (2021-2023).

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Industrial Safety and Health

Safety and Health Management Goals and Policy



Target

SUHEUNG has set the ultimate goal of “Zero Serious Accidents and Safety and Health Incidents” and manages this by establishing detailed indicators and step-by-step targets, such as the industrial accident rate. We aim to reduce the industrial accident rate to 0.2% by 2027. As a result of investing in and supporting safety and health measures, such as replacing outdated facilities and inspecting safety facilities, SUHEUNG achieved a 0% industrial accident rate in 2023. Moving forward, we will continue our investment in safety and health to maintain zero fatalities among employees and suppliers.

Performance

Conducting Risk Assessments

SUHEUNG conducts risk assessments tailored to the specific characteristics of each site and task to prevent potential safety accidents. In compliance with risk assessment regulations, the Safety and Health Management Officer, Safety and Health Manager, supervisors, and employees conduct regular and ad-hoc risk assessments annually. These assessments identify risks such as entanglement, tripping, hazardous chemical leaks, falls, electric shocks, and fires. They then develop risk reduction measures and improve the working environment. In 2023, the risk assessments identified issues such as the risk of collisions between forklifts, trucks, and pedestrians, and the risk of unexpected machinery operation during inspections and maintenance. To address these issues, we installed safety fences, marked pedestrian walkways, and added door interlocks. Additionally, measures such as relocating blowers to the ceiling and replacing motor bearings were continuously implemented to minimize risks from equipment noise. We also conduct earplug training and monitoring to ensure employees are protected from noise exposure.

Safety Management

Category		Unit	2021	2022	2023
Safety management	Conducting risk assessments	Y/N	Y	Y	Y
	Percentage of all operational sites for which an employee health & safety risk assessment has been conducted	%	100	100	100

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Industrial Safety and Health

Establishing a Safe Working Environment SUHEUNG conducts biannual workplace environment assessments to regularly monitor boundary noise levels and chemical substance levels on-site. The assessment results are shared with all employees by posting them on the site bulletin board. When the results indicate factors needing improvement, efforts are made to reduce risks through engineering and administrative measures. Additionally, to establish a safe working environment, FIT TESTs¹are conducted to ensure employees are not exposed to harmful factors, and customized protective equipment is provided based on these results. Moreover, continuous workplace environment monitoring and training are conducted to raise employees’ awareness of safety accident prevention.

1. FIT TEST: A test to verify that protective equipment effectively fits the wearer’s face, aiding in the identification and selection of customized protective gear

Occupational Safety

Category		Unit	2021	2022	2023
Employees	Occupational fatalities	person	0	0	0
	Lost Time Injury (LTI)	case	2	5	0
	Lost Time Injury Frequency Rate (LTIFR)	%	1.1	3.3	0
	Number of days lost to work-related injuries, fatalities and ill health ¹	day	100	854	0
	Industrial accident rate	%	0.23	0.57	0
	Severity rate of injury	%	0.06	0.56 ²	0
	Number of worked hour ³	hour	1,998,757	1,768,597	1,649,647
Supplier Employees	Occupational fatalities	person	0	0	0
	Lost Time Injury (LTI)	case	2	4	2
	Lost Time Injury Frequency Rate (LTIFR)	%	3.0	5.7	3.1

1. Number of days lost to work-related injuries, fatalities and ill health is calculated using the treatment period and disability grade listed on the insurance benefit payment confirmation certificate 2. Since the data calculation was not completed at the time of the previous year’s report publication, the data has been corrected and publicly disclosed in this year’s report 3. Number of worked hour reduced in 2022 and 2023 due to SUHEUNG Healthcare’s split off in April 2022

Legal Violations

Category		Unit	2021	2022	2023
Safety-related accidents	No. of serious accidents	case	0	0	0
Violation of laws related to safety	No. of violations	case	0	0	0
	Fine	KRW	0	0	0
	Penalty	KRW	0	0	0

Listening to Employee Feedback and Improvement Activities

SUHEUNG actively listens to employee feedback to foster a safe working environment. Occupational Safety and Health Committee meetings are convened to identify and discuss improvements quarterly. Additionally, through the safety suggestion box, suggestions from employees related to on-site risks and safety incidents are discussed, and improvement plans are formulated and executed. In 2023, a total of 29 safety and health-related suggestions were received, including risks of falling into openings during outsourced wastewater treatment and tripping hazards from steel pillars (obstacles). The implementation rate for these improvement measures is 89.7%.



Listening to employee feedback on safety and health



Safety and Health Bulletin Board

Supporting Employee Health Programs

SUHEUNG operates various support programs to promote the health and safety of its employees. An annual general health check-up is provided to all employees, with additional special health check-ups for workers in noisy processes, nighttime workers, and those handling hazardous chemicals. We also conduct cardiovascular risk assessments to prevent cardiovascular diseases among employees. Health check-up and examination records are documented in health examination records, and employees with notable findings are given focused management. Additionally, eight occupational stress factors such as job insecurity, organizational structure, relationship conflicts, and job demands are analyzed by department, and stress levels for nighttime workers are evaluated. Furthermore, a survey of musculoskeletal disorder risk factors is conducted among plant workers to identify and improve processes that pose a high risk of repetitive stress injuries, require unstable postures, or demand excessive force.

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Industrial Safety and Health

Providing Safety and Health Training

SUHEUNG regularly conducts safety and health training to enhance the competencies of all employees and safety and health managers. Every month, all employees receive more than two hours of safety and health training tailored to the specific characteristics of the workplace. New hires are provided with eight hours of safety and health training during their onboarding process. Additionally, practical response capabilities are strengthened through regular training sessions in CPR, fire drills, fire safety education, and emergency drills (such as confined space rescue and emergency evacuation). To raise awareness and vigilance regarding safety incidents, a booklet of serious accident case studies is also distributed.

Safety and Health Training

Category		Unit	2021	2022	2023
Employee safety and health training	No. of participants	person	871	758	739
		%	100	100	100
	Training hours	hour	21,746	20,120	18,618
	Training costs	KRW million	2.15	4.13	5.88
	Training hours per person	hour	25.0	26.54	25.19
	Training costs per person	KRW million	0.002	0.005	0.008

Safety Management for Suppliers

SUHEUNG evaluates the safety and health capabilities of its suppliers based on internal guidelines for the preliminary assessment of qualified contractors, service providers, and outsourcing companies. The evaluation criteria include the safety and health management system and implementation level, operational management, and the level of accident occurrence. The scores for each category are combined to classify the safety and health capability ratings. Only suppliers with sufficient internal safety and health capabilities are selected, ensuring the safety and health of all employees. Additionally, joint inspections with safety and health agencies are regularly conducted to monitor safety and health management conditions, identify risk factors, and implement improvements for suppliers. In July 2023, a joint inspection with the safety and health management agency was conducted to check the provision and use of earplugs, the implementation of workplace environment measurements, the assessment of musculoskeletal hazard factors, and the availability of Material Safety Data Sheets (MSDS). Furthermore, to enhance the health and safety awareness of suppliers, educational materials are provided through external agencies.

Safety and Health of Suppliers

Category		Unit	2021	2022	2023
Safety and health of suppliers	Safety prevention management of suppliers	Y/N	Y	Y	Y
	On-site inspection of safety and health capabilities of suppliers	Y/N	-	-	Y
	Health and safety training for workers of on-site suppliers	Y/N	Y	Y	Y

Communicating and Rewarding Supplier Safety and Health

SUHEUNG regularly reviews the safety and health progress of suppliers through the Safety and Health Council, identifying solutions to recent issues and difficulties. Additionally, the safety suggestion box is utilized to allow both SUHEUNG employees and supplier employees to freely present their opinions on safety and health. Employees of suppliers who present excellent suggestions are rewarded to encourage more active participation in improving the safety and health culture.

ISO 45001 Certification

SUHEUNG obtained ISO 45001 certification for its occupational health and safety management system in 2022. Based on the ISO 45001 certification, SUHEUNG has established a safety and health system for the Osong plant and is striving to extend the same level of safety and health management system to all plants. SUHEUNG will continue to develop into a company trusted by employees, suppliers, customers, and society by establishing a safe working environment.

ISO 45001 Certification

Category	Unit	2021	2022	2023
ISO 45001	Y/N	-	Y	Y

Social

Sustainable Supply Chain

Strategy

SUHEUNG has established a management policy for sustainable supply chain to foster a win-win partnership and jointly fulfill corporate social responsibility with suppliers. This policy encompasses the obligation of suppliers to implement ESG management, covering environmental, labor practices, and human rights, along with the evaluation process and criteria for suppliers. Furthermore, SUHEUNG has developed the Code of Conduct for Suppliers that includes guidelines on the environment, labor and human rights, safety and health, and ethics, and has made it publicly available on its website. Suppliers are required to submit a compliance pledge for the Code of Conduct for Suppliers when entering into a contract, and SUHEUNG verifies compliance with the Code of Conduct for Suppliers through evaluations of suppliers. In addition, our business contracts with suppliers cover social and environmental clauses.

[SUHEUNG Code of Conduct for Suppliers](#)

Target

SUHEUNG recognizes supplier management as a crucial element in securing stakeholders’ trust. Therefore, we set and manage targets for the compliance rate of the Code of Conduct for Suppliers and the rate of new and regular ESG evaluations for suppliers. As of 2023, all suppliers have pledged to comply with the Code of Conduct for Suppliers and have undergone new and regular ESG evaluations. SUHEUNG will continue to maintain a 100% compliance rate for the Code of Conduct for Suppliers and ESG evaluations for suppliers, identifying and managing non-financial risks among suppliers.

Performance

Managing Supplier ESG Risks SUHEUNG uses an ESG checklist to identify and evaluate the ESG risks of all suppliers. The ESG checklist includes categories such as environment, human rights, diversity enhancement, and ethics, and is used during regular supplier evaluations and in the selection process for new suppliers. Moreover, following the selection and evaluation of suppliers, SUHEUNG continues to monitor ESG risks through regular ESG evaluation forms, takes corrective actions, and supports the development of suppliers’ internal capabilities. In 2023, SUHEUNG conducted regular ESG evaluations for all suppliers, including six new suppliers. Among them, one supplier participated in corrective actions and capability development. SUHEUNG offers benefits such as maintaining order items, increasing order quantities, and providing priority negotiation opportunities to suppliers who achieve excellent scores.

Supplier Management

Category		Unit	2021	2022	2023
Total number of suppliers		company	33	24	30
Number of newly registered suppliers		company	0	15	6
ESG evaluation of supply chain	Regular ESG evaluations of suppliers	Y/N	Y	Y	Y
		%	100	100	100
	New ESG evaluations of suppliers ¹	%	-	100	100
	Inclusion of ESG criteria in supplier selection	Y/N	Y	Y	Y
	Suppliers with ESG compliance pledge	%	0	100	100
	Suppliers signed Sustainable Procurement Charter/Supplier Code of Conduct	%	100	100	100
	Suppliers participating in corrective actions and capability development	company	-	-	1
Supplier grievance process	Cases received	case	0	0	0
	Cases handled	case	0	0	0
Purchasing team	Percentage of buyers across all locations who have received training on sustainable procurement	%	0	100	100

1. In 2021, ESG pre-evaluations were not conducted for new suppliers. In 2022, ESG pre-evaluations were conducted for 15 new suppliers, and in 2023, ESG pre-evaluations were conducted for 6 new suppliers.

Conducting Human Rights and Ethics Training for Suppliers

SUHEUNG provides human rights and ethics training for suppliers to aid in improving their ESG management environment and strengthening their business capabilities. In 2023, one session was conducted to raise suppliers’ awareness of human rights and ethics.

Social

Community Engagement

Strategy

SUHEUNG aims to grow as a company that thrives together with the community. In 2022, a social contribution strategy aligned with UN SDGs was established, promoting beneficiary-customized social contribution activities. By leveraging the unique strengths and organizational capabilities of a healthcare company, SUHEUNG strengthens community resilience and encourages employee volunteer participation. SUHEUNG will continue to engage in various social contribution activities to achieve mutual growth with the community and build trust with customers and the community.

Performance

Participation in Donations and Campaigns

Leveraging the unique strengths and organizational capabilities of a healthcare company, SUHEUNG contributes to the community. In 2023¹, 230 sets of health supplements were donated to events for childcare facilities and group home workers. Additionally, the president and employees participated in the ‘NO EXIT’ relay campaign to raise awareness about the dangers of drug addiction and combat crime. SUHEUNG will continue to lead initiatives to create a safe and healthy society.

1. Changed due to correction of the report published last year



Participation in the NO EXIT Campaign

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Governance

Board of Directors

Strategy

SUHEUNG strives to establish sound and transparent governance. The Board of Directors (BOD), as the highest decision-making body, deliberates and decides on the company’s mid-to long-term strategies, major investment issues, and ESG management. The BOD is convened as needed according to its BOD regulations, with a total of 29 meetings held in 2023. Major resolutions in 2023 included approving financial statements, convening general shareholders’ meetings, providing and extending debt guarantees, and investing in affiliates. Since the establishment of the ESG Committee in 2022, SUHEUNG has strengthened its management and oversight system for all aspects of ESG. In 2023, the ESG Committee reported on environmental performance, established anti-corruption policies and manuals, and appointed an anti-corruption officer, actively pursuing each agenda item with BOD approval.

Performance

Composition and Operation of the Board of Directors
SUHEUNG’s BOD consists of four members: three executive directors and one independent director. The CEO concurrently serves as the chairperson to facilitate smooth communication between management and the BOD, ensuring stable operations. This role is managed to prevent conflicts of interest under Article 397-2 of the Commercial Act. When appointing directors, the candidates’ personal information is disclosed in the management reference material before the general shareholders’ meeting, and shareholder-recommended candidates are considered. If the BOD recommends director candidates, factors such as independence and expertise are considered. In 2023, to enhance expertise and transparency in decision-making, Im-sik Lee, an expert in the pharmaceutical and health functional food industry, was newly appointed as an independent director. The entire BOD is composed of experts with industry experience to ensure expertise.

Board of Directors Status (as of June 28, 2024)

Position	Name	Gender	Age	Key Experiences and Positions	Are of Expertise	First Appointment Date	Term Expiry Date
CEO	Joo-hwan YANG	Male	72 years old	· BA in Electronic Engineering, Yonsei University · Honorary PhD in pharmacy Chung-Ang University · (Former) CEO & President, SUHEUNG Capsule · (Current) CEO and Chairman, SUHEUNG	Pharmaceuticals and health functional foods	1980.12.31.	2025.03.25.
Executive Director	Joon-taek YANG	Male	43 years old	· (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	Pharmaceuticals and health functional foods	2021.03.26.	2027.03.29.
	Jun-sung YANG	Male	41 years old	· (Former) Executive Director and Director of Domestic and Overseas Sales, Geltech · (Current) Director of Future Management Strategy, SUHEUNG, and Executive Director of Domestic and Overseas Sales, Geltech	Pharmaceuticals and health functional foods	2022.03.25.	2025.03.25.
Independent Director	Im-sik LEE	Male	64 years old	· Current adjunct professor at graduate school of Chungbuk National University, Management of Technology · Former Commissioner of Daegu Regional Food and Drug Safety Office	Pharmaceuticals and health functional foods	2023.03.24.	2026.03.24.
Auditor	Kwang-ho LEE	Male	69 years old	· Former vice president of Korea Food Industry Association · Former independent director of SUHEUNG Co., Ltd.	Pharmaceuticals and health functional foods	2023.03.24.	2026.03.24.

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Board of Directors

Composition					
Category		Unit	2021	2022	2023
Independence	Ratio of independent directors within the board	%	25	25	25
Diversity	Ratio of female directors	%	0	0	0
Expertise	Directors with industry experience	%	100	100	100
	Financial experts	person	2	2	2
Efficiency	Attendance rate ¹	%	100	100	100

1. Some of resolutions excluded (since when there is a change in executive composition or an executive is an agenda item, the voting right and attendance are not allowed)

Operation					
Category		Unit	2021	2022	2023
Meetings held		times	39	36	29
Reporting and resolutions	Reporting items	case	1	0	2
	Resolution items	case	38	36	27
Resolutions by agenda	In favor	case	39	36	29
		%	100	100	100
	Against	case	0	0	0
		%	0	0	0
	Requesting for revision	case	0	0	0
		%	0	0	0
	Abstaining	case	0	0	0
		%	0	0	0

ESG Committee ¹					
Category		Unit	2021	2022	2023
Reporting and resolutions	Meetings held	times	-	2	3
	Reporting items	case	-	2	3
	Resolution items	case	-	0	0
Resolutions by agenda	In favor	case	-	2	3
		%	-	100	100
	Against	case	-	0	0
		%	-	0	0
	Requesting for revision	case	-	0	0
		%	-	0	0
	Abstaining	case	-	0	0
		%	-	0	0

1. The ESG Committee was established in September 2022

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Board of Directors

Responsibility					
Category		Unit	2021	2022	2023
Director liability reduction	Directors liability Insurance	Y/N	Y	Y	Y
	Leadership-related issues	case	0	0	0

Evaluation					
Category		Unit	2021	2022	2023
Remuneration ¹	Compensation structure for non-executive directors	Y/N	Y	Y	Y
	Performance-based bonus for registered executives	Y/N	N	N	N
Shares	Ratio of shares owned by directors and CEO	%	52.8	52.8	52.8
	Share ratio among CEO incentives	%	-	0	0
	Ratio of shares owned by the National Pension Service	%	6.2	5.0	4.3

1. Articles of Association and Executive Compensation Regulations
1)The remuneration of directors and auditors is determined by the resolution of the general shareholders' meeting.
The agenda item for determining the remuneration of directors and auditors shall be resolved separately.
2)The payment of severance pay for directors and auditors shall be in accordance with the regulations on executive severance pay decided at the general shareholders' meeting.





Enhancing Shareholder Rights

Category		Unit	2021	2022	2023
Enhancing Shareholder Rights	Notice of agenda before the general shareholders' meeting	Y/N	Y	Y	Y
	Solicitation of Proxy Voting ¹	Y/N	0	0	0

1. While individual shareholders are not encouraged, the notice of the general shareholders' meeting is sent to all shareholders to encourage the exercise of voting rights

Director Training

SUHEUNG encourages directors to participate in both internal and external training programs to properly understand and efficiently perform their duties. When necessary, we seek advice from external experts to enhance the professionalism and competence of the board of directors. In 2023, the independent director and auditor completed internal accounting management system training conducted by the Korea Listed Companies Association.

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Ethics and Compliance

Strategy

SUHEUNG defines its responsibilities to shareholders, customers, competitors, suppliers, employees, and society, and has established the Code of Ethics, published on its website, which forms the basis of all ethical decision-making and value judgments. The main contents include protecting shareholders’ rights and interests, respecting and protecting customers, ensuring fair trade, creating a favorable work environment, and complying with laws and regulations. Additionally, in 2024, to establish the anti-bribery management system (ISO 37001), a new anti-bribery policy was established and declared, which all employees must adhere to. SUHEUNG’s anti-bribery policy includes compliance with domestic and international anti-corruption laws and internal regulations, prohibition of bribery and improper solicitations, and the establishment and adherence to the anti-bribery management system. The Board of Directors, overseeing ethical management, reviews and approves transactions between affiliates to ensure compliance and prevent improper and unfair practices. Additionally, the Code of Ethics and the Code of Conduct for Suppliers published to emphasize the importance of fair trade and compliance not only to employees but also to stakeholders, including shareholders, customers, competitors, and suppliers. The Audit Team, dedicated to ethics and compliance, manages ethical risks across all business sites. They oversee employees’ ethical conduct and perform internal accounting tasks such as cash management, accounts receivable and payable management, inventory audits, and internal accounting management. The Audit Team ensures the audit organization’s expertise by appointing a responsible manager and enhancing the team’s effectiveness under the supervision of a full-time auditor who oversees the audit team’s activities and plans.

[🔗 Code of Ethics](#)

Target

SUHEUNG tracks and oversees key indicators such as the number of violations of the Code of Ethics and related regulations by employees, as well as the completion rate of ethics training, to assess the implementation level of internal ethical management and to manage ethical violations. Specifically, SUHEUNG has set a goal of achieving “zero violations of the Code of Ethics for Employees and related regulations.” In 2023, it was confirmed that there were zero violations. Additionally, the company conducts at least one hour of ethics training for all employees annually to internalize ethical management practices.

Performance

Establishing an Anti-Corruption and Integrity Organizational Culture

SUHEUNG is committed to preventing corruption. As part of this effort, SUHEUNG conducted a corruption risk assessment in April 2024 to evaluate the frequency and impact of corruption risks and ensure proper management within the company. The assessment identified SUHEUNG’s major corruption risks, which include solicitation and financial corruption risks that may arise during supplier selection, solicitation and financial corruption related to regulatory relaxation, modification (elevation) of inspection results, and bribery involving the provision of entertainment and benefits to public officials and certification auditors during permit management. To manage these risks, SUHEUNG complies with relevant laws and its Code of Conduct, and regularly conducts ethics training for employees. Additionally, we monitor corporate credit card usage and have a three-step review process for expense approval. Furthermore, the audit team conducts anti-corruption surveys to identify major risks like unethical behavior and unfair trade practices. Based on the survey, SUHEUNG develops and implements measures to mitigate these risks. Additionally, through the internal reporting system and the “Report” page on its website, SUHEUNG collects reports on fraud / corruption, supplier grievances and unfair trade practices, organizational culture issues, and violations related to product quality and service improvements from internal and external stakeholders. All reports are handled anonymously to protect the whistleblower, ensuring that their identity is not disclosed during the handling process. Moreover, the individuals responsible for handling reports manage the investigation process to guarantee neutrality, objectivity, and anonymity.

Corruption Risk Assessment

Category	Unit	2021	2022	2023	2024
Percentage of business sites conducting corruption risk assessments	%	-	-	-	100

Governance

Ethics and Compliance

Reports and Violations

Category		Unit	2021	2022	2023
Audit	Audits related to reporting and disciplinary actions	case	0	0	0
Reports and consultations on ethical management	Employees	case	0	0	0
	Suppliers	case	0	0	0
	Customers	case	0	0	0
	Others	case	0	0	0
Processing	Investigations (audits)	case	0	0	0
	Transfer to relevant departments	case	0	0	0
	Others (rejection, etc.)	case	0	0	0
Violations of the Code of Conduct	Total	case	0	0	0
	- Sexual harassment	case	0	0	0
	- Bribery	case	0	0	0
	- Non-compliance with the Code of Ethics	case	0	0	0
	- Violations of safety, health, and environmental regulations	case	0	0	0
	- Negligence	case	0	0	0
	- Others	case	0	0	0
Legal Violations	Amount of financial sanctions for violation of laws and regulations	KRW 100 million	0	0	0
	No. of lawsuits for violating laws and regulations	case	0	0	0

Preventing Anti-Competitive Practices

SUHEUNG is dedicated to eliminating illegal and anti-competitive practices that undermine fair competition. To achieve this, the dedicated ethics team monitors employees’ adherence to the Code of Ethics. Additionally, any detection of unethical or illegal transactions, such as rebates, bribes, and rewards, are rigorously reviewed according to internal procedures.

Legal Violations

Category		Unit	2021	2022	2023
Legal violations	Monetary Penalties for violations of fair trade laws and regulations	KRW 100 million	0	0	0
	Lawsuits for violations of fair trade laws and regulations	case	0	0	0

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Governance

Ethics and Compliance

Conducting Ethics Training

SUHEUNG conducts annual ethics training for all employees to foster ethical awareness, covering topics such as anti-corruption and anti-competitive practices. Additionally, all employees pledge to adhere to the Code of Ethics, committing to perform their duties fairly and transparently. To prevent the exchange of gifts and entertainment both internally and externally SUHEUNG, we send out notification e-mails regarding the ban on sensitive trade to all employees and suppliers.

Ethics Training

Category		Unit	2021	2022	2023
Ethics training ¹	Employees subject to education on ethics	person	871	758	739
	- Office workers ²	person	-	142	150
	- On-site workers ²	person	-	616	589
	Ratio of employees who received ethics education	%	100	100	100
	Total training hours	hour	871	758	739
	Training hours per employee	hour	1	1	1

1. Content of ethics education: Basic ethics for employees, 2. Corporate social responsibility, 3. Comprehending unfair trade and unfair competition, 4. Comprehending child labor and forced labor 5. Comprehending anti-corruption practices
2.From 2022, we divided the data by position

ISO 37001 Certification

In May 2024, SUHEUNG obtained the ISO 37001 certification for its anti-bribery management system. Starting from this milestone, we plan to conduct annual corruption risk assessments to evaluate the mitigation of existing risks and proactively address new risks. Additionally, SUHEUNG will refine its current three-step fund execution review process and actively operate an ethics channel to allow immediate reporting of any corruption incidents, thereby embedding ethical and compliance management within the organization.



ISO 37001 Certification

ISO 37001 Certification

Category	Unit	2021	2022	2023	2024
ISO 37001	Y/N	-	-	-	Y

Information Security and Personal Information Protection

Strategy

SUHEUNG has established a personal information processing policy in accordance with the Personal Information Protection Act, which has been approved by the CEO and is publicly available on the company’s website. SUHEUNG’s personal information processing policy includes details such as the purpose of processing personal information provided by data subjects, the duration of processing and retention, and measures to ensure security. After the purpose of collecting and using personal information is achieved, the information is promptly destroyed, except for information retained for customer inquiries, business consultations, service analysis, and service level enhancement, which is kept for three years. Additionally, consent is obtained from the data subject when necessary. Any additions, deletions, or modifications to the personal information processing policy are announced through the website’s notice section at least ten (10) days before the effective date to ensure that all stakeholders can easily verify the changes. Inquiries related to personal information are handled by the Information Technology (IT) Team, and the contact details of the IT Team, including phone numbers and email addresses, are available on the website. The IT team manages and supervises the information security system. Dedicated IT personnel within the department oversee the entire system, establishing company-wide information security policies and addressing major risks and issues related to information security. Additionally, information protection training is conducted to promote a culture of information security within the company.

[Personal Information Processing Policy](#)

Target

SUHEUNG has set a medium- to long-term goal of obtaining ISO 27001 certification to strengthen its information protection system. To achieve this goal, we will enhance our information security practices and policies in accordance with ISO 27001 standards and will particularly focus on strengthening internal security systems to prevent the leakage of internal information during remote work. Additionally, SUHEUNG aims to raise information protection awareness among all employees, including those in the personal information department, and to achieve zero information security violations annually.

Governance

Information Security and Personal Information Protection

Performance

Managing Information Security Risks
SUHEUNG manages information security risks through its information security management and supervision system. We have established and operates systems such as the Data Loss Prevention (DLP) system, Advanced Persistent Threat (APT) system, and OS/DB access control system for key systems. By conducting information security inspections across all business sites, vulnerabilities are identified and improved. Recently, the Osong plant upgraded its network equipment and established a closed network to enhance security levels. Additionally, SUHEUNG provides annual information protection training for all employees and additional information security training for new employees. Relevant information is periodically announced to ensure that employees are aware of personal information protection guidelines even after the training.

Information Security Violations

Category	Unit	2021	2022	2023
Total no. of information security violations	case	0	0	0
Customer information security violations	case	0	0	0
Fines for information security violations	KRW thousand	0	0	0

Information Protection Investment

Category	Unit	2021	2022	2023
Total IT budget	KRW 100 million	16.4	17.9	23.9
Information protection budget	KRW 100 million	2.6	3.1	3.8
Percentage of Information protection investment	%	15.9	17.3	15.9

Establishing Information Security Incident Response Procedures (IRP)

SUHEUNG has established and operates an incident response procedure to promptly address information security incidents. Security breaches are defined as account theft, malicious code and ransomware infection, Distributed Denial of Service (DDoS) attacks, company security policy violations, and other network attacks. According to the information security incident response procedure, anyone who detects an incident must immediately report it to the security manager, who will analyze the severity and impact of the incident and handle it accordingly. Additionally, measures to prevent recurrence are developed and reported to the Chief Information Security Officer (CISO).

5 - Step Information Security Incident Response Process

Step 3.
Analysis and Response

Analyze and handle the incident

Step 4.
Measures

Establish measures to prevent recurrence

Step 5.
Report and Termination

Report to the chief information protection manager and termination

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(Unit: KRW)			
Category	2021	2022	2023
Assets			
Current Assets	318,602,620,368	399,896,261,499	431,159,543,682
Cash and Cash Equivalents	26,331,816,542	37,018,161,860	38,707,892,425
Other Current Financial Assets	7,170,225,500	21,300,000,000	9,714,033,706
Financial assets at fair value through other comprehensive profit or loss	676,624,477	0	0
Accounts Receivable	90,822,880,319	87,231,822,385	97,071,934,891
Other Current Receivables	4,278,814,631	7,711,998,113	16,907,576,518
Current Derivative Assets	0	32,960,262	16,045,437
Inventories	181,994,990,259	236,814,965,790	259,841,635,771
Other Current Assets	7,327,268,640	9,786,353,089	8,900,424,934
Non-current Assets	491,352,233,688	526,522,274,399	562,577,512,202
Other Non-current Financial Assets	794,751,245	374,704,540	39,355,256
Net Defined Benefit Assets	198,860,213	1,045,243,853	2,595,552,807
Financial assets at fair value through other comprehensive profit or loss	1,126,649,544	2,286,920,016	3,032,604,700
Other Non-current Receivables	5,266,492,169	28,646,093,238	56,047,084,045
Investments in Associates	42,591,009,884	40,533,914,373	29,498,248,883
Investment Property	11,812,842,048	8,962,726,011	8,835,819,917
Tangible assets	411,920,527,747	427,930,144,598	444,515,566,379
Intangible Assets	7,092,928,104	5,927,794,561	6,005,686,142
Right-of-use Assets	7,449,872,590	7,816,503,187	7,371,291,607
Deferred Tax Assets	0	604,851,875	651,598,292
Other Non-current Assets	3,098,300,144	2,393,378,147	3,984,704,174
Total Assets	809,954,854,056	926,418,535,898	993,737,055,884

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Consolidated Statements of Financial Position

(Unit: KRW)			
Category	2021	2022	2023
Liabilities			
Current Liabilities	236,373,770,859	281,268,559,520	441,422,214,363
Short-term Trade Payables	8,196,814,331	17,824,982,119	19,539,544,975
Short-term Other Payables	13,608,060,846	19,392,887,791	21,027,288,980
Short-term Borrowings	204,920,100,904	231,204,809,630	350,144,731,461
Current Portion of Bonds	0	0	43,000,000,000
Current Lease Liabilities	532,929,412	537,900,508	475,256,383
Current Tax Liabilities	6,644,296,916	8,285,883,767	3,116,091,136
Current Provisions	168,515,100	1,954,300,526	1,912,432,206
Current Derivative Liabilities	0	40,905,987	73,713,339
Other Current Liabilities	2,303,053,350	1,984,307,912	2,098,084,203
Current Financial Guarantee Liabilities	0	42,581,280	35,071,680
Non-current Liabilities	143,712,632,254	175,425,858,742	75,246,307,695
Long-term Other Payables	215,006,666	116,043,325	100,000,000
Long-term Borrowings	94,496,260,846	129,571,245,950	74,007,050,083
Bonds	43,000,000,000	43,000,000,000	0
Non-current Lease Liabilities	43,789,019	362,139,586	229,559,209
Net Defined Benefit Liabilities and Other Long-term Employee Benefits	1,303,340,658	590,688,251	596,988,271
Deferred Tax Liabilities	4,614,402,265	1,785,741,630	312,710,132
Non-current Financial Guarantee Liabilities	39,832,800	0	0
Total Liabilities	380,086,403,113	456,694,418,262	516,668,522,058

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Consolidated Statements of Financial Position

(Unit: KRW)			
Category	2021	2022	2023
Equity			
Equity Attributable to Owners of the Parent Company	387,764,547,075	421,340,256,523	425,670,263,027
Capital Stock	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 Capital	(4,159,071,936)	(3,673,005,353)	(3,628,055,399)
Accumulated Other Comprehensive Income	(16,337,355,658)	(12,215,062,019)	(12,158,345,003)
Retained Earnings	363,632,803,485	392,600,152,711	396,828,492,245
Non-controlling Interests	42,103,903,868	48,383,861,113	51,398,270,799
Total Equity	429,868,450,943	469,724,117,636	477,068,533,826
Total Liabilities and Equity	809,954,854,056	926,418,535,898	993,737,055,884

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Consolidated Statements of Comprehensive Income

(Unit: KRW)

Category	2021	2022	2023
Sales	596,733,152,009	634,966,079,026	594,567,151,213
Cost of Sales	470,499,756,778	497,687,749,037	492,948,629,584
Gross Profit	126,233,395,231	137,278,329,989	101,618,521,629
Selling and Administrative Expenses	49,515,412,593	67,919,270,110	51,595,481,396
Research and Development Expenses	7,114,357,203	7,381,716,628	7,028,068,143
Operating Profit	69,603,625,435	61,977,343,251	42,994,972,090
Financial Income	9,009,709,539	11,743,859,269	10,048,150,248
Financial Expenses	9,013,278,086	20,831,220,674	29,531,041,168
Other Income	2,373,639,158	6,720,058,086	1,908,902,017
Other Expenses	2,879,228,114	7,632,087,201	4,379,784,109
Share of Profit (Loss) of Associates	5,754,367,667	(32,057,946)	(7,010,861,965)
Profit Before Tax	74,848,835,599	51,945,894,785	14,030,337,113
Income Tax Expense	15,553,699,095	11,349,147,825	5,145,384,149
Profit for the Period	59,295,136,504	40,596,746,960	8,884,952,964
Attributable to:			
Owners of the Parent Company	53,689,082,928	33,984,616,379	6,119,225,844
Non-controlling Interests	5,606,053,576	6,612,130,581	2,765,727,120
Other Comprehensive Income	931,405,697	4,336,931,480	2,930,746,664
Items that may be reclassified subsequently to profit or loss (Other comprehensive income after tax)	7,531,703,642	4,469,586,509	270,140,931
Changes in Equity Method	(76,026,932)	379,540,410	(13,565,710)
Exchange Differences on Translating Foreign Operations	7,607,730,574	4,090,046,099	283,706,641
Items that will not be reclassified subsequently to profit or loss (Other comprehensive income after tax)	(6,600,297,945)	(132,655,029)	2,660,605,733
Change in value of liability products measured at fair value through other comprehensive income	(3,883,845,156)	(663,387,670)	(213,423,915)
Remeasurement Gains (Losses) on Defined Benefit Plans	(2,716,452,789)	530,732,641	2,874,029,648

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(Unit: KRW)			
Category	2021	2022	2023
Total Comprehensive Income	60,226,542,201	44,933,678,440	11,815,699,628
Attributable to:			
Owners of the Parent Company	54,751,809,418	38,649,199,365	8,732,701,750
Non-controlling Interests	5,474,732,783	6,284,479,075	3,082,997,878
Earnings per Share			
Basic Earnings (Loss) per Share	4,829	3,056	550
Diluted Earnings (Loss) per Share	4,829	3,056	550

* Companies included in consolidated financial information: Geltech Co., Ltd., SUHEUNG Vietnam, SUHEUNG America, SH Asset Management, SUHEUNG Japan, SUEHUNG Europe GmbH, SUHEUNG Healthcare Co., Ltd. (including profit and loss performance before the merger with Winnerwell Co., Ltd.), Hankook Cosmo Co., Ltd., Balanceway Co., Ltd.

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SASB

The Sustainability Accounting Standards Board (SASB) is a non-profit organization that sets standards for reporting non-financial information. SASB standards present sustainability risk topics that are highly relevant to each industry and recommend that companies continue to report on them. SUHEUNG reports major contents in this report in accordance with the Biotechnology & Pharmaceuticals industry standards.

Topic	Code	Accounting Metric	Reporting Page
Drug Safety	HC-BP-250a.3	Number of recalls issued, total units recalled	25
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	64
Ethical Marketing	HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	64
Employee Recruitment, Development & Retention	HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	49, 52
Business Ethics	HC-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	64

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TCFD (Task Force on Climate-related Financial Disclosures)

SUHEUNG is complying with the international community’s demands to respond to climate change by declaring our support for the Task Force on Climate-related Financial Disclosures (TCFD). TCFD is a global initiative established by the G20 Financial Stability Board in 2015 to encourage companies to disclose climate change-related information voluntarily and continuously, and to focus on the four pillars of climate change-related governance, strategy, risks and opportunities, and metrics and targets. SUHEUNG will establish a climate change response system in accordance with TCFD’s recommendations and disclose related information transparently.

TCFD Recommendations		Reporting Page
Governance	a) The board’s oversight of climate-related risks and opportunities	34
	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	34
	b) The impact of climate-related risks and opportunities on the company’s businesses, strategy, and financial planning	34
	c) The resilience of the company’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	-
Risk and Opportunity	a) The company’s processes for identifying and assessing climate-related risks	34
	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	
Criteria and Goals	a) The metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process	34, 36~38
	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	

GRI Index

GRI 1: Foundation 2021

GRI Standards 2021	Disclosure
Statement of use	Suheung has reported in accordance with the GRI Standards for the period 2023.1.1~2023.12.31
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	As of June 2024, the pharmaceuticals sector standards are not applicable since they were not implemented.

GRI 2: General Disclosures 2021

Topic	No.	Disclosure	Reporting Page
The organization and its reporting practices	2-1	Organizational details	5, 13~14
	2-2	Entities included in the organization’s sustainability reporting	6, 13~14
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	Changed data is separately commented on a note
	2-5	External assurance	82
Activities and workers	2-6	Activities, value chain and other business relationships	5, 8~12
	2-7	Employees	49
	2-8	Workers who are not employees	49
Governance	2-9	Nomination and selection of the highest governance body	60~61
	2-10	Chair of the highest governance body	60, Corporate Governance Report 304300 detailed principle 4-3
	2-11	Chair of the highest governance body	60
	2-12	Role of the highest governance body in overseeing the management of impacts	17, 61
	2-13	Delegation of responsibility for managing impacts	17, 31

GRI 2: General Disclosures 2021

Topic	No.	Disclosure	Reporting Page
Governance	2-14	Role of the highest governance body in sustainability reporting	17, 31, 60~61
	2-15	Conflicts of interest	60, Corporate Governance Report 202200 detailed principle 2-2
	2-16	Communication of critical concerns	17, 61
	2-17	Collective knowledge of the highest governance body	61
	2-18	Evaluation of the performance of the highest governance body	62, Corporate Governance Report 306100 detailed principle 6-1(To be implemented)
	2-19	Remuneration policies	62
	2-20	Process to determine remuneration	62
	2-21	Annual total compensation ratio	This is a sensitive information that cannot be shared outside the organization
	2-22	Statement on sustainable development strategy	4
	2-23	Policy commitments	23, 28, 36, 40, 42, 45, 47, 53~54, 58, 63, 65
Strategy, policies and practices	2-24	Embedding policy commitments	44, 46, 52, 54, 57~58, 65~66
	2-25	Processes to remediate negative impacts	31, 53, 63~64
	2-26	Mechanisms for seeking advice and raising concerns	53, 63
	2-27	Compliance with laws and regulations	64, Business Report 250
	2-28	Membership associations	80
Stakeholder engagement	2-29	Approach to stakeholder engagement	18
	2-30	Collective bargaining agreements	48

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GRI 3: Material Topics 2021

Topic	No.	Disclosure	Reporting Page
Disclosures on material topics	3-1	Process to determine material topics	19
	3-2	List of material topics	20

Material Topics

Topic	No.	Disclosure	Reporting Page
Improvement of product safety and quality, Increasing customer satisfaction	3-3	Management of material topics	23, 27
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	25
Integrating management of financial and non-financial risks	3-3	Management of material topics	30
Non-GRI			
Responding to climate change and reduction of carbon emissions	3-3	Management of material topics	33
GRI 302: Energy	302-1	Energy consumption within the organization	39
	302-3	Energy intensity	39
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	37
	305-2	Energy indirect (Scope 2) GHG emissions	37
	305-3	Other indirect (Scope 3) GHG emissions	37~38
	305-4	GHG emissions intensity	37
	305-5	Reduction of GHG emissions	37
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	44

GRI Index

Topic Standard

Economy			
Topic	No.	Disclosure	Reporting Page
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	63
	205-2	Communication and training about anti-corruption policies and procedures	63, 65
	205-3	Confirmed incidents of corruption and actions taken	64
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	64

Environment			
Topic	No.	Disclosure	Reporting Page
GRI 303: Water and Effluents	303-5	Water consumption	41
GRI 306: Waste	306-3	Waste generated	43
	306-4	Waste diverted from disposal	43
	306-5	Waste directed to disposal	43

Topic Standard

society			
Topic	No.	Disclosure	Reporting Page
GRI 401: Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50
	401-3	Parental leave	51
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	54
	403-2	Hazard identification, risk assessment, and incident investigation	55
	403-3	Occupational health services	56
	403-4	Worker participation, consultation, and communication on occupational health and safety	56
	403-5	Worker training on occupational health and safety	57
	403-6	Promotion of worker health	50
	403-9	Work-related injuries	56
	403-10	Work-related ill health	56
GRI 404: Training and Education	404-1	Average hours of training per year per employee	52
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	49, 61
	405-2	Ratio of basic salary and remuneration of women to men	49
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	54
GRI 414: New suppliers that were screened using social criteria	414-1	New suppliers that were screened using social criteria	58
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	66

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UN SDGs

UN SDGs are 17 common goals to be achieved by 2030 to solve global social problems such as poverty, inequality, and environmental pollution and to build a sustainable society. To achieve the UN SDGs, SUHEUNG is promoting goal-specific activities when establishing and implementing management strategies. We will continue to fulfill our corporate social responsibility by identifying and pursuing tasks related to each goal.

SDGs	Key Activities	Reporting Page
<div><div><div>1</div><div>NO POVERTY</div></div><div><div></div><div></div></div></div> <div>Goal 1. No Poverty</div>	Donation of health functional food sets	59
<div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div></div><div></div></div></div> <div>Goal 3. Good Health and Well-being</div>	Establishment of safety and health management system, provision of health checkup, implementation of smoking cessation and job stress management program	50, 54, 56
<div><div><div>5</div><div>GENDER EQUALITY</div></div><div><div></div><div></div></div></div> <div>Goal 5. Gender Equality</div>	Realization of employment equality based on our personnel regulations	47~51
<div><div><div>6</div><div>CLEAN WATER AND SANITATION</div></div><div><div></div><div></div></div></div> <div>Goal 6. Clean Water and Sanitation</div>	Water pollutant monitoring, facility inspection and maintenance	40~42
<div><div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div><div><div></div><div></div></div></div> <div>Goal 7. Affordable and Clean Energy</div>	Installation and operation of solar panels	39
<div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div></div><div></div></div></div> <div>Goal 8. Decent Work and Economic Growth</div>	Fair recruitment, work environment improvement	47~50
<div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div></div><div></div></div></div> <div>Goal 10. Reduced Inequalities</div>	Establishment of human rights grievance handling procedures, providing educations on sexual harassment prevention and awareness improvement of the disable	53~54
<div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div></div><div></div></div></div> <div>Goal 12. Responsible Consumption and Production</div>	Establishment of waste management guidelines, reduction of waste generation, and increase of recycling	42~43
<div><div><div>13</div><div>CLIMATE ACTION</div></div><div><div></div><div></div></div></div> <div>Goal 13. Climate Action</div>	Replacing with high-efficiency facilities for GHG reduction	38
<div><div><div>15</div><div>LIFE ON LAND</div></div><div><div></div><div></div></div></div> <div>Goal 15. Life on Land</div>	Tracking endangered species and protection of natural habitat	45
<div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div><div><div></div><div></div></div></div> <div>Goal 16. Peace, Justice and Strong Institutions</div>	Conducting anti-corruption risk assessments and surveys, having employees pledge on compliance with the Code of Ethics	63~65
<div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div><div><div></div><div></div></div></div> <div>Goal 17. Partnerships for the Goals</div>	Joined the UN Global Compact	79

UNGC / RC

UNGC

SUHEUNG joined the UN Global Compact (UNGC) in 2022 and is complying with the principles of human rights, labor, environment, and anti-corruption. SUHEUNG promises to protect the human rights of employees and stakeholders at all business sites, improve the working environment, and continue to advance the level of environmental and ethical management.

UNGC Principles		Reporting Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	53
	2. Make sure that they are not complicit in human rights abuses.	
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	47, 53
	4. The elimination of all forms of forced and compulsory labour;	
	5. The effective abolition of child labour; and	
	6. The elimination of discrimination in respect of employment and occupation.	
Environment	7. Businesses should support a precautionary approach to environmental challenges,	36~46
	8. Undertake initiatives to promote greater environmental responsibility; and	
	9. Encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	63~65

RC



Responsible Care (RC) is a comprehensive global environment, safety and health initiative implemented by the global chemical industry. SUHEUNG is improving the environment and safety and health levels throughout corporate operations in accordance with the RC Code of Conduct. As a member of Responsible Care, SUHEUNG will continue to actively participate in the chemical industry’s efforts to protect human health.

Responsible Care Guiding Principles	
1	To make Responsible Care part of management policies and have all company members participate in the implementation of the program
2	To make matters relating to the Environment, Safety and Health one of priorities, in order to minimize potential risks during the production process, transportation, use and disposal of our products
3	To communicate and respond actively to the concerns related to the Environment, Safety and Health of members, customers and other stockholders
4	To provide customers with adequate counsel and information on the potential risks associated with our products, in order to ensure their safe use, transportation and disposal
5	To co-operate with government agencies and/or experts with a view of solving problem as well as being involved in technical development in matters related to the Environment, Health and Safety
6	To encourage exchange with the international chemical industry, of information related to the Environment, Health and Safety, and to participate in appropriate international activities
7	To establish a co-operation and networking system between member companies, to share the knowledge and experience pertaining to Environment, Safety and Health matters, with a view of building a successful industry, which embraces and promotes the principles of the Responsible Care program

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Awards

Category	Organization	Award	Date
1	President	Saemaul Service Medal	1981.12.09.
2	President	Order of Saemaul Service Cooperation Merit	1985.10.25.
3	President	Civil Merit Medal	1986.11.26.
4	President	5 Million US Dollar Export Tower	1992.11.30.
5	President	10 Million US Dollar Export Tower	1994.11.30.
6	Citizens Coalition of Economic Justice	Economic Justice Award	1998.04.15.
7	President	20 Million US Dollar Export Tower	2003.11.30.
8	Prime Minister	Exemplary Entrepreneur Award	2004.03.17.
9	President	Iron Tower Order of Industrial Service Merit	2008.03.19.
10	President	30 Million US Dollar Export Tower	2008.11.30.
11	President	Industrial Service Medal	2014.03.19.
12	Korea International Trade Association	Trader of the Month that honors Korea	2014.07.25.
13	Minister of Trade, Industry and Energy	50 Million US Dollar Export Tower	2014.12.05.
14	President	70 Million US Dollar Export Tower	2015.12.07.
15	President	Bronze Tower Order of Industrial Service Merit	2015.12.07.
16	Ministry of Science and ICT	IR52 Jang Young-shil Award	2024.04.11.

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
12	Responsible Care

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Certifications

1	<div>HALAL certification</div> <div>First certified year 2005</div>	2	<div>FGMP certification for health functional food manufacturing</div> <div>First certified year 2005</div>	3	<div>USP Dietary Supplement (USP) Certification</div> <div>First certified year 2005</div>	4	<div>KGMP for pharmaceutical tablet manufacturing</div> <div>First certified year 2012</div>
5	<div>VG Capsule Kosher Certification</div> <div>First certified year 2012</div>	6	<div>Therapeutic Goods Administration (TGA), an Australian certification for health functional food</div> <div>First certified year 2013</div>	7	<div>HACCP certification</div> <div>First certified year 2014</div>	8	<div>Non-GMO, the National Sanitation Foundation (NSF)</div> <div>First certified year 2016</div>
9	<div>Osong Plant ISO 9001: transitioned in 2015</div> <div>First certified year 2017</div>	10	<div>Ochang Plant FSSC 22000</div> <div>First certified year 2018</div>	11	<div>WHOPIRs certification</div> <div>First certified year 2019</div>	12	<div>EU-GMP</div> <div>First certified year 2019</div>
13	<div>VEGETARIAN certification</div> <div>First certified year 2019</div>	14	<div>VEGAN certification</div> <div>First certified year 2022</div>	15	<div>ISO 14001</div> <div>First certified year 2022</div>	16	<div>ISO 45001</div> <div>First certified year 2022</div>
17	<div>ORGANIC</div> <div>First certified year 2022</div>	18	<div>ISO 37001</div> <div>First certified year 2024</div>				

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To: The Stakeholders of SUHEUNG

Overview

The British Standards Institution (hereinafter referred to as the “Assurer”) was requested to verify the 2023 Sustainability Report (hereinafter referred to as the “Report”). The Assurer is independent to SUHEUNG and has no major operational financial interest other than the assurance of the Report. This assurance opinion statement is intended to provide information related to the assurance of the SUHEUNG’s report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any other purpose. This assurance opinion statement is prepared based on the information presented by the SUHEUNG. The verification does not extend beyond such information and is solely based on it. In performing such verification, the Assurer has assumed that all such information is complete and accurate.

SUHEUNG has responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the Report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to SUHEUNG only. The Assurer is responsible for providing SUHEUNG’s management team with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of SUHEUNG. The Assurer will not, in providing this Independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person or party by whom the Independent assurance opinion statement may be read.

Scope

The scope of engagement agreed upon with SUHEUNG includes the following:

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

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

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





Assurance Level and Type

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

Description and Sources of Disclosures Covered

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

- [Universal Standards]
2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)
- [Topic Standards]
205-1~3, 206-1, 302-1, 302-3, 303-5, 305-1~5, 305-7, 306-3~5, 401-2~3, 403-1~6, 403-9~10, 404-1, 405-1~2, 406-1, 414-1, 416-2, 418-1

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Methodology

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

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

Limitations and Approach Used to Mitigate Limitations

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

Competency and Independence

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

Opinion Statement

The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain SUHEUNG’s approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards. On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

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

- **Inclusivity: Stakeholder Engagement and Opinion**
SUHEUNG divides key stakeholders that have an important influence on corporate management activities into employees, customers, shareholders and investors, partners, government and communities, and operates communication channels suitable for each target. Through communication channels, opinions and requirements of stakeholders are collected and reflected in management activities such as strategy establishment and implementation, and the process is disclosed through the report.
- **Materiality: Identification and reporting of material sustainability topics**
SUHEUNG has established a strategy related to sustainability management, established a process to derive reporting issues, applied the Double materiality assessment method to select a total of 17 material issues, taking into account the external environmental and social impacts and the financial impacts of ESG issues on SUHEUNG. It conducted a survey on external stakeholders and derived priorities. As a result of the Double materiality assessment, key issues such as product safety and quality improvement, increased customer satisfaction, integrated management of financial and non-financial risks, response to climate change and reduction of carbon emissions are selected to implement ESG management. Major activities and plans related to this report are transparently disclosed in this report

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- **Responsiveness:** Responding to material sustainability topics and related impacts
SUHEUNG has established a management process for key reporting issues related to important sustainability topics and related impacts. In order to adequately respond to the expectations of stakeholders, three ESG strategic directions for eco-friendly management, healthy products, and a growing society are established in consideration of key reporting issues, and related policies, task performance status, activities, and response performance including improvement measures are disclosed through the report
- **Impact:** Impact of an organization’s activities and material sustainability topics on the organization and stakeholders
SUHEUNG has established a process to identify and evaluate the impact on organizations and stakeholders related to key reporting issues. The results of the analysis of the impact, risk, and opportunity factors on key reporting issues are used for decision-making to establish a response strategy for each issue, and the process is disclosed through the report.

Findings and Conclusions Concerning the Reliability and Quality of Specified Performance Information

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

- GRI Topic Standards: 205-1~3, 206-1, 302-1, 302-3, 303-5, 305-1~5, 305-7, 306-3~5, 401-2~3, 403-1~6, 403-9~10, 404-1, 405-1~2, 406-1, 414-1, 416-2, 418-1

Recommendations and Opportunity for Improvement

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

- SUHEUNG recognized the importance of ESG management and established an ESG strategic system, based on which he practiced ESG management and derived ESG strategies and tasks. Continuous management of these strategies and challenges through ESG committees and dedicated organizational activities can help advance the sustainability management system

GRI-Reporting

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

Issue Date: 24/06/2024
BSI Group Korea, Managing Director
S. H. Lim

