

2022 Sustainability Report



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About this Report



Interactive Guide

SUHEUNG 2022 Sustainability Report is published as an interactive PDF with a function to move to relevant pages within the report.

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We are pleased to present our second sustainability report, which showcases our commitment to communicate with our investors and stakeholders in regard to sustainable management. Building on our first report in 2021, this report provides an overview of our vision, strategies, activities, and achievements in sustainable management on top of financial data. One of the highlights of this report is the ‘Sustainable Value Story’ section (page 24-34), where we share how we leverage our core competencies to pursue a sustainable future with value. Going forward, we will continue to disclose our management information in a transparent manner through the sustainability report, while closely communicating with our stakeholders.

Reporting Period

This report covers our financial and non-financial performance and activities from January 1 through December 31, 2022. We also provide quantitative data for the past three years (2020-2022) to show the trends and progress of our ESG performance. In some cases, we include information up to the first half of 2023 to reflect the latest developments and plans.

Reporting Scope and Boundaries

The financial data in this report includes the Korean International Financial Reporting Standards (K-IFRS) consolidated statement. The non-financial data covers all of our business sites, including the head office, domestic plants, and overseas and domestic sales subsidiaries. Yet, some indicators of domestic and overseas business sites were excluded due to physical limitations on data collection.

Reporting Principles

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

Data Assurance

To ensure reliability and quality of the report, the data in this report has been subject to third-party verification. The verification result is available on page 78.

Departments Involved in the Publication

Planning Team, ESG Team, Purchase Department, Management Department, Director of the Safety & Health Headquarters, Finance Management Department, EMBOCAPS Global Business Group of SUHEUNG, Marcspon, BSI




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Going towards 50 Years of Future, Built on 50 Years of History

In honor of its 50th anniversary, SUHEUNG has unveiled a new CI (Corporate Identity) as it looks forward to the next 50 years.

Throughout its 50-year history, SUHEUNG has been dedicated to manufacturing health supplement products that enhance human health and well-being. And now, we are ready to embark on another 50 years of journey with a bigger vision and challenge.

Our CI consists of three laurel leaves, each with a symbolic meaning. The first leaf represents our customers who have supported us for the past 50 years and who will continue to trust us for the next 50 years. The leaf on the bottom represents our commitment to producing only the highest quality products with unrivaled technology. The leaf in the middle linking the first and the third leaf represents our communication that connects our customers with our top quality products.

As we have consistently fulfilled our role and achieved growth, we will extend our global reach and deliver the highest quality raw materials and products to the international market, thereby establishing ourselves as Korea’s leading comprehensive healthcare company.



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CEO Message



“
SUHEUNG, which has been walking a single path for 50 years towards the protection of health of humankind, will move toward a 100-year history by delivering sustainable value as a global comprehensive healthcare company.
”

Dear esteemed stakeholders,
Since its inception in 1973, SUHEUNG, has become a leading health functional food manufacturing company in Korea. With a commitment to ‘contributing to the betterment of human wellness,’ we have persevered through numerous challenges and innovations over the past 50 years, striving to make products that are safe and trustworthy for everyone. Our efforts have led to the development of top-notch technology and high-quality products, earning the trust of renowned global companies. Furthermore, we have secured a distinctive position in pharmaceutical capsule manufacturing and health functional food outsourcing manufacturing. The success and accomplishments of SUHEUNG over the past 50 years are a result of the hard work and dedication of our employees and a number of various stakeholders working together in unison. I would like to extend my sincere gratitude to all of them.

Despite the economic recession that affected the world in 2022, with rising prices resulting from war, distribution network fragmentation, and the energy crisis, we managed to maintain consistent growth. In fact, we achieved the highest sales in our history for the second consecutive year following 2021. It is possible that there may be more instability in the future due to the expected economic contraction. However, we have successfully overcome previous management crises with the help of our knowledgeable and passionate members. On the foundation of this strength, we plan to turn the crisis into an opportunity and become a leading comprehensive healthcare company in both domestic and international markets by 2023.

To this end, we are broadening our customer base by creating a variety of highly competitive health functional food formulations. Furthermore, we are focused on preparing for the production of new products that meet market demands by investing more in research and development. Moving forward, we will continue to produce top-notch products by conducting extensive market analysis and precise forecasting.

We are keeping up with the times by expanding our core business to the global market. Our second plant in Vietnam is currently undergoing expansion. When completed, it will have a synergy effect with the Osong Plant in Korea, solidifying our position in the global hard capsule market. On top of that, we will take the lead in the globalization of K-health functional food by offering customized products tailored to the needs of each market and expanding our global presence.

As a company that safeguards human health, we are committed to fulfilling our responsibilities and obligations in preserving the Earth’s ecosystem. In line with our three ESG strategies, ‘eco-friendly management, healthy products, and shared growth society,’ we will step up our endeavors on ESG management in 2023 together with all our employees. Throughout the entire production process, we will take measures to reduce our impact on the environment and actively contribute to society across generations. Additionally, we will reinforce ethical management by establishing transparent governance structures and fostering a culture of integrity within the company.

Until now, the company has been known as ‘silently strong company.’ As the phrase suggests, we have been following the same path silently with steadfast philosophy and focus. Now, we aim to move forward more proactively for the next 50 years. As a global comprehensive healthcare company, we will strive to create our 100-year legacy by delivering sustainable values to humanity, society and the environment. I ask for your continued support and feedback on our ambitious journey to achieve a new breakthrough.

Joohwan Yang
CEO of SUHEUNG

양 주 한

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Company Overview

SUHEUNG has successfully localized hard capsules through innovative technology development, and has become one of the leading companies in the field based on its technological excellence both domestically and internationally. Currently, we produce various products, such as soft capsules, medicines, and health functional foods through OEM or ODM production. We are especially dominant in the health functional food sector, where we are placed at an unparalleled position in the domestic outsourcing manufacturing area, growing rapidly and steadily. As we advance, we will continue to invest in research and development to further enhance our technology and product quality and broaden our customer base.

Through this, we will aspire to become a global comprehensive health care company that showcases the excellence of K-drugs and K-health functional foods to the world.

General Status

Company Name	SUHEUNG
Head Office Address	61, OSONGSAENGMYEONG-RO, OSONG-EUP, HEUNGDEOK-GU CHEONGJU-SI CHUNGCHONGBUK-DO, KOREA
Year of Foundation	January 30, 1973
No. of Employees	758 in total
Business Areas	<ul style="list-style-type: none">• Capsule<ul style="list-style-type: none">- Production of empty hard capsules• Food, health functional food and pharmaceuticals<ul style="list-style-type: none">- OEM / ODM production of general food and health functional food (producible items: soft capsule, capsule filling, tablet, granule / powder, liquid, jelly, gummy jelly types)- Production of pharmaceuticals (prescription drugs, over-the-counter drugs, quasi-drugs)• Materials<ul style="list-style-type: none">- Production of gelatin and collagen products• Cosmetics<ul style="list-style-type: none">- OEM/ODM production of basic cosmetics

Financial Performance in 2022

Laying a Foundation for Stable Performance

In 2022, the business environment worsened due to rising global shipping rates, increasing interest rates, and intensifying cost pressures. Even in the face of such economic challenges and slowing growth, we maintained our successful financial performance by focusing on enhancing our product competitiveness and developing customized medicines, and health functional foods. Furthermore, the health functional food industry has emerged as a new national growth engine in response to the challenges of population aging, chronic diseases, and new infectious diseases such as COVID-19. As a result of this trend, we achieved a revenue of KRW 634.9 billion (based on K-IFRS consolidated data) in 2022. In 2023, we will strive to enhance our financial performance, aiming at adding new individually approved raw materials, increasing health functional food sales, and expanding our global network.

Summary of Financial Statements (as of Dec. 31, 2022) (Unit: KRW million)

Category	2020	2021	2022
Revenue	553,012	596,733	634,966
Net income	74,317	69,604	61,977
Consolidated net income	59,262	59,295	40,596
Shares attributable to owners of the parent	52,999	53,689	33,984
Shares attributable to non-controlling interests	6,263	5,606	6,612
Basic earnings per share	4,766	4,829	3,056
No. of companies included in the consolidation	8	9	10

* Companies included in the consolidated financial information: Geltech, SUHEUNG Vietnam, SUHEUNG America, SH Asset Management, SUHEUNG Japan, SUHEUNG Europe GmbH, Winnerwell, Hankook Cosmo, Balance Way, SUHEUNG Healthcare



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Quality Control and Certification Status

Our products and services are based on rigorous quality control. We apply scientific analysis at every stage from product development to packaging to ensure the highest quality. We also adhere to strict procedures to prevent any errors in the entire production process, including raw material shipment. All of our products released through such a rigorous process have obtained various certifications, including KGMP1, cGMP2, TGA3, and ISO9001. Moreover, in 2022, we acquired ISO 14001, an environmental management system certification, and ISO 45001, a safety and health management system certification to guarantee quality of the environment and safety management process that underpins our quality control. Going forward, we will always endeavor to invest in quality management to establish trust with customers and establish trust and sustainable profitability with our customers.

Quality Control System

Differentiated Automatic Production System	Thorough Process Validation	Reliable Warranty System	Systematic Process Control
<div></div> <p>We employ a differentiated automatic system for product design, raw material selection, and product packaging. We conduct inspection for each unit process, and we apply a preliminary management system to incoming raw materials. Furthermore, we ensure flawless quality level through safety inspection of subsidiary materials and testing of finished products before shipment.</p>	<div></div> <p>We standardize manufacturing methods for each process and machine based on scientific theories, and we perform process validation that verifies the feasibility of design methods. This enables us to ameliorate the procedures and improve quality, thereby better serving our customers.</p>	<div></div> <p>We provide a multi-level warranty system for customer satisfaction, and we are doing our utmost in handling customer complaints and post-delivery product management. Such quality assurance efforts are a competitive factor that we take pride in.</p>	<div></div> <p>All products released by us undergo a systematic management and development process. Based on this, we have earned recognition for our excellent product quality and obtained various certifications such as KGMP, cGMP, TGA, and ISO 9001.</p>

Certifications

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

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Vision & Core Value

SUHEUNG has been committed to advancing technology and producing quality products since its founding in 1973. Our goal is to contribute to the sustainable health and well-being of humanity. All our employees are dedicated to research, development, and quality control, always seeking to improve customer satisfaction. Such endeavors not only enhanced our competitiveness, but also played a pivotal role in elevating the status of Korea's healthcare in the global industry. We will not be complacent about our achievements but grow into a company that contributes to the development and prosperity of our customers, employees, and society at large.

“SUHEUNG treasures health of humankind”

Vision

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

Core Value

R&D

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



Quality Management

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



Customer Service

We aim to satisfy our customers as the protector of their well-being.



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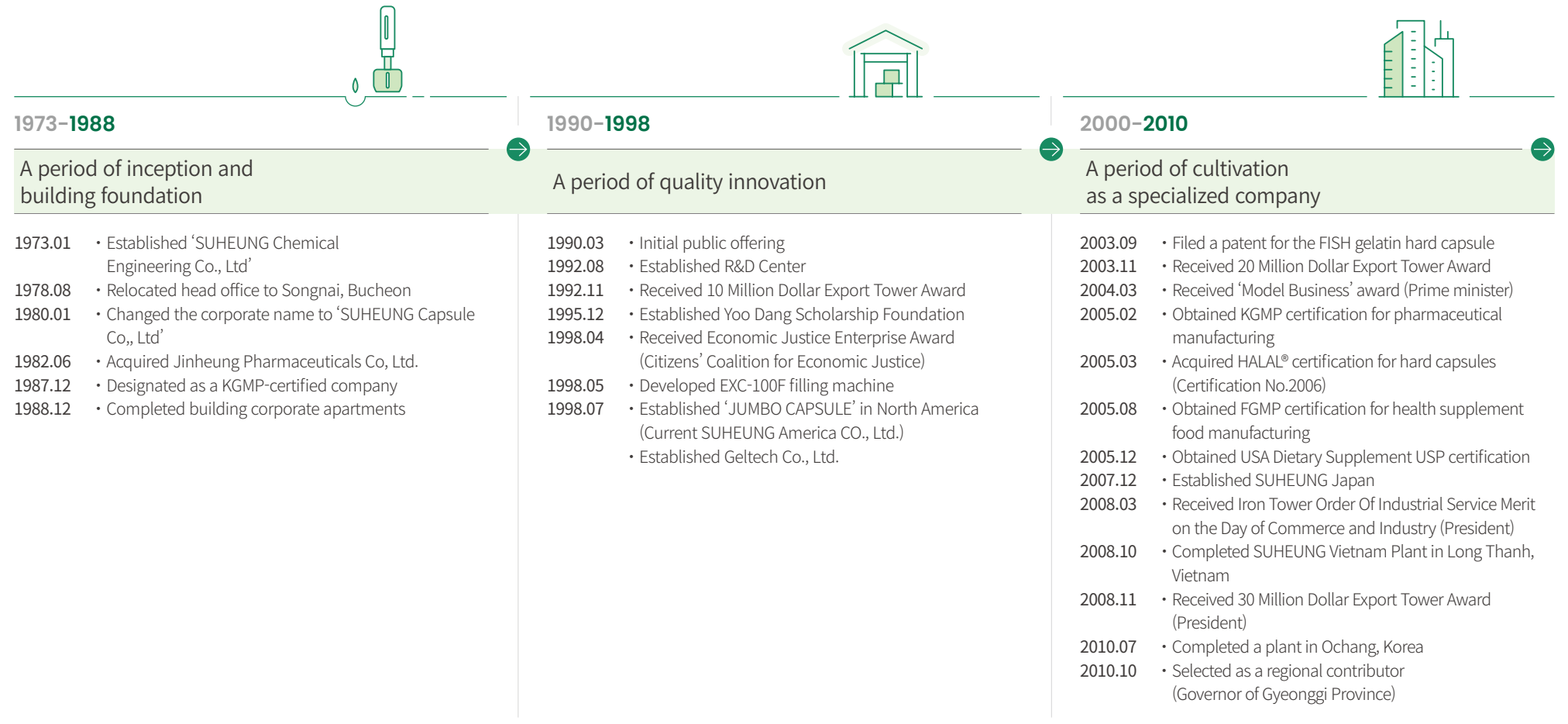
History

“

We will elevate our position in the global health functional food market beyond the domestic No. 1.

”

SUHEUNG was founded as SUHEUNG Chemical Engineering Co., Ltd. in 1973. The Songnae plant in Bucheon, built in 1978, helped pave the way for the company's growth. In 1990, we successfully went public through an IPO. The Osong Plant was completed in 2012, resulting in improved productivity and increased sales. Along with that, we obtained certifications, including KGMP, FGMP1, and USA Dietary Supplement USP2, in recognition of our technological competitiveness. On the basis of our long business history, we have become a top player in the health functional food industry in Korea. However, we are not content with this and plan to expand our reach to other parts of the world, such as Vietnam, Japan, and the United States. To achieve this, we aim to establish cooperative partnerships with leading healthcare companies both domestically and internationally, with the goal of increasing our market share globally.



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2010-2022

A period of value management

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

- 2014.03 • Received the 41st Order of Industrial Service Merit Award on the Day of Commerce and Industry
- 2014.04 • Changed the company name to SUHEUNG Co., Ltd.
- 2014.05 • Osong Plant designated as a HACCP-applied plant
- Received the 13 Order of Industrial Service Merit Award on Food Safety Day
- 2014.07 • Received the 71st 'Korea's Trader of the Month' Award
- 2014.12 • Completed Osong 2 Plant
- Received 50 Million Dollar Export Tower Award on the 51st Trade Day
- 2015.01 • Osong Plant certified with HALAL food
- 2015.03 • Selected an honorable tax payer of 2014
- 2015.12 • Received 70 Million Dollar Export Tower Award on the 520 Trade Day and the Bronze Tower Order of Industrial Service Merit
- 2016.11 • Established Winnerwell Co., Ltd.

- 2017.09 • Completed building Jeungpyeong Plant
- 2018.02 • Osong 2 Plant designated as a HACCP-applied plant
- 2018.09 • Acquired Hankook Cosmo Co., Ltd.
- 2018.10 • Established SUHEUNG Europe in Germany
- Ochang Plant certified with FSSC 22000**
- 2019.05 • Completed building SUHEUNG Vietnam 2 Plant
- Obtained EU-GMP certification
- 2019.10 • Ochang Plant certified with HALAL food
- 2020.04 • Developed VG PRO capsule
- 2022.04 • Established a spinoff, SUHEUNG Healthcare
- 2022.08 • Joined UNGC
- 2022.12 • Obtained ISO 14001, 45001 certifications
- Published the first sustainability report



* 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
** FSSC 22000 (Food Safety System Certification): a food safety standard that is most actively adopted by global food companies

Business Portfolio

We are the leading provider of hard capsules in the domestic market, with about 95% market share, and we also maintain a stable share of 6-7% in the global market. With more than 50 years of business experience, we have diversified our formulations and sharpened our competitiveness in the pharmaceutical sector. Based on this, we have become an OEM powerhouse in the health functional food market. Recently, we have focused on expanding our overseas sales channels through local subsidiaries in order to increase our global presence, and have sold some dry food products such as fish oil and vitamins overseas. As a result, the sales portion of health functional foods has risen to more than 45%, and we plan to continue our efforts and investments to further strengthen our position in the overseas market.

Capsule vision inspection machine (EXC-21V)

Unprinted capsule

It can detect color differences, double caps, length, holes, bubbles, small spots, and defective cutting surfaces.

Printed capsule

It can detect incorrect printing location, blurred print, unprinted, ink spots, etc.

EXC-21V

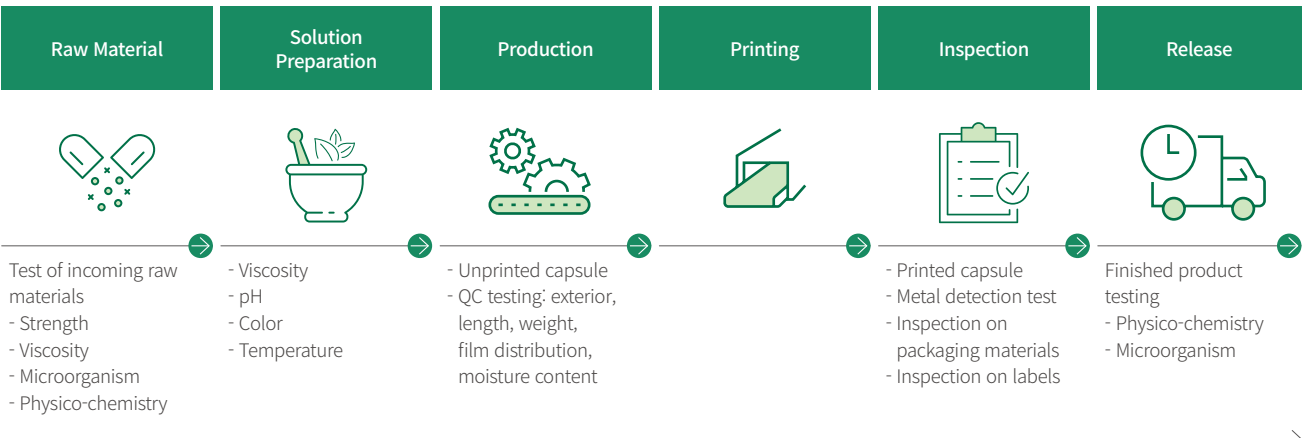


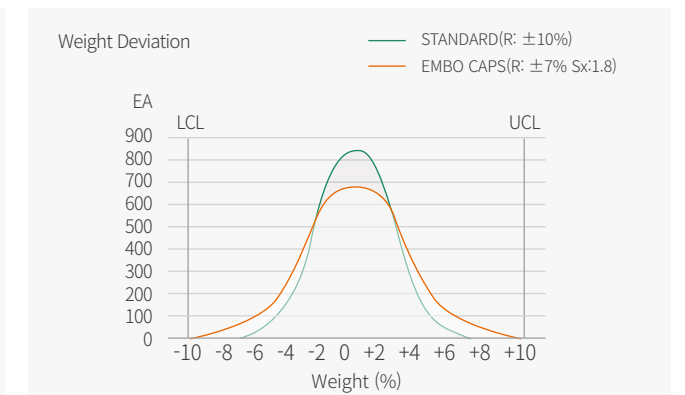
Empty Hard Capsule

SUHEUNG strictly complies with the quality assurance process required by the cGMP in all stages of producing hard capsules. cGMP certification is the essential gateway to global exporting and is well known for its high entry barriers. In order to establish a 'Validation-Calibration-Qualification' system that matches cGMP standards, we are equipped with world-class competitiveness in hard capsule quality assurance. In addition, SUHEUNG's self-developed automated capsule vision inspection machine 'EXC-21V' can perfectly detect the micro defects that are difficult to identify by analyzing capsule images. The color expert stationed at SUHEUNG manages the capsule production with scientific principles using the color and color difference meter. To prevent capsule quality deterioration due to pigments, we use the minimum amount of pigments to achieve the exact color that customers want. And with 14 types of capsules, we supply customized products to customers in various fields around the world.



Validation-Calibration-Qualification Process





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Empty Hard Capsule

VG CAPSULE



EMBO CAPS® VG-PRO is a product with upgraded functionality of traditional VG capsules. This product features excellent mechanical film strength, which enables the greatest filling and minimizes cracking in the low-moisture environment. And its transparency is at the level of gelatin capsules. All these properties make this product highly recognized. VG PRO is Hypromellose (HPMC) based, which allows all people to consume regardless of culture or religion. EMBOCAPS use strictly certified raw materials for the highest quality capsules.

EMBO CAPS® AP refers to a low- moisture, acid-resistant capsule where disintegration is delayed in the stomach environment with low pH. Once the capsule reaches the intestinal tracts, it will start to disintegrate and release the full content. The EMBOCAPS AP is ideal to encapsulate acid sensitive materials such as probiotics and enzymes.

EMBO CAPS® VG-ALPHA, is a vegetable capsule which has been manufactured from Hypromellose (HPMC) using a proprietary thermal gelation process. The EMBOCAPS® VG ALPHA, is crystal clear in appearance, and is manufactured to have a mirror smooth finish to allow easier swallowing; increasing consumer compliance and positive experience levels. As a non-animal based alternative, EMBOCAPS® VG ALPHA is suitable for products catering to a variety of popular



consumer lifestyles and religious preferences. It has strong hygroscopicity, and is appropriate for moisture-sensitive content. And it does not include components that curb elution, which guarantees outstanding elution effects regardless of liquid properties.

FISH GELATIN CAPSULE



EMBO CAPS® FISH is a marine-based alternative to mammalian gelatin capsules, are manufactured using gelatin raw material sourced from fish. This product is inherently free from BSE/TSE, yet exhibits comparable properties to conventional gelatin capsules. Notably, EMBOCAPS® FISH exhibits excellent disintegration characteristics, colorant stability, low oxygen permeability, and superior moisture deterrence.



OTHER GELATIN CAPSULE



EMBO CAPS® PEG is a gelatin based capsule with a proprietary Polyethylene glycol (PEG) addition process which incorporates the PEG within the capsule shell matrix. Popular for hygroscopic fills where the addition of a humectant to stabilizes the shell and prevent embrittlement is required. Available in Standard, Bovine or Porcine formulations.

EMBO CAPS® LPR is a capsule for inhalation applications. Unique and different from an oral delivery capsule, the EMBOCAPS® LPR capsule maximizes the efficiency of DPI technology, where the residual powder amount is very minimal.

EMBO CAPS® SLS-FREE is a capsule without sodium lauryl sulfate.

EMBO CAPS® LP+ is a capsule designed to hold liquid and fine powder. This capsule design has a significantly reduced clearance between the cap and end of the body, resulting in a tighter fit, while the maintaining the superior filling performance.



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Food

Solid Formulation

Capsules are categorized into hard capsules that protect content in a powder form, and soft capsules that are filled with liquid type of content. The greatest advantage of capsules is to prevent foul tastes or smells, so people can easily consume the content. And they are made from plant cellulose or animal ingredients. Plant-based capsules are appropriate for the protection of moisture- or heat-sensitive ingredients while enteric capsules protect active ingredients that are likely to be destroyed by stomach acid so that they be dissolved in bowels, which means greater bioavailability.



Tablet refers to granules or powders compressed in a specific shape. They come in various forms, and are manufactured through diverse methods. Additive-free tablets are made from nature-derived raw materials without any food additives. Second, sublingual tablets are designed to be consumed inside the mount without water, allowing themselves to be absorbed in the body very quickly. Third, chewable tablets can also be consumed without water, and they also come in various flavors and shapes, which makes them ideal for products for children. Effervescent tablets are easily broken down in water, and give out a refreshing feeling so they are used for favorite or health functional foods. Enteric capsules protect active ingredients that can be destroyed by stomach acid so that they can be dissolved in bowels, which means greater bioavailability. Last but not least, bi-layered tablets consist of several layers that contain each ingredient likely to change quality to secure stability and make it easy to easily identify nutritional information.



Granule & Powder Granules and powder are classified into fluidized bed, inverse, and spherical granules by particle size. Fluidized bed granules are made by homogenizing micro powder or heterogeneous particles using a fluidized bed granulator. Inverse granules provide a smoother and quicker melting texture than powder granules. And they feature improved stability since sugar components vulnerable to heat and moisture are processed in the form of inverse granules. Spherical granules are powder granules that take the shape of bead. Their spherical shape allows themselves to be applied across a wide range of products, providing a visual effect, controlling the absorption mechanism, and taking various formulation.



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Liquid



Liquids are products processed in their original liquid states, which enables smooth drinkability. Double highly concentrated liquids refer to products made of concentrated liquids with fluidity. Since their concentrated nature, they have rich flavors. People can opt to enjoy their strong flavors or water them down depending on their liking.



Jelly



Jelly refers to products that are made by adding gelling agents, such as pectin, gelatin, and agar to liquid, and come in a solid or semi-solid state. Gummy jelly comes in diverse textures, shapes, flavors, and smells, so people of all ages can enjoy the pleasure of chewing it. Stick jelly is a formulation that fills a cotton or stick bag with contents in the jelly form while water jelly fills a pouch with the jelly type of contents. Both formulations have a wide range of flavors and smells, allowing them to be tailored to whom they will be consumed. And they are easy to carry since they come in individual sachet packaging.



Pharmaceuticals



We have accumulated technological prowess and product capacity through long years of experience in formulation, and have been strict about quality control, which has allowed us to earn a reputation for reliability. Since 1992 when our research institute was founded, we have specialized in manufacturing soft capsules for pharmaceuticals, and secured relevant patents over the past 30 years. Furthermore, we have also produced a variety of over-the-counter medicines that cover cold medicines, antipyretic analgesics, digestive medicines, and hepatotonics. In addition to them, the scope of our product portfolio also includes quasi-drugs such as vitamins, toothpaste, and foaming agents. Recently, R&D on painkillers and choline alfoscerate which is conducive to the prevention of dementia is in the pipeline. In the years ahead, SUHEUNG will be persistent in sharpening our technological competitiveness, thereby providing medical products indispensable to human health, keeping pace with the times and natural environment.



Our Family

We organized our major businesses by subsidiaries to enhance our expertise in each domain and to establish a responsible management system for them. For instance, SUHEUNG Healthcare is a comprehensive health care company that produces health functional foods based on its professional liquid and jelly formulation capabilities. It also boosts its profitability and competitiveness by managing the entire process from raw material development, product planning, production, to delivery.

Geltech is the first company in the world to introduce an automated system to all processes and specializes in producing gelatin and collagen products. WINNERWELL is a health functional food manufacturer that develops eco-friendly packaging technologies to complement its high-quality food production and to enhance its sustainable business competitiveness. Hankook Cosmo Cosmetics is a cosmetics Original Design Manufacturing (ODM) company that has its own cosmetics production capabilities and delivers customer value based on eco-friendly beauty. Balance Way is a health functional food distribution and sales company that ensures the safe distribution and sale of high-quality health functional foods. Lastly, SUHEUNG operates overseas sales subsidiaries in the USA, Europe, Japan, and Vietnam, and exports capsules, health functional foods, and cosmetics to more than 50 countries worldwide through each subsidiary.

(Unit: KRW million)

Affiliate	Date of establishment	Major Business Area	Description	Total asset
SUHEUNG Healthcare	2022. 04	Health functional food manufacturing	SUHEUNG Healthcare is a comprehensive health care company that manages the whole process from raw material development to product planning, production, and delivery. It provides high-quality products in the health functional food market and fulfills its responsibility for customer satisfaction and brand value enhancement.	89,409
Geltech	1998. 07	Manufacturing and sales of gelatin and collagen	Geltech introduced an automation system to the entire process for the first time in the world. The company has sharpened its competitive edge as the leading manufacturer of top-notch gelatin and collagen products.	146,993
WINNERWELL	2016. 11	Health functional food manufacturing	WINNERWELL conducts various food-related businesses such as food manufacturing, processing, and subdivision. Moreover, the company is developing eco-friendly packaging technology to enhance the sustainable competitiveness of its products and to protect humanity and the global environment.	28,881
Hankook Cosmo Cosmetics	2018. 09	Cosmetics manufacturing	Hankook Cosmo Cosmetics is a cosmetics ODM company. It delivers flawless products and services that meet the rapidly changing customer expectations and market trends. With the philosophy that customer value creation starts with customer-oriented management, the company will advance as a leading K-beauty company.	15,343
Balance Way	2021. 01	Distribution and sales of health functional food	Balance Way aims to deliver high-quality health functional foods to our customers in a convenient and safe way, with the value of 'Balance your Health, Family, Life.'	886
SUHEUNG America	1998. 07	Specialized in hard capsules and gelatin sales	SUHEUNG America sales corporation sells hard capsules to North America, Mexico, and other regions. In addition, it operates local warehouses in the western and eastern regions of the United States and sell gelatin from Geltech, a subsidiary of SUHEUNG. Based on these business activities, SUHEUNG America is continuously driving sales growth by supplying products to customers in a stable manner.	97,996
SUHEUNG Vietnam	2008. 10	Specialized in hard capsules manufacturing	SUHEUNG Vietnam operates gelatin capsule and thermal gelation capsule production plants. However, it plans to expand its vegetable capsule production line to provide a wider range of high-quality capsules to the world in the future.	187,058
SUHEUNG Europe	2018. 10	Specialized in hard capsules sales	SUHEUNG Europe markets hard capsules to countries such as Europe (including non-EU countries), Turkey. It has established a cooperative network with multinational pharmaceutical companies based on its local warehouses in various regions of Germany and Spain.	16,969
SUHEUNG Japan	2007. 12	Specialized in hard capsules and gelatin sales	SUHEUNG Japan sales corporation has been delivering top-notch hard capsules through efficient inventory management and high-quality products through the operation of local warehouses in Japan.	5,256

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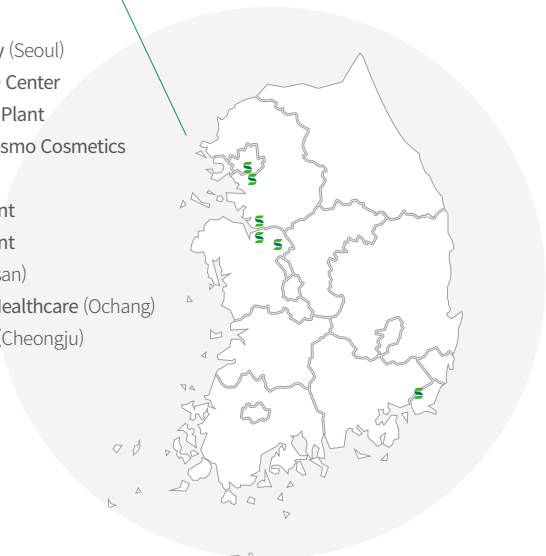
Global Network

Our business infrastructure has grown to encompass various regions in Korea, such as Pyeongtaek and Cheonan, with Osong as our main business site. We have made active investments in infrastructure to establish production facilities that are tailored and specialized for each field, including capsules, pharmaceuticals, health functional foods, and cosmetics. Furthermore, we have established production and sales bases in key countries across Asia (Japan, Vietnam), North America (USA), and Europe (Germany). Currently, we are expanding the Vietnam 2 Plant to secure global manufacturing facilities. Leveraging our global production and sales base, we have exported our products to more than 50 countries worldwide and we will continue to expand our global network.




Production Base	Sales Base	R&D Center
 7 Domestic 3 Overseas	 2 Domestic 4 Overseas	 1 Domestic

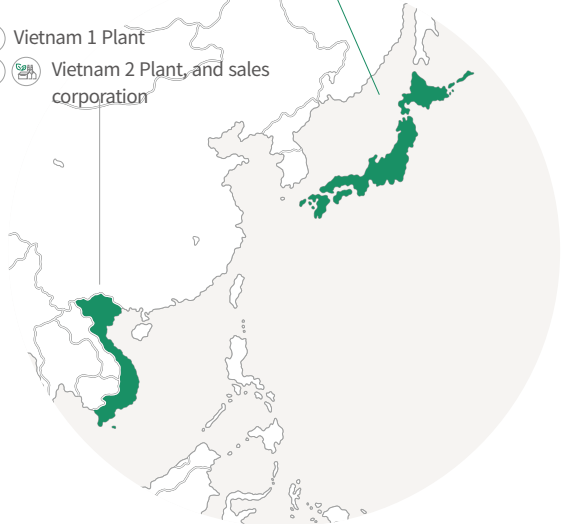
KOREA

-  Seoul Office
-  Balance Way (Seoul)
-  Pangyo R&D Center
-  Pyeongtaek Plant
-  Hankook Cosmo Cosmetics (Cheonan)
-  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



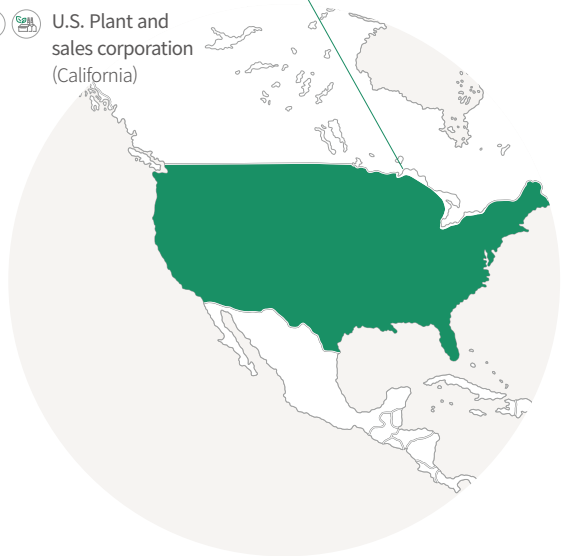
EUROPE

-  Europe sales corporation (Frankfurt, Germany)



NORTH AMERICA

-  U.S. Plant and sales corporation (California)



ESG Highlights

Environmental

Obtained the ISO 14001, Environmental Management System



Joined the Responsible Care* (RC)



*RC (Responsible Care): It refers to the global chemical industry's voluntary initiative for excellence performance in the environmental, and safety and health areas

Created an organization dedicated to environmental issue management for full-fledged environmental management



Installed solar panels and put them into operation to expand the use of renewable energy sources



SUHEUNG Europe's employees used 100% electric vehicles (EVs)

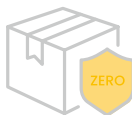


Social

Obtained ISO 45001, Safety and Health Management System



Reached zero product recalls



Applied for 11 patents with regard to raw materials and capsules at home and abroad



Achieved zero customer data leaks



Reached zero workplace accidents and zero breaches of related laws



Established a risk management system over the environment, and safety and health issues



Reached zero reports received in regard to ethical management



Governance

Built a reporting system for human rights abuse (homepage - report - human rights abuse)



Reached zero violations of the laws concerning ethics and compliance



ESG Committee Establishment

SUHEUNG established an ESG Committee , consisting of three executive directors, on September 20, 2022 to systematically address ESG matters and review short-to long-term strategies. The ESG Committee is responsible for managing ESG risks and examining issues concerning corporate social responsibility. We have formed organizations dedicated to safety, the environment, and human rights to develop plans and implement them. The ESG Team, which is part of the Future Strategy Headquarters, reviews the ESG activities and plans driven by the responsible organization. Key issues are then reported to the ESG Committee, which examines and approves them. In the first quarter of 2023, the Board of Directors (BOD) examined and approved the activities for safety and health, as well as the environment and progress on these matters. In the years to come, we will convene the ESG Committee on a quarterly basis to address ESG matters and achieve sustainable management in a well-organized manner.

Dedicated organizations

Map out plans and carry out related ESG tasks



ESG Team under the Future Strategy Division

Review the activities and plans of dedicated organizations, and report them to the ESG Committee



ESG Committee

Examine reported ESG matters and give final approval

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ESG Strategy System

We will become a top-notch company that manufactures only products conducive to humanity and our planet based on our ESG strategy system. Based on our ESG orientation, ‘the betterment of human wellness,’ we have produced three strategies for ESG management and derived six strategic tasks.

To derive our strategic tasks, we analyzed domestic and overseas ESG guidelines, evaluation indicators, and industry-specific issues comprehensively. We also closely looked into the past three years of our business operations, and compared with the global peer group, which revealed the areas of improvement in terms of ESG management. As a result, we identified 132 tasks, and classified them into short-, mid-, and long-term ones to come up with countermeasures for each. In addition, we will actively participate in solving global problems in the international community by associating all strategic tasks with UN SDGs.

Dedicated Organization by ESG Sector

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
Data protection	IT 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
Ethics	Ethical Innovation Team, Future Strategy Headquarters	Director of Future Strategy Headquarters
ESG	ESG Team, Future Strategy Headquarters	Director of Future Strategy Headquarters

Management vision

ESG orientation

ESG three strategies

Key six strategic ESG tasks associated with UN SDGs

ESG Infrastructure tasks

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

The betterment of human wellness

PLANET
Eco-friendly management

PRODUCT
Healthy products

PEOPLE
Shared growth society

Response to climate change

- Enhance the environmental management system
- Expand the scope of environmental data disclosed

Transition to an eco-friendly process

- Tighten the management of toxic substances and waste
- Use eco-friendly packaging
- Boost ESG in partner companies

Sustainable product and service development

- Develop safe products
- Ensure seamless quality control and procedures
- Enhance customer satisfaction

Health and safety

- Strengthen health and safety policy
- Conduct risk assessments and obtain more related certificates
- Reinforce health and safety-related data disclosure

Labor / human rights

- Strengthen labor/human resources management policy
- Provide more ESG education for employees
- Expand the disclosure of labor/human rights data

Ethical management







- Revise and enact ethical regulations
- Strengthen the internal whistleblowing system
- Expand the disclosure of anti-corruption data

Systemize our ESG management + Strengthen our transparent governance + Facilitate ESG communication

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Stakeholder Engagement

We categorize our stakeholders into employees, customers, shareholders and investors, partner companies, and the government and local communities, and operate diverse channels tailored to each group. Through these channels, we reach out to our stakeholders for their thoughts and feedback, and demand. And we identify key issues by channel, and come up with countermeasures for them, thereby ensuring that their opinions are reflected across every aspect of our decision-making process. Furthermore, we published our first sustainability report in 2022, and added a section for ESG on our website where our ESG reports and policies are disclosed. In the years to come, we will disclose our upgraded ESG performance to share with stakeholders in line with the global trend of intensifying ESG-related disclosure, and add more communication channels to provide more information in a transparent manner, thereby reinforcing two-way communication with stakeholders.

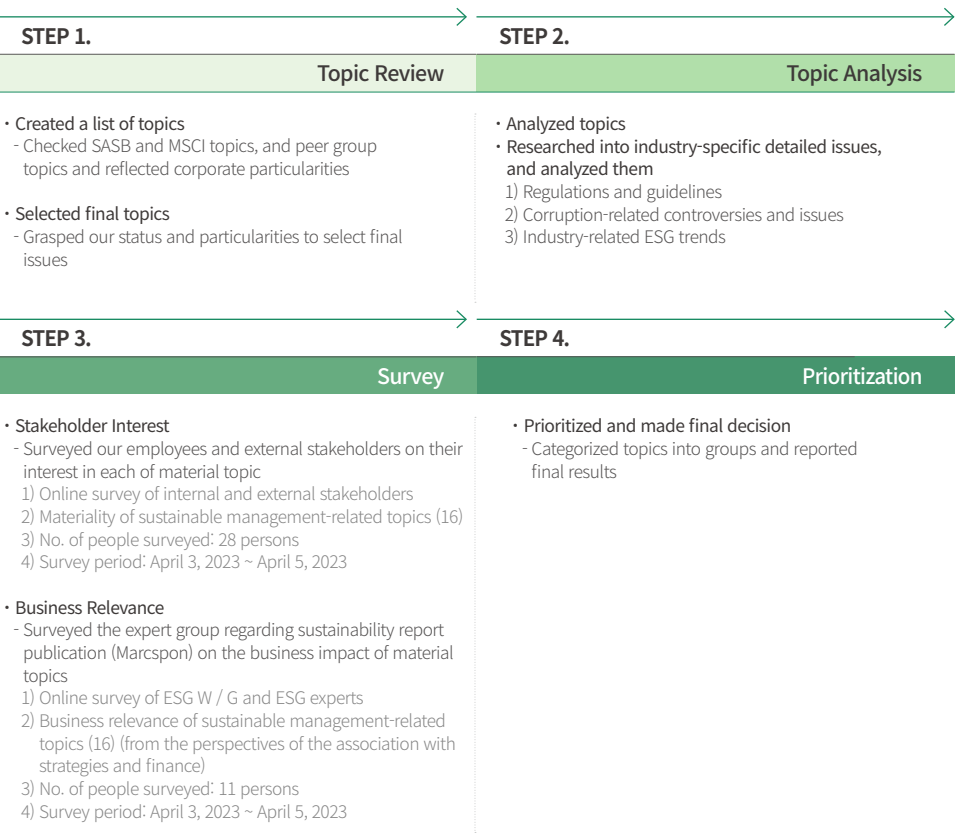
Stakeholders	Communication channels	Key issues	Countermeasures
All stakeholders 	<ul style="list-style-type: none"> • Websute (always) 	<ul style="list-style-type: none"> • Illegality/corruption • Human rights abuse • Partner companies' grievances and unfair transactions • Issues undermining corporate culture • Improvement in product quality and services 	<ul style="list-style-type: none"> • Investigation into the reported cases and follow-up measures taken, ensuring the impartiality, objectivity and anonymity
Employees 	<ul style="list-style-type: none"> • Labor-Management Council (quarterly) • Employee satisfaction survey (annually) • Channel for employee grievance handling (always) • Occupational Safety and Health Committee (quarterly) 	<ul style="list-style-type: none"> • Corporate culture • Welfare benefits • Fair assessment and compensation • Potential risks within our business sites 	<ul style="list-style-type: none"> • Educational program reinforcement • Flexible working hours system introduction • Welfare programs for employees • 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 • Data security and privacy • Product quality and safety 	<ul style="list-style-type: none"> • Immediate responses to product-related claims • R&D activities for new product development • Customer data protection in accordance with the personal data management policy
Shareholders And investors 	<ul style="list-style-type: none"> • General shareholders' meeting (more than once a year) • Performance briefing (quarterly) • Public disclosure (always) • IR meeting (always) • Shareholder consultation (always) 	<ul style="list-style-type: none"> • Financial soundness • Product competitiveness • Market power • Stable governance structure • Business performance disclosure 	<ul style="list-style-type: none"> • Conference call and company visit • Channel for shareholder consultation on our website (dedicated e-mail account created)
Partner companies 	<ul style="list-style-type: none"> • Meeting with partner companies • Safety and Health Council (monthly) 	<ul style="list-style-type: none"> • Fair competition • Shared growth • Communication and co-prosperity with partner companies 	<ul style="list-style-type: none"> • Meeting with partner companies • Partner company visit • Safety and health programs aimed at collaboration and co-prosperity
Government and local communities 	<ul style="list-style-type: none"> • Agreements with the government and public institutions • Social contribution activities 	<ul style="list-style-type: none"> • Contribution to local economies • Social contribution • Environmental protection 	<ul style="list-style-type: none"> • Interaction with local communities • Social contribution activities

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Materiality Assessment

Process

With the aim of identifying significant issues that concern internal and external stakeholders, and identifying material topics, SUHEUNG annually conducts a materiality assessment. In 2023, a total of 16 topics were selected as a result of the analysis of sustainability management-related standards (GRI Standards, SASB, MSCI, etc.), the peer group, media, and industrial and investor group. Taking into account internal and external stakeholders’ level of interest in the issues, and business relevance, we prioritized the selected issues. Based on the results, we will establish our ESG management strategy that sharpens our sustainable competitiveness.



Topics Selected

The materiality assessment revealed that product safety and quality enhancement is the most important topic. SUHEUNG will carry out related tasks and transparently disclose the progress on these matters. As such, we seek to prosper alongside stakeholders and build a sustainable society.

Rank	Topic	Business Relevance	Stakeholder Interest	Impact Materiality
1	Product safety and quality enhancement	95.09	84.82	●
2	Occupational safety and health enhancement	90.39	87.50	●
3	Actions to climate change	92.06	83.04	●
4	Talent attraction and cultivation	82.05	91.96	●
5	Toxic substances & waste management	90.39	81.14	●
6	New growth engine development	88.36	83.93	●
7	Environmental procedure enhancement	83.10	96.61	●
8	Ethical management implementation	81.99	87.50	◐
9	R&D Reinforcement	84.47	81.25	◐
10	Creation of an open corporate culture	71.88	91.07	◐
11	Customer satisfaction enhancement	77.74	83.93	◐
12	Management of supply chain’s sustainability	82.45	77.68	◐
13	Risk management	77.74	82.14	◐
14	Data security enhancement	75.06	83.04	◐
15	Establishment of a sound governance structure	71.83	83.04	◐
16	Social contribution expansion	57.94	69.64	◐

Material Topic Management

Rank	Issue	Selection backgrounds	Activities and performance	Page
1	Product safety and quality enhancement	We are seeing growing demand for health functional food with an intensifying aging population and increasing incomes. The government has supported companies in responding to the market, and has enacted the safety rules regarding pharmaceuticals as well as management rules concerning the manufacturing and sales of biological products to ensure the safety and quality of products. Companies comply with domestic and overseas laws and regulations, and establish their own safety rules to improve the reliability of product safety and quality.	<ul style="list-style-type: none">• Review product quality-related violations and suggestions• Conduct tests on quality and stability• Develop and launch new products	7, 30~31
2	Occupational safety and health enhancement	Occupational accident prevention and internal accident management have grown in importance, which requires companies to strengthen their safety management. In 2022, the government stipulates that companies should establish their safety and health plans, and report them to their boards to gain approval in the guidebook for safety and health plans. And it also states that incorporated companies of more than 500 full-time workers are subject to the obligation of reporting to their Board of Directors. Accordingly, companies are formulating their safety and health policies, establishing related organizations, carrying out relevant activities, and managing the performances.	<ul style="list-style-type: none">• Environmental risks, and safety and health risks identified and reviewed by the ESG Committee• Advance ISO 45001 management system• Operate the Occupational Safety and Health Committee and the Safety and Health Council• Provide a musculoskeletal disease prevention program and a job-related stress relief program	49~50
3	Actions to climate change	GHG emissions have accelerated global warming and climate change. In response, the international community is taking steps towards sustainable development in pursuit of net-zero and green growth. Companies also should fulfill their environmental responsibility by minimizing their GHG emissions from their business operations and making more investments in eco-friendly facilities. Furthermore, they are required to disclose their responses to climate change, discuss regarding matters with stakeholders, and come up with feasible measures.	<ul style="list-style-type: none">• Sign a voluntary agreement on fine dust and GHG emissions mitigation• Acquire the ISO 14001 certification• Install high-efficiency LED lamps• Install high-efficiency and low-NOx burners• Install and put into operation solar panels	36~38
4	Talent attraction and cultivation	Talent attraction and cultivation is an integral part of corporate competitiveness. Hiring talented employees and helping them build capacity leads to improved productivity and sales increase. Hence, companies are required to draw up their own policy for talent nurturing to help them sharpen their skills and expertise. Additionally, rational assessment and remuneration systems should be put in place to motivate employees.	<ul style="list-style-type: none">• Help employees sharpen their job skills and boost ESG educational programs• Implement 360-Degree Assessments• Operate assistance programs for retirees	45~48
5	Toxic substances & waste management	Toxic substances and waste generated during product manufacturing could lead to grave air or water contamination. Therefore, it is required for biopharmaceuticals to comply with the laws and regulations with regard to the management of hazardous substances and waste so as to earn trust from customers and societies. In addition, toxic substances & waste management can enable efficient resources management and reduction in unnecessary costs. And it could have a positive impact on economic value creation.	<ul style="list-style-type: none">• Conduct safety checks on toxic chemical substance handling facilities• Review the additional installation of movable local ventilation equipment• Facilitate recycling for the minimization of waste generation• Develop eco-friendly packaging materials	40~42
6	New growth engine development	In the biopharmaceutical industry, new growth engine development can be achieved through innovative technologies and creative ideas, which underpins business expansion and entrance into new markets. Leading biopharmaceutical companies are solidifying their position by enhancing their production capacity, expanding the scope of business portfolio, and managing their global hubs.	<ul style="list-style-type: none">• Expand global production hubs (build an extension on Vietnam 2 Plant)• Launch more plant-based products to enhance our responses to the market• Split off SUHEUNG Healthcare	26, 32, 34
7	Environmental procedure enhancement	Environmental procedure enhancement directly links to the prevention of environmental risks and their mitigation. The government has tightened the regulations, tightening standards for pollutant emissions, expanding the scope of emission facilities subject to management, and taking administrative measures for violations. Under the circumstances, major biopharmaceuticals are working on the development of technologies that reduce waste and contaminants. In addition, they are using eco-friendly raw materials and energy while mitigating their carbon emissions in response to environmental regulations.	<ul style="list-style-type: none">• Introduce a systematic environmental system (environmental impact assessment, environmental internal evaluation, etc.)• Adopt technologies to reduce hazardous substances and waste• Build a GHG inventory	36~42

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Rank	Issue	Selection backgrounds	Activities and performance	Page
8	Ethical management implementation	Growing demand for ethical management requires transparent and fair governance, and code of ethics practice, which prevents the occurrence of environmental pollution, human rights abuse, and corruption as well as negative corporate image and reputation. They can also contribute to laying the foundation for social trust, long-term growth and revenue.	<ul style="list-style-type: none">• All employees pledge their compliance with the Code of Ethics• Survey all employees on anti-corruption and derive tasks for improvement• Make a section for reporting always available on our website	18, 58~59
9	R&D reinforcement	It is one of core tasks for biopharmaceuticals to ramp up their R&D activities to secure product competitiveness and contribute to human health improvement. Companies are required to constantly scale up their investments in R&D in order to develop their own products and accomplish innovation in the field. And this will lead to increased national wealth and competitiveness, which, in turn, lead to a power house in the biopharmaceutical industry.	<ul style="list-style-type: none">• Develop Individually certified raw materials approved by the Ministry of Food and Drug Safety• Apply for patents in the materials and capsule sectors at home and abroad• Establish a one-stop system ranging from raw material development to sample making to product manufacturing• Expand manufacturing lines tailored to products	30~32
10	Creation of an open corporate culture	Companies should discharge their social responsibility, respecting human rights and creating a decent work environment where value is safeguarded during the course of business operations. To this end, it is required to establish regulations regarding the protection of workers' rights, pay close heed to prevent the breaches of relevant laws and regulations. And corporate cultures should be constantly refined in accordance with international standards including ones presented by the UN and ILO.	<ul style="list-style-type: none">• Hold Labor-Management Council meetings on a quarterly basis• Conduct employee satisfaction surveys and discover areas of improvement• Strengthen human rights education• Implement a flexible working hours system	45~48
11	Customer satisfaction enhancement	It is essential to analyze customers' needs and identify the areas of improvement since the biopharmaceutical business directly affects customer health. Companies need to collect customers' feedback through a variety of channels, and reflect the results in ameliorating manufacturing procedures and quality to provide better products for customers. And these efforts will lead to enhanced corporate brand value as well as increased business opportunities and profitability.	<ul style="list-style-type: none">• Identify work environment-related and safety-related risks and customers' grievances• Ameliorate procedures and enhance customer satisfaction• Reflect customers' opinions and demand in an agile manner	7, 50
12	Management of supply chain's sustainability	The management of supply chain's sustainability is an overarching task for biopharmaceutical companies. Short supply of raw materials could lead to a delay in manufacturing or undermining product quality in the biopharmaceutical industry. And the energy and resources consumed during the product manufacturing process are likely to cause environmental issues. Accordingly, it is required to manage the sustainability of supply chain in the biopharmaceutical industry, thereby thoroughly assessing the harmfulness of all raw materials and components, and their impact on the environment.	<ul style="list-style-type: none">• Formulate a sustainable supply chain management policy• Select suppliers based on our ESG checklist and monitor them• Conduct regular assessments of suppliers• Provide educational assistance for suppliers	52~53
13	Risk management	In the face of growing demand for sustainability management, risk management over safety and health or environmental pollution have grown in importance. In light of this, major biopharmaceutical companies have been creating management organizations to prevent and manage risks possibly posed by their business operations. On top of that, their BODs discuss and review risk-related agenda items, and reflect the review results in mapping out their business plans, managing investors, and developing technologies to attain sustainable management.	<ul style="list-style-type: none">• Establish a risk management system over the environment, and safety and health sectors• Manage risks regarding safety and health• Manage risks derived from suppliers	18, 50, 52
14	Data security enhancement	With the objective of enhancing their competitiveness, corporations should safeguard their key assets, technologies and data, from various security threats. To this end, a number of companies are committed to operating organizations in full charge of data security as well as building their own systems for the prevention and response to security threats. Along with this, they are reviewing amendment to data protection-related laws, based on which their own data privacy policies are revised and disclosed to earn trust from customers.	<ul style="list-style-type: none">• Establish a personal data processing policy along with measures for protection• Disclose the personal data processing policy and update• Operate a system to supervise data security management• Build security incident response procedures	54~55
15	Establishment of a sound governance structure	Trustworthy governance is an element indispensable for earning trust from shareholders and companies. As the issue of governance independence and the exercise of shareholders' rights have become the talk of town, the enhancement of governance is emerging as a core task for companies. In this context, leading companies are working on enhancing their governance structure, and integrating their financial and non-financial risks for comprehensive management, thereby accomplishing sustainable management.	<ul style="list-style-type: none">• Build a board-driven decision-making organization• Launch an ESG Committee and examines ESG pending issues• Operate the Internal Accounting Control system in a systematic manner to ensure transparency and credibility	56~57
16	Social contribution expansion	Companies' production activities are having greater impact on local communities and the ecosystem. Companies should be aware of their impact, and carry out social contribution activities at the company level. And it is required to monitor their social contribution activities to identify the areas of improvement and improve their effectiveness. And close cooperation systems are required to be built through constant interaction with NGOs and civil society.	<ul style="list-style-type: none">• Come up with strategies for social contribution aligned with UN SDGs• Volunteer works done by employees	53

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Story #02
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Story #01



Health of humankind lies in saving the earth

As the pharmaceuticals and health functional foods industry is closely related to the environment, we should proactively respond to environmental issues across every aspect of the process including product development, production, and disposal. Carbon can be emitted in the process of supplying raw materials derived from animals, and packaging materials such as plastic can flow into the sea and affect marine life. In addition, some medical supplies are difficult to treat as waste due to its nature, and thus can cause ecological disturbance when it enters streams or soils. For this reason, active response to environmental issues such as pharmaceutical waste treatment, carbon emission, water pollution, and eco-friendly packaging materials are put forward as a condition for trade. Therefore, relevant companies must introduce eco-friendly management not only to protect the environment but also to strengthen their competitiveness in the global business.

In order to minimize the impact on the environment during the process of product development, SUHEUNG implements adequate environmental management at each stage of its value chain. We reorganized our product portfolio with a focus on plant-based raw materials, and enhanced resource efficiency by introducing eco-friendly packaging materials. In addition, we are making efforts to implement eco-friendly management on our business sites by thoroughly managing waste and pollutants and raising the amount of recycling.

SUHEUNG firmly believes that protecting the life on earth will ultimately provide a healthy future for humankind. We will continue to pursue sustainable value considering eco-friendly factors in all business activities.



The development of plant-based raw materials
Minimization of environmental impact by developing the best raw materials with no additives



Introduction of an eco-friendly box
Carbon emission reduction through minimizing the use of corrugated cardboard

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Products Conducive to the Health of Humankind and Our Planet

Criteria Determining Value Consumption, Plant-based Raw Materials

Consumers nowadays consider sustainable value as an important standard when choosing a product. This kind of value consumption trend is clearly visible in the health functional food market, and the growing consumption of plant-based products is a case in point. With the consumers’ recent rising attention to environmental protection, more and more consumers are choosing plant-based products that have a positive impact on environmental protection as well as health promotion. Plant-based raw materials emit significantly less carbon than animal-based ones in the process of raising livestock. In addition, as most of them are biodegradable and decompose easily by bacteria in the soil, farmland can be used efficiently. For this reason, purchasing plant-based products gained popularity among consumers, and is settling in as a culture.

Expanding Our Plant-based Product Line

As a company producing health functional foods closely related to the health of humankind, SUHEUNG is focusing on the development of plant-based raw materials that can contribute to environmental protection and animal welfare promotion. First, we sort out excellent agricultural products in collaboration with local governments nationwide for sourcing. Then we process the selected agricultural products and process them to develop the best raw materials with no additives. Plant-based capsules of SUHEUNG are made from raw materials, such as plant-based cellulose, which not only make them effective in filling formulations sensitive to moisture and heat, but also reduce the burden of digestion in the body, and can be taken for a long time. SUHEUNG plans to expand its product range by continuously developing plant-based raw materials which minimize the impact on nature and can be suitable for any customers, including all religions and vegetarians.



Our Main Plant-based Products

Category	Product name	Characteristic
Plant-based capsule	EMBO CAPS® VG-PRO	<ul style="list-style-type: none"> Higher level of performance than the conventional VG capsule in terms of functionality Guarantee the best filling Minimize breakage in low moisture areas
	EMBO CAPS® AP	<ul style="list-style-type: none"> Acid-resistant capsule which maximizes protection of fillings from gastric acid and effectively reaches the intestine Optimized for filling acid sensitive probiotics and enzymes
	EMBO CAPS® VG ALPHA	<ul style="list-style-type: none"> Manufactured through a specific thermos-gelation process Suitable for filling formulations that are sensitive to moisture and have strong hygroscopicity Excellent elution in any liquid Suitable for CLEAN LABEL products as it contains no gelling agents
Plant-based health functional food	Vegantamin 'Multivitamin and mineral'	<ul style="list-style-type: none"> Obtained Italian V-Label certification



Vegantamin 'Multivitamin and mineral'

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Introduction of Eco-friendly Packaging That Can No Longer Be Postponed

Excessive packaging, plastic, and vinyl are the main cause of environmental pollution. In particular, the plastic that flows into the sea are fragmented and accumulated in the marine organism, which can then enter human bodies and adversely affect our health. If such situation continues, some predict that the number of plastic wastes accumulated in the sea will become 3 times the number of fish by 2025, and by 2050, 99% of seabirds will have difficulty in surviving. In order to solve these issues, we should reduce excessive packaging and the use of plastic and vinyl. Therefore companies should make all-out efforts to minimize environmental damage by developing eco-friendly packaging materials and recyclable packaging designs.

Green Packaging Technologies for Nature

Recognizing the serious environmental pollution problems incurred by packaging materials, SUHEUNG has been actively promoting eco-friendly packaging materials since 2021. The representative product among them is an eco-friendly box which minimizes the use of corrugated cardboard, an internal packaging material. SUHEUNG realized the fact that a large amount of carbon is emitted during the course of manufacturing corrugated cardboard. We conducted tests throughout the year 2022 to prove safety and suitability of the eco-friendly box, and finally after recognizing its eligibility, we have been using it in earnest from 2023. Also, SUHEUNG is carrying out various reviews to apply eco-friendly tapes for box packaging such as recyclable craft tapes instead of OPP tapes made of plastic.



An eco-friendly box

Introduction of an eco-friendly box which minimizes the use of corrugated cardboard from 2021



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Resources Eventually Returning to Mankind, Seamless Management is Key

Wastes and Pollutants Disturbing Our Ecosystem

When companies do not adequately process waste or pollutants emitted during the process of product production, they will threaten the sustainability of the environmental ecosystem and waste resources. Especially, when medicines, which have recently garnered attention as new environmental pollutants, flow into the sea, rivers, or soils, they can disrupt the ecosystem and harm human health, therefore thorough management is required. For that reason, the government is tightening regulations on environmental pollution with relevant laws such as the Discharge and Treatment of Wastes of the Waste Control Act, and companies should strictly comply with such laws and regulations, and actively manage environmental pollutants.

Making All Business Sites Green

SUHEUNG has established a thorough management system to minimize the damage caused by waste. We safely process the waste by managing resources by type based on the resource circulation information system, and reduce the amount of generated waste by actively utilizing separated recycling. We designate a manager to constantly check the storage of waste and supervise whether the consigned waste is handled in compliance with relevant laws and regulations. We regularly offer company-wide training and inspections regarding hazardous chemicals to raise employees' awareness on safety management of waste, and encourage all members to fulfill their responsibilities and obligations for waste safety management. SUHEUNG will continue to strive to establish eco-friendly business sites through practicing recycling and managing waste actively.



Establishing eco-friendly business sites



'Voluntary reduction of GHG emissions and fine dust'

concluded an agreement with the Chungbuk Provincial Government in September 2022



For the Sake of Improvement in Local Governments' Environment

SUHEUNG discharges pollutants, such as air and water contaminants or effluent, below the legal emission allowance. We conduct self-analysis through daily monitoring for water pollutants (TOC, T-N), and also regularly monitor and manage nitrogen oxides (NOx) emissions. In September 2022, we concluded an agreement with the Chungbuk Provincial Government to reduce GHG emissions and fine dust, joining efforts to mitigate GHGs in the province. SUHEUNG will endeavor to improve the environment of business sites and local governments by seeking various ways to reduce waste pollutant emissions.

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Story #02



Walking a single path for 50 years towards the protection of health of humankind

As we approach the era of homo-hundred, there is a growing interest in improving health and immunity. After experiencing an unprecedented global pandemic such as COVID-19, people’s interest in health has skyrocketed. Thus, a culture of ‘self-medication’ quickly spread, where one takes care of one’s own health. Particularly, the number of consumers looking for health functional foods that can be purchased without a doctor’s prescription has been on the rapid rise. Amid this trend, the domestic health functional food market has exceeded KRW 6 trillion, as of 2022. For reference, this is an 8% increase compared to the previous year, and approximately 25% increase from 4 years ago*.

With such growing trend together with lower entry barriers due to eased legal regulations regarding health functional foods, food, pharmaceutical, and cosmetics companies have entered the market one after another, which has escalated the competition in the field. However, this kind of situation has led to an increase in demand for manufacturing health functional foods as well as intensifying competition centering on distribution and sales due to the emergence of large numbers of companies with brand power. This trend became an opportunity for growth for companies that professionally engage in consignment production, such as SUHEUNG. Based on the technology accumulated for 50 years and high degree of reliability, we will continue to grow by supplying products that customers need in a timely manner.

* Source: Korea Health Supplements Association



One-stop System
200-300 new products launched every year



Individually Certified Raw Materials Development
Maintained 6 out of 8 types of certification

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R&D, Our Driving Force behind Korea’s No.1 Outsourcing Manufacturing of Health Functional Foods

One-stop System Covering All Formulations

Since the first establishment of its own research center in 1992, SUHEUNG has continued to invest generously in advancing its R&D infrastructure and fostering professionals. At the R&D Center located in Pangyo, Seongnam, a total of 50 researchers of various fields such as health functional foods, medicines, and cosmetics are actively engaged in R&D across all areas from raw materials and product development, instrumental analysis to product approval, and registration. Our R&D Center has established a ‘one-stop system’ that facilitates the completion of all processes in a single step, from raw material development to sample production. This self-sufficient system is adapted to the dynamic health functional food market, and thus we can cater to the diverse and timely demands of various customers.



This one-stop system serves as a driving force for researchers to focus on developing new products. Researchers develop about 2,000 formulations every year, and 200 to 300 of them launch new products. Among them, the special formulation that can only be produced by SUHEUNG is well received by the market along with patent applications. As such, SUHEUNG has already secured the spectrum of all formulations, but researchers do not rest on their laurels and are concentrating on developing new formulations even today.

One-stop System Process



R&D Performance from 2021 to 2022

Category	New product development		New product launch	
	2021	2022	2021	2022
Soft capsule	463 items	390 items	95 items	62 items
Tablet·hard capsule, powder	775 items	734 items	119 items	102 items
Liquid, jelly, gummy	704 items	922 items	71 items	102 items
Total	1942 items	2046 items	285 items	266 items

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 an 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

Category	Domestic patent	Overseas patent	Trademark
Registered	23	5	16
Applied	8	3	1

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Individually Certified Raw Materials Created through Hard Work

Individually certified raw materials are raw materials that have been recognized by the Ministry of Food and Drug Safety for their functionality, researched and developed by the manufacturer. Upon certification, the company can obtain exclusive rights for such raw materials for 6 years, and based on this, can produce and sell them independently. Consequently, as many companies strive to develop individually certified raw materials, individually certified raw materials have emerged as a new game changer by securing the second largest market share among all health functional food raw materials in 2022. Although individually certified raw materials are rapidly growing its share in the market, it requires a great amount of effort and expertise to be recognized by the Ministry of Food and Drug Safety. It needs to go through years of research, including raw material discovery, production, and clinical trials, and also meet the strict standards of the Food and Drug Administration, such as safety, functionality, and specifications. SUHEUNG researchers are putting all their energy into developing individually certified raw materials based on the original technology and cutting-edge infrastructure built over a long period of time. As of now, we have developed a total of 8 types of individually approved raw materials, 6 of which are maintaining the certification, and we are currently preparing the recognition for more than 10 raw materials. The application of developed raw materials is being extended to various functional product lines related to body fat reduction and skin·liver·joint·hair health. SUHEUNG will reinforce its position in the industry by continuing to strive for development through individually certified raw materials as the growth engine.

* Source: Ministry of Food and Drug Safety

Individually Certified Raw Materials Recognized for Its Functionality

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

Individually Certified Raw Materials Created through Collaboration with Local Governments

SUHEUNG is currently concentrating on developing individually certified raw materials with eco-friendly ingredients from domestic high-quality agricultural products. We collaborated with Iksan, Naju, Yeosu, and Jecheon City and developed raw materials, and signed an MOU with Gangwon Province for product development. Through this, SUHEUNG generates social values that foster win-win relations with local governments and local farmers, and intends to widely promote the excellence of Korean raw materials to the domestic and overseas markets. SUHEUNG will extend win-win projects with to cooperate with local communities not only for raw material development but also in all processes of conducting business.



Win-Win Project

Development of high-quality domestic raw materials through collaboration with local governments

Local Governments Collaborating with SUHEUNG



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Strengthening Productivity by Building Customized Infrastructure for Each Product

Establishment of Customized Production Capabilities for Each Product

The reason why SUHEUNG could ascend to its unparalleled position, holding the largest share in the domestic market and ranking in first place for outsourcing manufacturing of domestic health functional foods is because of its aggressive investments in domestic production since the company's establishment. And its first initiative, the Songnai Plant in Bucheon, built in 1978, is a production facility that achieved mass-production of hard capsules by introducing an innovative mass-production system. Through this, SUHEUNG widely demonstrated the excellence of domestic productions not only in Korea but also in the global market.

Since the 1980s, with the background of the successful localization of hard capsules, the production of health functional foods started in earnest. At the time, consumers were interested in increasing immunity, supplementing

nutrition, and blood circulation, and related markets were showing remarkable growth trends. In response to the changing times, SUHEUNG has also developed various health functional foods that customers want.

Entering the 2010s, as products such as health functional foods for women and gummy jelly that children could eat gained popularity, the types of health functional foods became more diverse. And at that time, SUHEUNG boldly expanded its infrastructure to promptly respond to these changes. We newly constructed a production plant in Osong, Cheongju, in 2012 (Osong 1 Plant), and additionally built Osong 2 Plant to expand production by product type. Investments made through choice and concentration by SUHEUNG eventually resulted in an improvement of profit, and the two Osong plants still play a role as the core basis for increasing sales of SUHEUNG's health functional foods to this day.

Sound Management through Split of SUHEUNG Healthcare


Ochang Plant, established in 2013 in Cheongju, specialized in producing liquid and jelly formulations, but expanded to produce packed packages such as bottles, pouches, and spout pouches, playing a pivotal role in driving the sales growth of SUHEUNG. In April 2022, SUHEUNG newly restructured the Ochang Plant as 'SUHEUNG Healthcare.' This was a strategy to enhance profitability through autonomous management by physically separating the liquid and jelly-type business sector. Since liquid and jelly type formulations are done through original equipment manufacturing (OEM), there could be fluctuations in the operating balance depending on the changes in operation rate. SUHEUNG decided specialization was essential to minimize such fluctuations. In this way, the reorganized SUHEUNG Healthcare is reinforcing its expertise and profitability in the liquid and jelly formulation sector, and is establishing a stable and accountable management system with a swift decision-making method. Using this successful physical separation experience as a springboard, SUHEUNG will make every effort to improve specialty and strengthen responsible substantial management in other business sites.

No. 1 in Outsourcing Manufacturing of Health Functional Food

SUHEUNG has been walking only one path for the health of humankind, maintaining our powerful position in the hard capsule market for 50 years, and such perseverance has become visible through remarkable performance in the health functional foods sector. Our health functional foods business has surpassed the sales of hard capsules since 2020, and is ranking first in total sales. In 2022, it accounted for 40.1% of the total sales, contributing greatly to a record high. We also expect to see an upward curve in sales in 2023, owing to the steep rise of the health functional foods market at home and abroad.




Split of SUHEUNG Healthcare
 Enhance expertise and profitability


NO.1
 Outsourcing Manufacturing of Health Functional Food

Story #03



Searching for sustainable growth in the global market

The culture of ‘self-medication’, where people manage their health on their own, is expanding beyond Korea and throughout the world. As the world transitions from the ‘with-COVID19’ phase to an endemic, the demand for health functional foods to boost physical strength and immunity is anticipated to increase along with the increase in various physical activities.

In particular, the U.S. health functional food market was about KRW 72 trillion in 2021, ranking number one in the world. This can be interpreted that since consumers cannot easily purchase prescription drugs due to the relatively high medical cost in the U.S., they are replacing such medicine with health functional foods instead. And as of 2019, the results* showing that about 58% of the adults in the U.S. are taking health functional foods seem to reflect this. The Chinese health functional food market has grown to a size of approximately 70 trillion KRW with a boost from the ‘Healthy China’ policy enforced by its government, and steady growth of markets in Europe and Japan is also being observed.

Encouraged by this trend, exports of domestic health functional foods utilizing the forte of domestic plant-based raw materials have been continuously increasing in recent years. Accordingly, companies are widening their stride and devising a strategy to expand beyond the domestic market to the global market. Likewise, we also plan to dominate the global market based on the global network accumulated over many years and sales and production based established worldwide.

* Source: Global market research company ‘Statista’



SUHEUNG America

The building blocks for creating a global market



Vietnam Plant

Global production hub

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Taking Domestic Health Functional Foods to the Global Stage

Strategy to Expand into the U.S., World’s Top Health Functional Food Market

Established in 1998, SUHEUNG America is the first overseas sales corporation of SUHEUNG and has laid a solid foundation for SUHEUNG to quickly settle in the global market by making rapid progress since its establishment. Currently, SUHEUNG America sells hard capsules in various regions including the United States, Canada, and Mexico, and is also supplying gelatin and collagen in the east-west region of the U.S. with a dedicated warehouse. As such, SUHEUNG America has stably maintained its business in the American continent for 25 years and continues to increase profits and margins. From now on, we plan to further strengthen our position as a global brand by actively expanding sales of high value-added special capsules.

Vietnam Production Base Serving as the Global Production Hub

After securing a position through a local corporation in the United States, we chose Vietnam to expand the overseas production base. We built the first plant in 2008 in Long Thanh, Vietnam, followed by adding a second one in 2019. We are currently expanding Vietnam 2 Plant with the aim of completing construction in 2023. When the expansion construction is completed, the production capacity of hard capsules is expected to improve by about 25% compared to 2021. SUHEUNG aims to build a perfect dual production system by using the two plants in Osong as bases for professionally manufacturing domestic health functional food products, with Vietnam as the global production base.



Increased 25%
 Hard capsule formulation capability



Building a dual production system
Enhancing the competitive power in the domestic and international market



SUHEUNG Vietnam Plant #2

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Environmental Data

Actions to Climate Change

STRATEGY AND POLICY

We pursue eco-friendly management as a core objective to systematically address climate change. To this end, we have established environmental management policies and environmental impact management regulations and are promoting related strategies. Our environmental management policy encompasses company-wide reduction of greenhouse gas emissions, minimization of environmental impact on local communities, and the responsibilities and roles of our employees, which are also disclosed on the website. Moreover, we have established environmental impact management regulations for energy, air, water quality, concentrated water and waste, recycling, and product use in compliance with domestic and foreign environmental laws and guidelines, clearly specifying management procedures and responsibilities.

We obtained ISO 14001 certification in 2022 and implemented a systematic environmental system within the workplace. In accordance with the ISO 14001 system, we regularly conduct environmental impact assessments for significant environmental risk factors of the company and separately manage those with a final grade of 3 or higher. We also report ISO 14001 management review materials, such as internal audit results, monitoring results, significant environmental aspects and risk factors of the company, and communication with stakeholders, to top management to ensure the establishment and implementation of the ISO 14001 system within the workplace. Top management evaluates the reported issues and provides guidance on areas that require improvement and supplementation. Based on these, the working-level team develops environmental management promotion strategies and detailed plans. We have set up a greenhouse gas inventory to faithfully implement the environmental management policy. We follow the GHG emission calculation system in the GHG inventory and calculate and report emissions accordingly.

GOAL

SUHEUNG is systematically managing Scopes 1, 2, and 3 to reduce GHG emissions. We set a goal of reducing GHG emissions by 1% each year compared to the level of previous year, and plan to cut down a total of 34,939 tCO₂eq by 2025 from the amount of 2022. To this end, we are managing GHG emissions and energy consumption by business site according to the target. We are also improving operational efficiency by inspecting GHG emission facilities and replacing old facilities. We plan to prepare more effective GHG reduction measures in the future, such as expanding the installation of renewable energy (solar power) and enhancing reliability through third-party verification of GHG emissions and energy.

GHG Reduction Target

Direct (Scope 1)	Indirect (Scope 2)	Total
3%	3%	3%
7,078tCO ₂ eq by 2025	27,862tCO ₂ eq by 2025	34,939tCO ₂ eq by 2025

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Climate Action

PERFORMANCE

GHG emission

		Unit	2020	2021	2022	2023 target
GHG emissions*	Total emissions (Scope 1&2)**	tCO ₂ eq	35,083	43,540	36,009	35,649
	Total emissions (Scope 1&2&3)	tCO ₂ eq	35,083	43,808	36,487	36,122
	- Direct emissions (Scope 1)	tCO ₂ eq	6,338	9,306	7,294	7,221
	- Indirect emissions (Scope 2)	tCO ₂ eq	28,745	34,234	28,714	28,427
	- Other emissions (Scope 3)***	tCO ₂ eq	-	268	479	474
	Upstream	tCO ₂ eq	-	268	479	
	Downstream	tCO ₂ eq	-	-	-	
	Emission intensity (Scope 1)	tCO ₂ eq/KRW 100 million	1.15	1.56	1.23	
	Emission intensity (Scope 2)	tCO ₂ eq/KRW 100 million	5.20	5.74	4.67	
	Emission intensity (Scope 3)	tCO ₂ eq/KRW 100 million	-	0.04	0.08	
	Emission intensity (Scope 1&2)	tCO ₂ eq/KRW 100 million	6.3	7.3	5.7	5.6
	Emission intensity (Scope 1&2&3)	tCO ₂ eq/KRW 100 million	6.3	7.3	5.7	5.7
GHG reductions****	Total reductions (Scope 1&2)	tCO ₂ eq	936	8,457	- 7,531	
	Total Reductions (Scope 1&2&3)	tCO ₂ eq	936	8,725	-7,321	
	- Direct reductions (Scope 1)	tCO ₂ eq	482	2,968	- 2,012	
	- Indirect reductions (Scope 2)	tCO ₂ eq	454	5,489	- 5,520	
	- Other reductions (Scope 3)	tCO ₂ eq	-	-	211	
Total energy consumption*****	Total energy consumption (general +renewable)	MWh	198,099	203,601	193,539	191,604
	Intensity	MWh/KRW 100 million	36	34	30	
General energy	Total consumption (direct+indirect)	MWh	198,099	203,601	193,492	
	Direct energy consumption	MWh	33,933	37,469	36,145	
	- City gas (LNG)	MWh	32,982	36,515	35,277	
	- Gasoline	MWh	120	124	138	
	- Diesel	MWh	824	822	722	
	- Kerosene	MWh	0	0	-	
	- LPG (vehicles)	MWh	7	9	8	

		Unit	2020	2021	2022	2023 target
General energy	Indirect energy consumption	MWh	164,166	166,132	157,347	
	- Electricity	MWh	164,166	166,132	157,347	
	- Steam	MWh	0	0	0	
Renewable energy	Total consumption	MWh	0	0	47	
	- Solar	MWh	0	0	47	
	- Wind	MWh	0	0	-	
	- Geothermal	MWh	0	0	-	
	- Hydroelectric	MWh	0	0	-	
	- Others (biomass, etc.)	MWh	0	0	-	

* Goal of mitigating emissions by 1% compared to the level of 2022 by 2023

** We calculate GHG emissions based on the standards of the Korea Greenhouse Gas and Energy Target Management System Operation Guidelines.

*** Upstream
110 items transported (by ships) in 2021
144 items (by sea and air) in 2022

**** Reductions attributed to environmental management and energy-saving activities

***** The changed figures in the report published last year was based on the GHG emissions statement, and the figures of 2021 and 2022 were changed

Certification

		Unit	2020	2021	2022
ISO 14001	Certified or not		-	-	Y

Calculation of GHG Scope 3 Emissions

We measure and disclose Scope 3 GHG emissions, which include the emissions from the supply chain and product use stage. We comprehensively assess and improve GHG emissions from all management activities, including Scope 3. Going forward, we plan to gradually expand the scope of Scope 3 measurement, aiming to calculate upstream and downstream GHG emissions more accurately. We will continue to take the lead in environmental improvement, acknowledging our responsibility for GHG emissions from the entire process of corporate operation.

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Climate Action

Energy and GHG Reduction Efforts

We constantly strive to minimize energy consumption in the product manufacturing process. To achieve this, we have installed inverters and improved wiring to prevent dehumidification load issues that arise from increased capsule production in our hard capsule business and to save energy consumption. In addition, we are reducing energy consumption within the building by replacing the existing lamps in the workplace with high-efficiency LED lamps. We also introduced a waste heat exchanger to the heat generated during boiler operation to preheat the temperature from 18°C to 49°C. Especially, for LNG that requires domestic hot water, the introduction of the waste heat exchanger cut down the amount of LNG used in the hot water heater by 7.5% compared to the previous one. Along with this, we have replaced low-efficiency, low NO x burners (81.4%) with high-efficiency low NOx ones to reduce energy consumption.

In 2022, we actively used renewable energy and conducted internal energy and greenhouse gas reduction activities. After installing the solar panels, we saved 0.16TJ of electricity through self-generation, as well as KRW 2,411,228 in costs due to electricity use.

Evaluation of environmental compliance targeting employees

We evaluate employees by incorporating both financial and non-financial competency indicators in the employee evaluation index. We also added the level of environmental compliance to the evaluation list of business divisions, which affects individual evaluations of each employee. Through these various activities, we encourage our employees to voluntarily practice eco-friendly activities, and we aim to expand and implement these measures company-wide to reduce GHG emissions and energy consumption.

Energy Saving Programs Joined by Employees

We distribute educational materials for energy consumption reduction to our employees. In 2022, we provided the information on maintaining indoor temperature, managing the use of personal heating equipment, and turning off lights during non-working hours and when leaving work. We also offered company-wide educational programs on climate change and biodiversity impact, provided by the National Environment Education Center under the Ministry of Environment.

Environmental Risk Assessment

SUHEUNG has established its standardized procedures to evaluate our environmental impact of factory operations as well as risks that could affect customers’ health. In 2022, we reflected an opinion from our customer regarding effluent discharge and the safety of toxic chemical handling facilities. According to the opinion, we made an inspection log of the facilities, and prepared a plan for discharge. And these records are being utilized as materials to regularly review risks associated with customer health and the environment.

Environmental risk assessment

	Unit	2020	2021	2022
Percentage of all operational sites for which an environmental risk assessment has been conducted	%	100	100	100

Establishment of a dedicated Environment Department

In 2022, we established a dedicated organization, Environment Department, to strengthen environmental management. The main tasks performed by the department include environmental impact assessment, environmental program performance management, company-wide environmental management system-related tasks such as environmental internal audits, investigation of causes of environmental inadequacy, and major improvement tasks to verify compliance with environmental laws and regulations, and monitoring.

FUTURE PLAN

We will continuously manage and reduce GHG emissions by improving energy efficiency. We will thoroughly manage and monitor GHG emissions and energy consumption at each business site, and enhance operational efficiency by replacing outdated facilities and inspecting GHG emission facilities. We also plan to install renewable energy facilities such as solar power generation to increase the impact of reducing greenhouse gas emissions. Furthermore, we will explore various ways to reduce GHG emissions that are more effective.

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Water

STRATEGY AND POLICY

SUHEUNG manages water resources according to water quality management guidelines and wastewater treatment management regulations with an aim to minimize negative impacts on the ecosystem from business activities. Each guideline and regulation applies to all business sites and employees in and outside Korea. They are evaluated once a year based on domestic laws and international guidelines. The main content encompasses measurement and management of drinking water and industrial water usage, and procedures for inspecting facility leaks. In addition, when unsuitable facilities are detected, measures to prevent recurrence are established centering on the Environment Division so that remedial actions can be taken, and water pollution prevention activities are being advanced.

GOAL

In the midterm, we aim to increase the water recycling rate for using it as industrial water by reducing water consumption by 5% compared to the level of 2022 by 2027, and will establish reduction activities and concentrated water recycling strategies to achieve the goal.

Water Reduction Target	Water Resue Target
5% 269,715 tons by 2027	5% 29,127 tons by 2027

PERFORMANCE

Reduction of water consumption through equipment

We install a re-evaporation heat exchanger in the condensate tank to manage steam usage efficiently. In an effort to mitigate water consumed at the cooling system, we have installed a standby cooling tower and a circulating pump in a freezer and cooling pool. This system works in a way of sending cooling water generated from the freezer to the cooling pool so that it can be cooled off in the standby cooling tower. And the circulating pump returns the cooling water back to the freezer, maintaining the circulation of cooling water, which improves the efficiency of cooling process. This enables efficient cooling and minimizes water use.

Reuse of water

From the first quarter of 2023, we have introduced purified water purification facilities to recycle RO, EDI, and concentrated water as cooling water of cooling tower. We also inspect facilities frequently to prevent wastewater discharge and pollution prevention due to corrosion and abrasion of facilities. We also strive to reduce the use of water for daily use by employees by attaching signs such as recycling phrases and water-saving tapes to all industrial facilities and water purification facilities in the plant.

Water

	Unit	2020	2021	2022	2023 target
Water	Total water consumption	ton	290,164	320,698	283,911
	- Top water	ton	183,138	213,212	182,534
	- Underground water	ton	0	0	0
	- Others (industrial water)	ton	107,026	107,486	101,377
	Water withdrawal in water-stressed regions (high)*	ton	2,589	2,861	3,240
	-Seoul (High)	ton	2,308	2,401	2,742
	-Pangyo (High)	ton	281	460	498
	Effluent discharge	ton	321	366	321.3
	Intensity	ton / KRW 100 million	52	54	45
	Amount of water reused**	ton	0	0	27,740
	Ratio of water reused	%	0	0	9.77

* We have classified water-stress regions in accordance with the WRI standards
Osong: Medium-high
Pyeongtaek: Medium-high
Jeungpyeong: Medium-high
Seoul: High
Pangyo: High
** Started the reuse of water in the end of 2022. Accordingly, we have no recycled amount in 2020 and 2021.

FUTURE PLAN

We plan to implement a comprehensive water management system that will enable us to track and evaluate our water consumption patterns. Furthermore, we will conduct regular performance assessments and reviews to identify and address any gaps or inefficiencies in our water conservation efforts. To foster a culture of water stewardship among our employees, we will offer training programs that will educate them on the importance of water use and the best practices for water management.

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Pollutant Reduction and Waste

STRATEGY AND POLICY

To reduce the pollutants and waste produced by our business activities, we have established and implemented management regulations, objectives, and monitoring plans. We have also adopted air management guidelines, water quality management guidelines, and wastewater treatment management regulations. These guidelines and regulations ensure that we manage and discharge pollutants below the allowable emission standards in compliance with relevant laws and regulations.

GOAL

For the objective of reducing waste and pollutants, we have set goals and managed them. By 2027, we aim to reduce waste by 5%, resulting in a total of 3,480 tons of waste, and to increase waste recycling to 60%, recycling a total of 2,145 tons of waste. We also set the target to reduce hazardous chemicals by 3% by 2025, and a total of 52.3 tons of hazardous chemicals will be reduced with these efforts. Going forward, we will minimize the environmental impact caused by our activities by achieving these reduction goals, while promoting awareness of environmental protection.

Waste reduction goal	Waste recycling goal	Hazardous chemical substance reduction goal
5% reduction by 2027, 3,480 tons	60% reduction by 2027, 2,145 tons	3% reduction by 2025, 52.3 tons

PERFORMANCE

Waste Management and Resource Circulation

We developed waste management regulations to minimize waste discharge. Employees in charge of waste management follow the relevant regulations by classifying waste generated within the business sites into general waste and designated waste, storing it appropriately, and disposing it legally. We also utilize the resource circulation information system to monitor the monthly changes in waste generation and to urge related departments to reduce waste generation and enhance recycling.

We have incorporated waste treatment in our waste management guidelines and entrust waste and waste medicines to specialized external companies. We dispose of or recycle waste according to its type during entrusted treatment, and strive to reduce the environmental impact of end-of-life products by reducing the amount of waste generated by using facilities such as can presses. We also aim to reduce environmental impact in the entire downstream area by developing and applying eco-friendly packaging materials to our products. For resource circulation, we are minimizing waste generation and enhancing recycling. In terms of treatment, we are not limited to incineration and

landfill, and we sell reusable waste such as paper, aluminum, and drums to recycling companies to reduce internal waste and diversify. Moreover, to reduce internal waste generation, we have introduced methods such as reuse, recovery, or change of use of materials, and we have developed eco-friendly packaging materials using these methods. EMBO box, introduced from 2022, is one of the eco-friendly packaging materials developed in this way. This box is a box that does not require the use of CFB* and has passed a thermal stability test to confirm that the internal moisture content and product condition are good even without filler. In particular, by applying this packaging method to VG PRO capsules and VG Alpha capsules, we are expecting to save approximately KRW 1,657,704,000 per year (packaging material cost: KRW 656,660,000, shipping cost: KRW 1,001,080,000). On top of that, company-wide training is provided to employees on separate waste collection, safety accident prevention, ISO 14001 training, and environmental action plans.

*CFB (Ceramic Fiber Insulating Board): A fiber board used primarily as an internal packaging material to protect products from thermal shock and chemical impact.

Hazardous Chemical Substance Management

We have created the 'chemical substance management guidelines' to prevent chemicals from causing environmental pollution and to ensure the proper management of hazardous chemicals. These guidelines clearly outline the roles and responsibilities of managers and inspectors in charge of hazardous chemicals. They also set standards for investigating and handling chemical emissions. Accordingly, we conduct installation inspections before operating chemical handling facilities and then carry out regular inspections. In 2022, we verified the safety of hazardous chemical handling facilities through regular inspections, and reviewed installing an additional mobile local exhaust system to mitigate air emissions of hazardous substances.

We regularly measure hazardous substances that may generate in the work process while applying technology to minimize the amount of chemical substances when designing product durability. In addition, we do not use residue-prone organic pollutants in the production process and regularly measure emissions to verify whether they are discharged. Based on the inspection, it is confirmed that no residue-prone organic pollutants were discharged in 2022.

Moreover, we safely dispose of hazardous substances domestically through a specialized hazardous waste consignment company, and conduct training on handling and management of hazardous substances for the H/C production department that manages hazardous substances for two hours every year. The training is conducted by an external experts specializing in hazardous chemicals, offering detailed information such as signs of chemical accidents, fire and accident prevention methods, and first aid measures in case of exposure to chemicals.

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Pollutant Reduction and Waste

Air Pollutant Management

We have established air management guidelines to reduce air pollutant emissions. We comply with the Clean Air Conservation Act and related laws by managing emission facilities and prevention facilities. We regularly replace process and facility consumables to ensure adequate treatment of pollutants. More specifically, we capitalize on centrifugal dust collection facilities when producing gelatin hard capsules, and we effectively reduce air pollution such as NOx, SOx, and dust through filter dust collection facilities when manufacturing health supplement foods. Besides, we constantly monitor emissions to reduce emissions of nitrogen oxides (NOx), a major component of air pollutant generated from business sites. In addition, we replaced existing low-efficiency, low-NOx burners with high-efficiency and low-NOx burners (81.4%) in order to cut down NOx emissions, while reducing environmental impact and developing sustainable business operation plans. To comply with the legal emission standards for air pollution, we request and conduct air pollution measurement from a related professional company. On top of that, we strive to address environmental issues in the local community, contributing to reducing pollutants in the region by signing a voluntary agreement with the Chungcheongbuk-do Provincial Office, where the production facility is located, aiming to lower fine dust and GHG emissions.

Water Pollutant Management

We have set water quality management guidelines to control water pollutants produced by our business activities. In compliance with the water quality management guidelines, the employees responsible for water quality inspects the operation of the discharge and prevention facility at least once a day to prevent pollutants from being generated due to corrosion or abrasion. In case facility inspection reveals unsatisfactory results, we take corrective actions and discuss preventive measures. We also analyze the occurrence rate of nonconforming facilities with an aim to establish improvement plans for maintenance cycles and management methods. In addition to that, we contribute to the prevention of environmental pollution by evaluating wastewater quality on a regular basis, thoroughly managing measurement items such as BOD, SS, TN, and TOC, and ensuring to maintain them below legal standards.

Prevention and Management of Soil Contamination

We have developed ‘soil pollution management guidelines’ to minimize the generation of soil pollutants caused by our production activities and the provision of products and services. In compliance with the guidelines, we evaluate the potential environmental impact when a new soil pollution prevention facility is installed or modified, and we dispose of the waste generated during the installation or modification process under the waste management procedure. Moreover, the responsible department inspects soil pollution discharge facilities and prevention facilities at least once a month, and ensures that pollutants discharged from each facility comply with the legal permissible discharge management standards and do not exceed the internal emission standards.

Waste

		Unit	2020	2021	2022	2023 target
Waste generation*	Total generation	ton	3,297	3,762	3,640	3,604
	- General waste	ton	3,259	3,721	3,619	
	- Designated waste	ton	38	41	21	
	- Toxic waste	ton	0.0	0.0	0.0	
	Intensity	ton / KRW billion	0.6	0.6	0.6	
Waste disposal	Amount of waste disposed	ton	3,297	3,762	3,640	
	- Recycling	ton	2,399	2,534	1,688	
	- Incineration	ton	898	1,228	1,952	
	- Landfill	ton	0	0	0	
Waste recycling	Amount of waste recycled	ton	2,399	2,534	1,688	
	Ratio of waste recycled	%	72.8	67.4	46.4	
Waste collection	Total collection	ton	0	0	0	
Pharmaceutical waste	Pharmaceuticals unused or exceeding expiry dates	kg	908	1,456	0	
		%	0.10	0.15	0	

* Goal of reducing by 1% compared to the level of 2022 by 2023

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Pollutant Reduction and Waste

Air pollutants		Unit	2020	2021	2022	2023 target
Nitrous oxides (NOx)	Emissions	ton	4.9	5.4	4.7	4.67
	Emission intensity	ton / KRW 100 million	0.001	0.001	0.001	
Sulfur oxides (SOx)	Emissions	ton	0	0	0	
	Emission intensity	ton / KRW 100 million	0.000	0.000	0.000	
Volatile organic compounds) (VOCs)	Emissions	ton	0	0	0	
Particle matter (PM10)	Emissions	ton	0.3	0.2	0.1	

Water pollutants*		Unit	2020	2021	2022
TOC**	Emission concentration	mg / l	81.3	119.6	136.4
	Emissions	ton	9.5	15.3	15.3
	Emission intensity	ton / KRW billion	0.017	0.026	0.024
BOD	Emission concentration	mg / l	17.7	9.1	4.59
	Emissions	ton	2.07031	1.16315	0.52
	Emission intensity	ton / KRW billion	0.004	0.002	0.001
SS	Emission concentration	mg / l	6.5	6.3	6.49
	Emissions	ton	0.7604	0.816	0.44
	Emission intensity	ton / KRW billion	0.001	0.001	0.001
T-N	Emission concentration	mg / l	45.6	38.2	39.33
	Emissions	ton	5.3	0.5	4.42
	Emission intensity	ton / KRW billion	0.010	0.001	0.007

* 2020 data calculated in tons
** Changed from COD to TOC

Odor Reduction in the Workplace

We effectively eliminate odor by installing a portable local ventilation system in the printing room of each business site. We also periodically measure the odor removal efficiency of the local ventilation system to monitor the condition and, if necessary, take measures to minimize the occurrence of odor. Thus, we plan to pursue various measures to create a pleasant workplace environment and improve the working environment for workers.

FUTURE PLAN

Our goal is to reduce the amount of pollutants generated during production. We plan to achieve this by improving our processes, utilizing innovative production methods, and adopting resource recycling and reuse plans. Our focus is on minimizing negative impacts on the environment. Additionally, we are committed to developing products that are easy to recycle by separating recyclable resources and using them as renewable raw materials, which will help us reduce waste generation and promote sustainable practices.

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Biodiversity

STRATEGY AND POLICY

SUHEUNG strives to conserve biodiversity and establish a sustainable ecosystem by identifying and managing aspects of biodiversity throughout its management activities. Accordingly, we developed a biodiversity policy in 2022 and established a code of conduct considering biodiversity within the local community. Based on this, we will continue to provide training for biodiversity and ecosystem conservation to all employees while endeavoring to minimize negative impacts on local communities and the natural ecosystem in the course of our product production.

GOAL

We adhere to laws and regulations related to biodiversity protection. By 2028, we plan to collect and propagate about 500 species of native plants to contribute to the preservation of biodiversity. To achieve this, we intend to extend business agreements with national organizations from 4 to 6.

PERFORMANCE

Biodiversity activities

As part of the protection of biodiversity, endangered animals around business sites are designated as management targets and protection measures are implemented. We are actively responding to the protection of protected species in the ecosystem, focusing on Osong, where our current business site is located. Risk assessments are conducted to analyze the 2nd grade or higher grade of endangered species and to minimize negative impacts on them. The natural creatures managed by us are the 'Seoul pond frog' (2nd grade endangered species) and the 'gobiobotia nakdongensis' (1st grade endangered species). We treat all of the wastewater from our Osong Plant by flowing it into the final water treatment plant in Osong with an aim to prevent damage to the organisms caused by wastewater from the plant. Furthermore, environmental impact assessments are conducted when expanding new factories or introducing raw and subsidiary materials to preserve the community's ecosystem, and the results are reflected in new business promotion, process improvement, and business development.

Biodiversity

		Unit	2020	2021	2022	2023 target
Company operations on endangered species		Operated / Not operated	Y	Y	Y	
Impacts from company operations	Oil spill	ml	0	0	0	
Partnership for the preservation of biodiversity		case	4	4	4	6

FUTURE PLAN

SUHEUNG aims to have a positive impact on local communities and natural ecosystem by constantly managing and preserving biodiversity. To achieve this goal, a wide range of activities will be carried out including education, protection measures, environmental impact assessment, cooperative system reinforcement, ecosystem risk management, effluent disposal and environment management. On top of that, we will build more partnerships with public institutions for the preservation of biodiversity. We will also join the efforts to preserve native plants collected and multiplied.

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Environmental Engagement

ENVIRONMENTAL PROGRAMS

To achieve our environmental goals based on the environmental policy, we have educated our employees regarding environmental issues, and provided environmental incident drills. We have devised educational materials in plain language to give better understanding not only to those in charge of environmental affairs but also to all stakeholders, and documented and provided them so that people can always access and refer to them. It is mandatory for employees to be responsible for water quality, air quality, and waste management to complete the course operated by the Korea Environmental Preservation Association, and also to attend environmental emergency drills. The results of education and drills are reported to their division heads, followed by the quarterly reviews by the CEO. Going forward, the scope of the employees subject to environmental programs will be broadened. And we will encourage employees to practice our environmental policy to accomplish better environmental performance.

Environmental education*

	Unit	2020	2021	2022
Total environmental educational hours	hour	0	0	1,645
Total environmental educational expenses	KRW million	0	0	0
Total no. of employees educated on environment	person	0	0	584
Percentage of the total workforce across all locations who received training (internally or externally) on environmental issues	%	0	0	100
Environmental educational hours per capita	hour	0	0	2.8
Environmental educational expenses per capita	KRW million	0	0	0

* Waste education included

ENVIRONMENTAL PROCUREMENT AND INVESTMENT

We are working at full capacity to ensure environmental procurement and develop eco-friendly technologies in order to minimize our environmental footprint. When purchasing materials required for business operations or production based on our green procurement policy created in 2022, green-certified products come first. We plan to define the target amount for green procurement every year, manage its development, and gradually expand its amount.

We have made intensive investments in the replacement of outdated facilities and the development of eco-friendly materials to become eco-friendly business sites. In addition, eco-friendly packaging material development is in the process, and we are assessing its applicability on our own. Through these efforts, we will apply green packaging materials to all our products by 2025.

Environmental investment

		Unit	2020	2021	2022	2023 target
Environmental investments		KRW 100 million	1.3	1.2	1.1	8.8*
Green procurement	Total procurement amount	KRW 100 million	1,974	2,135	2,490	
	Green procurement amount	KRW 100 million	0	1.23	2.65	
	Ratio of green procurements	%	0	0.06	0.11	

* Budget for investments in environmental facilities in 2023

ENVIRONMENTAL COMPLIANCE

With the adoption of an environmental management system, multifaceted efforts are being made to conform to environmental laws. In detail, we have appointed a chief environment manager, and mapped out a business site and environment improvement plan. The chief environment manager assumes the roles of analyzing the root causes when non-conformity with environmental laws occurs or related-risks are discovered, issuing a letter of request for correction which elaborates on the root causes and countermeasures, and meticulously examining the results of correction measures taken. And the case goes through a deliberation by the management. This process has allowed us to sustainedly ameliorate our environmental management system, which has resulted in zero environmental breaches over three consecutive years. In the years ahead, we will go the extra mile to advance our system to reach zero environmental violations.

Environmental law

	Unit	2020	2021	2022
Law violations	case	0	0	0
Fines and penalties	KRW million	0	0	0
Environment liability insurance	Insured or not	Y	Y	Y

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Labor

STRATEGY AND POLICY

We firmly believe that rational labor-management relations and employee cultivation are an integral part of business expansion, Accordingly, we have drawn up regulations on personnel management that stipulate legitimate working conditions and criteria applied to all our employees. Additionally, we impose a strict ban on all forms of discrimination across the entire personnel management ranging from recruitment to assessment. We have collected data on equal pay for male and female employees, in accordance with the ILO Fundamental Conventions. This includes remuneration data to ensure that there is no pay discrimination based on gender and that equal work receives equal pay.

GOAL

As part of the effort to create a positive work culture and secure diversity in terms of employee composition, we have established key targets and managed them. Since 2022, we conducted employee satisfaction surveys to identify labor issues to remedy them. And we have set up a goal of receiving higher scores from employees by 2025. SUHEUNG has a higher female employment rate than the industry average, and we are working towards increasing the percentage of female employees to 25% by 2025. Additionally, we have consistently met the legal standard of 3.1% for employing individuals with disabilities. In the future, we plan to continue meeting this standard and strive to further improve the diversity of our workforce.

PERFORMANCE

Labor-Management Council

With the objective to embed a constructive work culture, we regularly hold Labor-Management Council meetings to pay close attention to its employees to figure out the status of safety and health, workplace bully and discrimination, or other work environment-related issues. In 2022, a total of four Labor-Management Council meetings were convened on a quarterly basis, through which we listened to employees’ opinions and demands, such as health check-up expansion and remuneration increase, and the agenda items discussed were reflected in the actual operations.

Disability Employment

According to our plan for the employment of people with handicaps, we hire the disabled. And the number of employees with disabilities stands at 23 as of 2022. As part of the efforts to assist them in working in an easier and more smooth manner, we provide a work assistant service as well as necessary assistive devices such as electric wheelchairs.

Labor-Management Council

	Unit	2020	2021	2022
No. of people subject to the Labor-Management Council	person	867	871	758
Ratio of people subject to the Labor-Management Council	%	100	100	100
Percentage of the total workforce across all locations who are covered by formal collective agreements concerning working conditions	%	100	100	100

No. of employees

		Unit	2020	2021	2022	
No. of total employees		person	867	871	758	
By gender	Male	person	647	659	587	
		%	74.6	75.7	77.4	
	Female	person	220	212	171	
		%	25.4	24.3	22.6	
	By age	Under 30	person	383	381	298
%			44.2	43.7	39.3	
30~49		person	384	389	357	
		%	44.3	44.7	47.1	
50 or above		person	100	101	103	
		%	11.5	11.6	13.6	
By employment type		Regular employees	person	841	838	738
			%	97.0	96.2	97.4
	Non-regular employees	person	26	33	20	
		%	3.0	3.8	2.6	
By nationality	No. of total employees	person	867	871	758	
	- Republic of Korea	person	865	868	755	
	- China	person	1	2	2	
	- Canada	person	1	1	1	
Others	Non-affiliated personnel*	person	484	454	533	

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

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Personnel diversity

		Unit	2020	2021	2022
Gender ratio	Ratio of total female employees	%	25.4	24.3	22.6
	No. of total female employees	person	220	212	171
	Female employees in managing positions	person	2	3	2
		%	5.0	7.3	5.3
	Female executives	person	1	1	1
		%	4.2	3.8	4.0
	Female new hires	person	57	55	33
Employment of the disabled		%	28.4	25.5	19.0
	Total no. of the disabled	person	27	28	24
Employment of veterans		%	3.1	3.2	3.1
	Total no. of veterans	person	1	1	1
		%	0.1	0.1	0.1

Recruitment and retention

		Unit	2020	2021	2022
Recruitment	Total new hires	person	201	216	208
	- New employees	person	194	206	198
	- Experienced employees	person	7	10	10
	- Male	person	144	161	174
	- Female	person	57	55	34
	- Age under 30	person	193	206	149
	- Age 30-49	person	8	6	51
	- Age 50 or above	person	0	4	8
Retention	Average years of service	year	9.3	9.3	10.3
	- Male	year	10.3	10.0	10.9
	- Female	year	6.2	7.0	8.3

Remuneration

		Unit	2020	2021	2022
Wage	Average wage of employees*	KRW million	60	61	64
	- Male	KRW million	64	64	67
	- Female	KRW million	47	50	53
Equal pay	- Managing level	%	92.8	86.1	93.9
	- Non-managing level	%	79.7	82.2	82.7
	- Female	%	73.4	78.1	78.3

* We comply with the statutory minimum wage system, and pay all employees more than the minimum wage.

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Work-Life Balance

To help all our employees live a happy and healthy life, we put in place a variety of welfare programs that enhance work engagement and satisfaction. The adoption of a flexible working hours system that enables employees to coordinate their working hours as well as deemed working hours system outside the workplace is one of our representative efforts to reflect employees’ particularities. In addition, we operate women’s lounges for each business unit in the Seoul Office and Osong Plant to augment the convenience of female workers. Furthermore, we provide health check-ups for all our employees every year to diagnose our employees’ fitness and prevent diseases.

In particular, in association with Heungdeok Public Health Center, we have carried out stop smoking programs to reduce the number of employees subject to the high-risk and ultra-high-risk groups of cerebrovascular or cardiovascular diseases. In addition, we have actively implemented our family-friendly policy such as childcare leave which can be used by both male and female employees to support our employees in striking a balance between work and life. In the years ahead, putting employees’ happiness and health at the heart of our management, we will constantly strive to refine our welfare policy.

Work-life balance

		Unit	2020	2021	2022
Work-life balance	Participation rate in flexible working hours system	%	46.7	47.4	40.4

Parental leave

		Unit	2020	2021	2022
No. of employees using parental leave	Employees subject to parental leave	person	197	180	147
	Total	person	11	11	12
	- Male	person	1	1	1
	- Female	person	10	10	11
No. of employees returning after parental leave	Total no. of employees returned	person	5	6	6
	Return rate	%	100	100	100
	Male (Ratio)	person	0	0	0
		%	-	-	-
	Female (Ratio)	person	5	6	6
		%	100.0	100.0	100.0

Parental leave

		Unit	2020	2021	2022
Employees working for more than 12 months after parental leave	Total no. of employees returned	person	1	5	6
	Return rate	%	50	100	100
	Male employees working for more than 12 months after parental leave Male	person	0	0	0
		%	-	-	-
	Female employees working for more than 12 months after parental leave Female	person	1	5	6
		%	50.0	100.0	100.0

Educational Programs

With the aim to help employees develop their job skills, we operate educational programs tailored to jobs and positions. Furthermore, we pay for upskilling courses that our employees select on their own. Entry-level employees are provided with programs that guide them through the company and their jobs so that they can settle in and grasp their jobs, as well as on-the-job training before being assigned to production lines. When it comes to employees who are required to have expertise, such as those who belong to the Audit Team, Planning Team, or Management Division, we provide them with job-related external education. In 2022 alone, each department was offered diverse educational programs relevant to their job functions, such as ESG, HR, safe handling of toxic chemical substances, and internal audit processes. This helped to elevate their skills. In addition, we provided ESG education to embed sustainable management practices throughout our organization and to create a corporate culture focused on sustainability. The scope of this education covered a wide range of areas including the environment, human rights, and ethics. As for R&D staff, we offer education conducive to their R&D on health functional foods, soft capsules for medical suppliers, and tablets, as well as education on the laws and sanctions with regard to drug approval. We plan to gradually increase our investment in education by allocating more funds and time per capita to provide quality educational programs.

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Education

		Unit	2020	2021	2022	
Capacity building for employees	Subject of capacity building programs		person	867	871	758
	Completion rate of capacity building programs		%	100.0	100.0	100.0
	Education hours per capita*		hour	41.6	45.4	54.4
	Gender	- Male	hour	-	-	54
		- Female	hour	-	-	55
	By age	- Age under 30	hour	-	-	57
		- Age 30-49	hour	-	-	52
		- Age 50 or above	hour	-	-	53
	By position**	- Managing level	hour	-	-	57
		- Non-managing level	hour	-	-	53
Education expenses per capita***		KRW thousand	63	46	94	

* From 2022, we divided the data by gender, age, and position.
** Managing level refers the manager position and above, and employees below the position are categorized as non-managing levels.
*** Figures changed from the previous year due to the changed method to set the standard for education hours

Employee Satisfaction

We have annually surveyed employees on their satisfaction over ten categories including corporate culture, personnel management system, and job fitness since 2022. We conduct separate surveys by gender, and analyze each score and the combined score. In 2022, the overall average score was 67.6. The score of male employees was 70.0 while the female score was 61.9. The results are compiled, and labor issues are regularly managed by gravity. Based on these efforts, we will become the best place to work.

Satisfaction level

		Unit	2020	2021	2022
Employee satisfaction level	Total employees	point	-	-	67.6
	- Male	point	-	-	70.0
	- Female	point	-	-	61.9

360-Degree Assessment

With a view to assessing our employees in terms of their work efficiency and capabilities, we have adopted a 360-Degree Assessment. This system works in a way of designating subjects to assessment by position, such as staff, assistant, manager, or general manager, to be evaluated by various people including their superiors, coworkers, and subordinates. They are assessed on ten sections, and the scores of each section are combined to determine the final score. Likewise, we assess individuals from multiple angles, manage their assessment scores, and reflect them in organization management.

Performance evaluation

		Unit	2020	2021	2022
Ratio of employees subject to regular performance assessment	Assessment rate	%	43	45	48

Assistance Programs for Retirees

SUHEUNG operates a retiree reemployment program to help those approaching retirement prepare for life after work. This program provides opportunities for re-hiring individuals who have reached retirement age and possess specialized skills, experience, or project management capabilities. The program aims to achieve two goals: stable employment for retirees and improved efficiency and product quality in business operations. SUHEUNG plans to expand this program to enhance the quality of life for employees and promote sustainable job creation.

FUTURE PLAN

SUHEUNG will strive to help its employees live a pleasant and healthy life through various policies and programs that promote work-life balance. In addition, we strive to build a more effective organization by providing opportunities for employees to continue to grow and develop such as providing professional education and supporting personal competency development. These efforts of SUHEUNG are expected to enhance the value of the company as one of the pillars of future growth engines.

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Safety and Health

STRATEGY AND POLICY

With the purpose of creating risk-free and pleasant business sites, we have established a safe and health management system, and obtained ISO 45001, occupational health and safety management system, in 2022. Along with this, we have established and executed the Safety and Health Management Regulations that stipulate the matters with regard to the safety and health of employees. And the regulations will be disclosed on our website, and pertain not only to our employees but also all stakeholders (partner companies, customers, and local communities). On top of that, we review the regulations once a year, and make amendments, if needed, to update them. The regulations on safety and health are disclosed in bulletin boards for safety and health at all business sites, and safety and health information other than regulations is always kept at workplaces and offices to help executives and employees acquire various safety and health information.

GOAL

SUHEUNG puts workplace safety at the heart of its management. In details, we have established safety accident indicators for systematic management. Under the goal of reaching ‘zero industrial accidents,’ persistent efforts are being made. To accomplish our goal, we have conduct thorough investigations into the root causes of accidents, and come up with feasible measures to prevent relapse, aiming to reduce the industrial accident rate to 0.2% by 2027. On top of that, we aim to reach zero partner company employee casualties. In 2022, our industrial accident rate stood at 0.57%. In the years to come, we will make all-out efforts to prevent workplace accident and ensure safety, putting safety first.

GOVERNANCE

Pursuant to our safety management policy, we have formed an organization fully responsible for safety and health affair, and Safety and Health Teams in charge of implementing related tasks for each business site, which has advanced our safety and health system. The dedicated organization led by the Director of Safety and Health Headquarters assumes the roles of securing the company-wide safety and health management system and managing and taking action with regard to the related laws. And each business site establishes and takes preventive measures for relapse prevention led by the personnel in charge of safety and health management. It also regularly reports health and safety issues to the ESG Committee under the board. The Committee examines and identifies environmental, and safety and health-related risks based on the reports. On top of that, in order to respond swiftly in the event of an accident, we enacted ‘accident management regulations’ to establish an emergency action and reporting system. In accordance with the ‘emergency management regulations,’ we prepare suitable handling procedures according to the situation and take measures.

PERFORMANCE

Create a safe working environment

We regularly measure and manage noise and chemical levels to avert occupational diseases caused by the workplace environment. For nighttime workers, we conduct job stress assessments and check health-related risks regarding cerebral and cardiovascular diseases. Furthermore, we conduct health counseling and anti-smoking programs to enhance the health of our employees. In addition, we identify the eight causes for job stress, such as insecure organizational structure and relationship conflicts by department, and take corrective measures such as counseling. We also operate a musculoskeletal disorder prevention program to protect our employees against repetitive stress injury.

Occupational accident*

		Unit	2020	2021	2022
Employees	Occupational fatalities	person	0	0	0
	Lost Time Injury (LTI)	case	4	2	5
	Lost Time Injury Frequency Rate (LTIFR)	%	2.3	1.1	3.3
	Industrial accident rate	%	0.48	0.23	0.57
	Security rate of injury	%	0.40	0.06	0.43
Workers from partner companies	Occupational fatalities	person	0	0	0
	Lost Time Injury (LTI)	case	0	2	4
	Lost Time Injury Frequency Rate (LTIFR)	%	0.0	3.0	5.7

* Changed from the previous year due to changes in standard working hours
Working hours: 250 days * 8H * No. of on-site employees

Risk assessment

SUHEUNG conducts assessments of its working environments on a regular or frequent basis to identify the toxicity and hazards related to apparatuses and equipment within our business sites. These include an annual evaluation of work procedures conducted by the chief safety and health manager, safety managers, health managers, supervisors and employees, and based on the results, the activities for improvement are carried out. SUHEUNG determines the risk by identifying hazardous risks for all activities related to production. The identified hazardous risks are prioritized according to the risk level, and then we devise a mitigation plan. We are preventing severe accidents by implementing the mitigation plan in a planned manner.

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Safety and Health

Occupational safety

		Unit	2020	2021	2022
Safety management	Risk assessment	Assessed / Not assessed	Y	Y	Y
	Percentage of all operational sites for which an employee health & safety risk assessment has been conducted	%	100	100	100
	Supplier safety prevention management	Managed / Not managed	Y	Y	Y

Safety Training

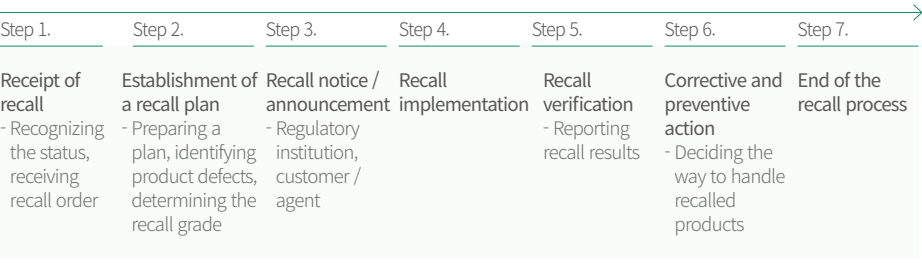
We provide 6 hours of safety and health training every quarter for both office and production workers at the workplace and 16 hours of special safety and health training for those who are engaged in harmful or dangerous work. In addition, we let external institutions to give 16 hours of training for management supervisors every year. Safety and health training for workers is categorized into regular training, education upon hiring, training when changing tasks, and special safety and health training. Through continual safety and health education, we endeavor to increase workers’ safety awareness and prevent accidents.

Safety and health training

		Unit	2020	2021	2022
Employees	No. of participants	person	867	871	758
	Training hours	hour	21,174	21,746	20,120
	Training expenses	KRW million	3.71	2.15	4.13
	Training hours per capita	hour	24.4	25.0	26.54
	Training expenses per capita	KRW million	0.004	0.002	0.005
	Ratio of employees participating in the training	%	100	100	100
Workers from partner companies	Health and safety training for workers of on-site suppliers	Received / Not received	Y	Y	Y

Product Recall Process

We implement a 7-step product recall process to ensure product safety. First, after receiving the product subject to recall, we devise a recall plan to thoroughly analyze the defect of the product. When the recall level is determined based on the analysis results, we notify the regulatory body, customers, and distributors of the product recall. After the product recall action, we report the recall result and proceed with handling and prevention of the recalled product.



Customer safety

		Unit	2020	2021	2022
Recall	No. of product recall	case	0	0	0

Violation of laws

		Unit	2020	2021	2022
Safety-related accidents	No. of serious accidents	case	0	0	0
	No. of violations	case	0	0	0
Violation of laws related to safety	Fine	KRW thousand	0	0	0
	Penalty	KRW thousand	0	0	0

Certification

		Unit	2020	2021	2022
ISO 45001	Certified / Not certified		-	-	Y

FUTURE PLAN

We offer personal protective gear to workers to minimize exposure to harmful factors, and intend to support Fit Test so that all workers can wear customized protective equipment in the future. Fit Test is a test that verifies whether it fits effectively to the wearer’s face, and plays a role in identifying and selecting customized protective gear to ensure personal safety. We plan to conduct the Fit Test for all workers to identify protective gear that is appropriate for the shape and size of their faces, and provide customized gear based on the results of the test. Besides, we will allocate resources and prepare additional budgets along with planning, including provision of protective gear through Fit Test and continual monitoring.

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Human Rights

STRATEGY AND POLICY

We have established our own Human Rights Charter on the foundation of 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). We have applied the charter to all stakeholders including employees, customers, and local communities, thereby making human rights management permeate every aspect of our business operations. On top of that, internal human rights-related grievance handling procedures have been established along with a disciplinary policy in accordance with our regulations on the prohibition of workplace bullying and sexual harassment and personnel management. And we have added a section, ‘report,’ on our website to give better access to the grievance reporting system related to human rights violations. In 2022, we established a new human rights policy with an aim to identify and prevent actual and potential human rights risks that may occur throughout our business activities. The human rights policy applies not only to employees but also to all our stakeholders, including customers and partner companies. It mainly includes respecting human rights, prohibition of forced labor and child labor, ways to report human rights violations, and actions taken after reporting.

GOAL

With a focus on preventing the breaches of human rights-related laws and providing human rights education as our core tasks, SUHEUNG have ensured seamless management on this matter. As a result, we reached zero violations in 2022. Under the goal of maintaining zero human rights-related law violations by 2025, all-out efforts are being made. And we have complied with the two hours of statutory human rights education so far, and plan to add one more hour by 2025 in order to raise human rights awareness among employees.

GOVERNANCE

In 2022, a team for human rights affairs was created in the Planning Department to systematically identify and manage related risks. This team takes on the roles of monitoring human rights management system and detect risk factors in advance followed by carrying out preventive and improvement activities to reduce the risks. If a human rights abuse is checked and investigated by the team after it is reported through website, the case is immediately reported to the Personnel Management Committee and top management. When the human rights violation report is confirmed to be true, we take disciplinary measures against the perpetrator and actively protect the victim according to human rights policy and personnel regulations.

PERFORMANCE

Deployment of human rights actions

	Unit	2020	2021	2022
Percentage of company operations that are covered by the deployment of human rights actions.	%	100	100	100

Report handling

	Unit	2020	2021	2022
No. of reports received related to human rights	case	0	0	0
No. of reports handled related to human rights	case	0	0	0

Violation of laws

		Unit	2020	2021	2022
Violation of laws related to human rights	No. of violations	case	0	0	0
	Fine	KRW thousand	0	0	0
	Penalty	KRW thousand	0	0	0

Human Rights Education

SUHEUNG respects the human rights of employees, and endeavors to prevent sexual harassment. As part of the efforts, we conduct education to improve awareness of the disabled along with 2-hour training on sexual harassment prevention per employee. Moreover, we offer education on the fundamental principles of labor and human rights, such as freedom of association pertaining to labor rights, elimination of forced labor, elimination of discrimination, elimination of child labor, and elimination of human trafficking.

Human rights education

		Unit	2020	2021	2022
Percentage of the total workforce across all locations who received training on human rights (Diversity, Discrimination and Harassment)		%	100	100	100
Education on sexual harassment prevention	Education hours per capita	hour	0.68	0.68	0.95
Education on disabled awareness improvement	Education hours per capita	hour	0.75	0.73	0.98

FUTURE PLAN

We will pay close attention to our employees to tackle their human rights-related grievances, come up with remedies, and complement our human rights education materials we are using now. The materials will be utilized to embed a culture of respect for human rights into every corner of the company. Based on this, we will lead to cultivating human rights awareness among our employees and disseminating a culture of inclusion and respect within the organization.

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Supply Chain Management

STRATEGY AND POLICY

In 2022, we formulated a management policy for sustainable supply chain, considering every aspect of our supply chain, which is a clear demonstration of our iron will towards sustainable management that values environmental and societal values in collaboration with partner companies. The policy elaborates on non-financial values, such as labor, human rights, corporate ethics, environment, and safety within the supply chain, and it is advised to apply to all material procurements. Furthermore, we have established the Code of Conduct for Suppliers and disclose it on the website. The Code of Conduct for Suppliers includes human rights, labor, environmental protection, ethical management, and safety and health management systems, and when signing a contract with partner companies, they are advised to take a pledge of compliance and actively participate. Every year on holidays, we send a message of integrity to our partner companies that we do not accept money or gifts, thereby raising awareness of corruption throughout the entire supply chain.

GOAL

SUHEUNG calls on its suppliers to actively join the efforts toward ESG management to promote mutual growth. To this end, we target the percentage of pledges to comply with partner Code of Conduct and the percentage of newly/regular evaluations of partner ESG. We are encouraging all our suppliers to agree with the abidance by the Code of Conduct and ESG newly/regular evaluation for all partners, and as of now, the rate of suppliers signing the agreement stands at 100%. Keeping this momentum, we will conduct ESG evaluations of all partners every year and strive to maintain 100% rate of suppliers that agree to follow the code every year.

PERFORMANCE

Supporting Suppliers

SUHEUNG believes in shared growth with suppliers as a core value of sustainable management. For shared growth with suppliers, multifaceted efforts are being made to improve suppliers’ business environment and help them run their business in a stable manner through diverse policies. In particular, we conduct preliminary and regular assessments of all our suppliers to grasp the status of their GHG emissions and impact on the environment as well as their risk factors related to human rights, occupational safety, and ethics. And we provide training programs on ethics and human rights and distribute related materials to assist them in sharpening their ESG capabilities.

Risk Diagnosis of Suppliers

We rigorously manage the ESG risks of our partner companies and pursue continual win-win cooperation. First, we use the ESG checklist to assess the degree of sustainability management of our suppliers and select new suppliers based on this. Even after selecting suppliers, we monitor the

ESG risks of our suppliers using the regular ESG evaluation table. In addition, we establish plans for corrective action and help our suppliers to sharpen their capabilities according to the monitoring results. We provide benefits such as maintenance of ordered items, increased volume, and preferential negotiation opportunities to companies selected as excellent suppliers.

Supplier management

		Unit	2020	2021	2022
No. of total suppliers		number	33	33	24
No. of newly registered suppliers		number	0	0	15
Supplier ESG assessment	ESG included in supplier selection criteria	Included / Not included	Y	Y	Y
	Percentage of targeted suppliers that have gone through a CSR assessment*	%	-	-	100
	Regular ESG evaluation of suppliers	Received / Not received	Y	Y	Y
	Ratio of regular ESG evaluation of suppliers	%	100	100	100
	Percentage of targeted suppliers that have signed the sustainable procurement charter/supplier code of conduct	%	0	0	100
	Suppliers subject to ESG compliance pledge	%	0	0	100
	Percentage of buyers across all locations who have received training on sustainable procurement	%	0	0	100
Grievance handling process for suppliers	Cases received	case	0	0	0
	Cases handled	case	0	0	0

Purchase

		Unit	2020	2021	2022
Total purchase amount		KRW 100 million	1,974	2,135	2,490
Purchase of win-win growth products	Purchase of green products and services	KRW 100 million	0.00	1.23	2.65

* ESG pre-evaluation for new suppliers was not conducted in 2020 and 2021, but ESG pre-evaluation was conducted targeting 15 new suppliers in 2022.

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FUTURE PLAN

We aim to improve the business environment and support stable business operations by helping suppliers with financing and investment plans. Once a year, we provide sustainable supply chain management policies to all suppliers and advised to comply with the policies. We also conduct preliminary and regular assessments of their environmental management to figure out their impact, and offer solutions on the matters, thereby contributing to their sustainable management. Additionally, educational programs will be furnished to suppliers along with educational materials so that they can nurture their talents and polish up their skills. Through these efforts, we will step up our cooperation with suppliers and attain sustainable management together.

Social Data

Contribution to Local Communities

STRATEGY AND POLICY

SUHEUNG intends to build trust with customers and local communities through responsible social contribution activities as a company. Accordingly, we have established a social contribution strategy aligned with UN SDGs in 2022, and based on the characteristics and organizational capabilities of a healthcare company, we are supporting local communities in enhancing their self-reliance and carrying out volunteer activities participated by employees. Our core value is the ESG management strategy of a ‘shared growth society’. We are committed to promoting donation activities and in 2022, we donated 230 sets of health functional food to the Korea Food for the Hungry International as part of the ‘mind prescription event’ for children and workers at child welfare facilities. Our actions exemplify our dedication to fulfilling our corporate social responsibility and being a model company that contributes to the overall development of society. SUHEUNG will further achieve coprosperity with local communities through conducting impact assessments, expanding operation programs, and creating partnerships with civic groups.

FUTURE PLAN

SUHEUNG will expand cooperation with local communities to meet their needs and expectations and to solve social issues together. We will carry out environmental cleanup activities in areas where we operate, and also plan sponsorship activities to provide better access to medical care. In addition, we will develop a social contribution system to manage activity performance, and devise effective improvement methods.

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Information Security and Personal Data Leakage

STRATEGY AND POLICY

We do our utmost effort to protect the personal data of all our stakeholders by establishing a personal information processing policy and protection measures in accordance with the Personal Information Protection Act. The details of the personal information processing policy are disclosed on the main page of our homepage (www.suheung.com) so that all our stakeholders can easily check it. The personal information processing policy is continually revised in accordance with relevant government policies and laws, and when revised, it is notified through website announcements or individual notices. Moreover, through the personal information processing policy, we transparently disclose for what purpose and method the personal information provided by the information subject is used and what measures are being implemented to safeguard personal data.

Our IT Team conducts information security management and supervision activities. It plays a role in establishing policies related to information security, managing and supervising major risks and issues regarding information security, raising employees’ awareness on information protection, and spreading a culture of information protection within the company. We assigned personnel with expertise in information technology to IT Team so that we can stably manage our information security system.

GOAL

SUHEUNG plans to continuously provide company-wide support to diagnose and elevate its information security status. Our long-term objective is to attain ISO 27001 certification to reinforce information security and ensure safety. For this purpose, it is intended to devise and execute information security practices and policies within organizations in accordance with the ISO 27001 standard. In particular, we will maintain the data technologies we currently apply to respond to various risks of data leakage in a remote working environment, and introduce additional information protection systems to strengthen internal and external reliability of the company. We will continue to manage the level of information protection with the aim to keep the number of information security violations at zero every year.

PERFORMANCE

Information Security Risk Management

SUHEUNG has established an information security management supervision system to prevent infringement of personal information of the company and customers. We operate systems such as Data Loss Prevention (DLP), Advanced Persistent Threat (APT), and OS/DB Access Control System for key systems, carry out regular monitoring, and update the security systems to manage information security risks. Moreover, to prevent information security violations, precautions for personal information protection are periodically notified, and information protection training is conducted for all employees every year to increase employees’ awareness of information protection.

Leakage

	Unit	2020	2021	2022
Total no. of security information leakage	case	0	0	0
No. of leakage related to customer data	case	0	0	0
Fines for violating laws related to data leakage	KRW thousand	0	0	0

Investment

	Unit	2020	2021	2022
Total IT budget	KRW 100 million	-	16.4	17.9
Information protection budget	KRW 100 million	-	2.6	3.1
Ratio of data protection investment	%	-	15.9	17.3

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Information Security and Personal Data Leakage

Information Security Incident Response Plan (IRP)
SUHEUNG prevents information security incidents by operating its own security system and carrying out monitoring activities. Nevertheless, since there is always a possibility of information security incidents, such as corporate data leakage and hacking, we have established and are operating security incident response procedures that can promptly deal with problems in case of security accidents. Infringement incidents include account theft, malicious code and ransomware infection, network attacks, such as DDOS, and company security policy violations, and when occurrence of an incident is confirmed, we immediately report it to the security manager and thoroughly analyze the level of severity and the damage status, and handle the incident according to the analysis results. After handling the incident, we establish measures to prevent recurrence of similar incidents and report it to the chief information protection manager, to continuously strengthen the information security level.

5-Step Information Security Incident Response Process



Information Security Due Diligence Program
As SUHEUNG recognizes the importance of data security and management, our IT team plays a central role in responding to regarding issues in a systematic manner. Accordingly, we provide relevant information for the Korea Internet & Security Agency (KISA) every year to carry out information security tasks effectively. In 2022, we were selected by the KISA as a company subject to due diligence, and underwent the due diligence, and as a result, we received confirmation from the agency that there was no problem with our information security program.

FUTURE PLAN
In recognition of the gravity of data security, SUHEUNG is planning to conduct an information security audit from 2024. In the future, we plan to preemptively prevent security incidents through information security audits. In addition, SUHEUNG plans to recruit professional information security personnel and acquire international information security certification (such as ISO 27001). Moreover, we will continuously upgrade the information security system by increasing the investment ratio of information protection to the total IT budget, and through this, we will reinforce internal and external corporate credibility.

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Board of Directors

STRATEGY AND POLICY

SUHEUNG strives to practice responsible management through the establishment of a healthy governance structure and ensure that business activities lead to the promotion of shareholder value and protection of the rights and interests of stakeholders. The Board of Directors (BOD) of SUHEUNG, the top decision-making body, makes decisions on issues such as mid- to long-term strategies of the company, significant investment issues, and ESG. BOD meetings are frequently convened in accordance with the BOD regulations, and in 2022, a total of 36 meetings were held, and decisions on major agenda items, such as company division, and approval of financial statement and consolidated financial statement, were made.

To reinforce sustainable management, SUHEUNG has established an ESG Committee within the BOD in 2022, and thoroughly reviewed issues concerning ESG. In 2022, we reported environmental and health-related issues to the ESG Committee and promoted ESG management based on the points of improvement that were identified from the BOD’s review. In addition, we reflect ESG performance in KPIs for business division evaluation to increase the target achievement rate.

PERFORMANCE

Board’s Education

Our board creates an environment where the management can make responsible business decisions. We encourage directors to participate in internal and external education, and when necessary, we receive consultation by external experts. In 2022, we supported our independent director and auditors in completing training on internal accounting management system.

Board Composition (as of December 31, 2022)

Our board is comprised of 4 directors; three executive directors and one independent director, and the CEO concurrently serves as the BOD chairman to stably carry out general management tasks. Although SUHEUNG currently has no separate recommendation committee for independent directors, the candidate’s personal information is disclosed for reference prior to general shareholders’ meetings when appointing directors. When there are any recommendations of shareholders at general shareholders’ meetings, it is reflected in the appointment of directors, and when recommended by the BOD, the qualification criteria such as independence and expertise of directors are carefully considered. In particular, the ratio of directors with industrial experience among SUHEUNG’s board members stands at 100%, which makes our board more professional.

Board Composition (as of December 31, 2022)

Category	Name	Gender	Age	Key experiences and positions	Area of Expertise	Date of first appointment	Date of term expiration
CEO	Joo-hwan, YANG	Male	71	BA in Electronic Engineering, Yonsei University Honorary PhD in pharmacy, Chung-Ang University (Former) CEO & President, SUHEUNG Capsule (Current) CEO and Chairman, SUHEUNG	Pharmaceutical and Dietary Supplements	Dec. 31, 1980	Mar. 25, 2025
Executive Director	Joon-taek, YANG	Male	42	(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	Pharmaceutical and Dietary Supplements	Mar. 26, 2021	Mar. 26, 2024
	Joon-sung, YANG	Male	40	(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	Pharmaceutical and Dietary Supplements	Mar. 25, 2022	Mar. 25, 2025
Independent Director	Kwang-ho, LEE	Male	68	BA in Food Science and Technology, Korea University MA in Food Science, Hawaii State University, USA PhD in Food Science, Rutgers University, USA (Former) Chairman of National Institute of Food and Drug Safety Evaluation (Current) Independent director	Pharmaceutical and Dietary Supplements	Mar. 25, 2022	Mar. 25, 2025
Auditor	Young-ho, Kim	Male	62	(Former) Head of Planning Team, LG H&H (Current) Full-time corporate auditor, SUHEUNG Date of first appointment: 2020.03.20.		2022.03.20.	2023.03.20.

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Board of Directors

Composition		Unit	2020	2021	2022
Independence	Ratio of independent directors within the board	%	25	25	25
Diversity	Ratio of female directors	%	0	0	0
Expertise	Director with industrial experience	%	100	100	100
	Financial professionals	person	2	2	2
Efficiency	Average tenure of independent director	year	1.8	2.8	3
	Attendance rate*	%	100	100	100

Operation		Unit	2020	2021	2022
Convocation	No. of board meetings convened	time	36	39	36
Report and resolution	No. of agenda items reported	case	1	1	0
	No. of agenda items resolved	case	35	38	36
Opinion by agenda item	In favor	case	36	39	36
	Against	case	0	0	0
	Requesting for revision	case	0	0	0
	Abstaining	case	0	0	0
	In favor	%	100	100	100
	Against	%	0	0	0
	Requesting for revision	%	0	0	0
	Abstaining	%	0	0	0

ESG Committee**		Unit	2020	2021	2022
Report and resolution	No. of committee meetings convened	time	-	-	2
	No. of agenda items reported	case	-	-	2
	No. of agenda items resolved	case	-	-	0
Opinion by agenda item	In favor	case (%)	-	-	100
	Against	case (%)	-	-	-
	Requesting for revision	case (%)	-	-	-
	Abstaining	case (%)	-	-	-

Responsibility

		Unit	2020	2021	2022
Director liability reduction	Directors liability Insurance	Insured or not	Y	Y	Y
	Leadership-related issues	case	0	0	0

Assessment

		Unit	2020	2021	2022
Remuneration***	Compensation structure for non-executive directors	Insured or not	Y	Y	Y
	Performance-based bonus for registered executives	Implementation	N	N	Y
Shares	Ratio of shares owned by directors and CEO	%	52.8	52.8	52.8
	Share ratio among CEO incentives	%	-	-	0
	Ratio of shares owned by the National Pension Service	%	9.7	6.2	5.0

Reinforcement of shareholders' rights

		Unit	2020	2021	2022
Reinforcement of shareholders' rights	Notification of agenda items before shareholders' meetings	Notification	Y	Y	Y
	Proxy solicitation****	Solicitation	0	0	0

* 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)

** ESG Committee established in 2022

*** Article 40 of Articles of Association (remuneration and severance pay for directors and auditors)

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.

**** We didn't ask individual shareholders to do it, but we encouraged them to exercise their voting rights when we issued the notice of the general shareholders' meeting convocation

FUTURE PLAN

We have thoroughly reviewed ESG issues with the establishment of the ESG Committee in 2022. The Board of Directors plans to encourage management to participate in internal and external education so that they can make responsible and reasonable management decisions, and when needed, we will support to strengthen the expertise and capabilities of the BOD by taking advice from external professionals.

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Ethical Management

STRATEGY AND POLICY

We have established and disclosed the Code of Ethics, which are the principles of all ethical decision-making and value judgment in the business process. The Code of Ethics defines the responsibilities regarding shareholders, customers, competitors, and partner companies and further specifies the basic ethical rules for the employees and stakeholders to follow, including the creation of a healthy corporate culture, prohibition of the acts of conflicts of interest, prohibition of internal date use, protection of corporate asset and significant data, ban on sexual harassment, the ban on political engagement, the ban on taking bribes, and prevention of money laundering. In addition, we review ethical risks of all business sites.

GOAL

We manage indicators such as the number of violations of the Code of Ethics and relevant laws and regulations by employees, and the completion rate of ethics education, to manage and supervise the employees’ ethical violations and identify the internal ethical management practice level. In detail, we conduct more than 1 hour of ethics education every year for all employees with the aim of achieving 0 cases of violation of the Code of Ethics and 0 cases of violation of ethics-related laws. Thanks to these efforts, there was no single case of a breach of Code of Ethics and relevant laws in 2022.

PERFORMANCE

Spread Anti-corruption Culture

We conduct surveys on anti-corruption, organized by the Audit Team, to identify major risks during business activities, such as unfair trade and ethical violations. After the survey, we collect the results, identify corruption risks in advance, and implement various measures to resolve such corruption risks. In 2022, we surveyed all employees on anti-corruption awareness, and as a result, improvement tasks were derived, such as activating reporting functions on the website and advancing the ethical education program. In addition, the internal reporting system and reporting function within the website are operated full-time. Through these channels, employees, including employees of partner companies and internal and external stakeholders, are able to report issues anonymously, such as dishonest actions or corruption, partner company complaints and unfair transactions, actions hindering organizational culture, and violations related to product quality and service improvement. When such reports are received, dedicated personnel are appointed and handles the affairs, and the confidentiality of the identity informant is thoroughly protected by carrying out a fair investigation with neutrality, objectivity, and anonymity.

Efforts for ethical management

		Unit	2020	2021	2022
Ethics education*	Employees subject to education on ethics	person	867	871	758
	Office workers**	person	-	-	142
	Field workers**	person	-	-	616
	Total educational hours	hour	867	871	758
	Ethics education hours per capita	hour	1	1	1
	Ratio of employees who received ethics education	%	100	100	100
	Prevention of sexual harassment and workplace bully	Implementation	Y	Y	Y

* 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
** From 2022, we divided the data by position

Report and violation

		Unit	2020	2021	2022
Ethical management reporting and consultation	Employees	case	0	0	0
	Partner companies	case	0	0	0
	Customers	case	0	0	0
	Others	case	0	0	0
Handling	Investigation (audit)	case	0	0	0
	Transfer to relevant departments	case	0	0	0
	Others (rejection, etc.)	case	0	0	0
Violation of 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
	Violation of safety, health and environmental regulations	case	0	0	0
	Negligence	case	0	0	0
	Others	case	0	0	0

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Ethical Management

Report and violation		Unit	2020	2021	2022
Audit	Audits related to reporting and disciplinary action	case	0	0	0
	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

Prevention of Anti-competitive Practices

To maintain a sound competitive environment, SUHEUNG strictly prohibits anti-competitive practices. The organization dedicated to ethics monitors employees’ compliance with the Code of Ethics. Especially, if there is an unethical or illegal transaction detected, such as rebates bribe taking, or rewards, we seamlessly review and approve according to the verification procedures. Additionally, every year we provide ethics education on anti-corruption and anti-competitive practices for all employees to raise awareness. SUHEUNG continues to give attention and support to ensure that employees comply with ethical regulations related to trade and to perform their duties fairly and transparently. In particular, we make sure that all employees pledge to comply with the Code of Ethics, and through this, we earnestly prevent anti-corruption violation practices. SUHEUNG also sends out notification e-mails regarding the ban on sensitive trade to all employees and partner companies to block bribery and entertainment internally and externally of the company. SUHEUNG’s efforts to prevent anti-competitive practices promote the significance of the related issue to employees and partner companies as well as contribute to creating an ethical trading environment.

FUTURE PLAN

SUHEUNG will continue to strengthen ethical management and further enhance the ethical awareness and performance level of our employees. To this end, we will provide an upgraded ethics program to the employees to emphasize and practice basic ethics. In order to maximize the effectiveness of the ethics program, we will operate a two-way communication channel and facilitate communication with employees to boost the sense of ethics throughout the company.

Compliance

STRATEGY AND POLICY

We aim to create a healthy ecosystem based on fair competition and practices compliance management. The Board of Directors review and approve trade between affiliates to prevent unfair trade from occurring. We disclose the Code of Ethics and the Code of Conduct for Suppliers not only to the employees but also to shareholders, customers, competitors and partner companies, emphasizing the importance of fair trade and compliance management practices. To manage and supervise violation of ethics of employees, the Audit Team performs internal accounting tasks (inspection of currently available goods, debt management, and inventory due diligence, operation of internal accounting management regulations, etc.), the full-time auditor manages the overall affairs of the Audit Team, including the audit plan, and by appointing the audit manager, we ensure the transparency of the audit organization. In particular, we provide a Code of Conduct for Suppliers for partner companies which includes guidelines such as ethical management, human rights and labor, environmental protection, safety and health, and management system, and by requesting compliance on fair trade and related laws and regulations, we endeavor to realize compliance management throughout the supply chain. Through these efforts, we have achieved zero cases of violation in subcontracting and fair trade over the past 3 years.

Reporting and violation		Unit	2020	2021	2022
Law violation	Amount of financial sanctions for violation of fair trade laws and regulations	KRW 100 million	0	0	0
	No. of lawsuits regarding fair trade laws and regulations	case	0	0	0

FUTURE PLAN

To practice compliance management continuously, we will thoroughly review transactions between affiliates at the BOD level and reinforce management to prevent unfair trade. Moreover, we will emphasize compliance with laws and regulations related to fair trade through the Code of Conduct for Suppliers in the partner company relations, and continual effort to realize compliance management throughout the supply chain.

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Tax and Accounting

STRATEGY AND POLICY

SUHEUNG designates an internal accounting manager as a full-time registered director and fulfills its tax payment and reporting obligations in a faithful manner. We comply with the tax laws of each country where domestic and foreign corporations are located and transparently provide relevant facts and evidence when requested by tax authorities for investigation. We also thoroughly manage to prevent tax evasion, such as using differences in tax laws between countries, loopholes in the international tax system, or transferring income to low-tax countries. Moreover, we establish tax strategies by reflecting on the revision of tax laws annually through consultation with tax firms.

GOAL

We fulfill our tax obligations in accordance with laws and regulations and is fully aware of the revised tax laws. In addition, our goal is to avoid any occurrence of violations regarding tax related laws (no violation cases). Based on the special provisions of the tax law, we will strive to create the best economic effect.

PERFORMANCE

Tax report

		Unit	2020	2021	2022
Report by country	Korea	KRW 100 million	93.7	89.5	98.9
	- Korea (SUHEUNG)	KRW 100 million	59.1	58.9	66.6
	- Korea (Geltech)	KRW 100 million	33.5	27.3	28.9
	- Korea (Winnerwell)	KRW 100 million	1.1	3.3	3.4
	Vietnam	KRW 100 million	1.0	28.2	9.1
	USA	KRW 100 million	30.2	39.1	16.7
	Japan	KRW 100 million	0.0	0.0	2.9

Accounting and auditing

	Unit	2020	2021	2022
Cost for external audits*	KRW 100 million	1.5	1.5	3

* Cost increased due to the designation as an accounting firm

Internal Accounting Management System

SUHEUNG systematically operates the internal accounting management system for transparent trade within the organization. The internal accounting management system includes measures necessary for preparing and disclosing reliable financial statements. We strictly follow the layout of the internal accounting management system in accordance with the best practices, and through this, we prevent distortion of financial statements and provide accurate information. In addition, we receive independent evaluations in this regard and conduct evaluations on the adequacy of management's self-evaluation and operational status evaluation results. We will raise organizational transparency and reliability by systematically operating the internal accounting management system.

FUTURE PLAN

Currently, we actively receive consultations for tax affairs from external services, and to minimize tax risks, we plan to make up for our shortcomings through online and offline education. We also aim to extract accurate and reliable data through computer processing. SUHEUNG plans to continue to designate an internal accounting manager as a full-time registered director for transparent tax processing, and will advance the tax strategy in accordance with the revision of tax laws every year to realize professional and reliable tax management.



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Category	Unit	2020	2021	2022
Assets				
Current Assets	KRW	314,069,599,558	318,602,620,368	399,896,261,499
Cash and cash equivalents	KRW	37,590,090,574	26,331,816,542	37,018,161,860
Other short-term financial assets	KRW	0	7,170,225,500	21,300,000,000
Financial assets at fair value through other comprehensive profit or loss	KRW	18,677,302,968	676,624,477	0
Account receivable	KRW	81,017,999,756	90,822,880,319	87,231,822,385
Other short-term bonds	KRW	2,839,697,701	4,278,814,631	7,711,998,113
Inventories	KRW	166,377,902,195	181,994,990,259	236,814,965,790
Other current assets	KRW	7,566,606,364	7,327,268,640	9,786,353,089
Derivative assets	KRW	0	0	32,960,262
Non-current Assets	KRW	451,920,176,072	491,352,233,688	526,522,274,399
Other long-term financial assets	KRW	659,272,705	993,611,458	1,419,948,393
Financial assets at fair value through other comprehensive profit or loss	KRW	717,103,000	1,126,649,544	2,286,920,016
Other long-term bonds	KRW	2,048,399,063	5,266,492,169	28,646,093,238
Investment in subsidiaries and associates	KRW	14,096,352,208	42,591,009,884	40,533,914,373
Invested real estate	KRW	11,939,748,142	11,812,842,048	8,962,726,011
Tangible assets	KRW	404,301,758,152	411,920,527,747	427,930,144,598
Intangible assets	KRW	7,523,001,888	7,092,928,104	5,927,794,561
Right-of-use assets	KRW	7,314,638,388	7,449,872,590	7,816,503,187
Deferred income tax assets	KRW	0	0	604,851,875
Other non-current assets	KRW	3,319,902,526	3,098,300,144	2,393,378,147
Total asset	KRW	765,989,775,630	809,954,854,056	926,418,535,898

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Category	Unit	2020	2021	2022
Liabilities				
Current liabilities	KRW	267,309,467,891	236,373,770,859	281,268,559,520
Account payable	KRW	9,209,605,607	8,196,814,331	17,824,982,119
Short-term other payables	KRW	17,981,322,949	13,608,060,846	19,392,887,791
Short-term borrowings and bonds	KRW	230,385,780,932	204,920,100,904	231,204,809,630
Short-term lease liabilities	KRW	454,516,168	532,929,412	537,900,508
Current income tax liabilities	KRW	7,051,806,970	6,644,296,916	8,285,883,767
Reserve for contingent liabilities	KRW	82,294,000	168,515,100	1,954,300,526
Other current liabilities	KRW	2,144,141,265	2,303,053,350	1,984,307,912
Derivative liabilities	KRW	40,905,987	0	0
Financial guarantee liabilities	KRW	42,581,280	0	0
Non-current liabilities	KRW	121,698,037,747	143,712,632,254	175,425,858,742
Long-term other payables	KRW	225,179,137	215,006,666	116,043,325
Long-term borrowings and bonds	KRW	116,716,462,608	137,496,260,846	172,571,245,950
Long-term capital lease liabilities	KRW	390,390,706	43,789,019	362,139,586
Severance benefits payables and other long-term payroll payables	KRW	1,306,264,915	1,303,340,658	590,688,251
Deferred income tax liabilities	KRW	3,025,788,253	4,614,402,265	1,785,741,630
Long-term financial guarantee payables	KRW	33,952,128	39,832,800	0
Total liabilities	KRW	389,007,505,638	380,086,403,113	456,694,418,262

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Category	Unit	2020	2021	2022
Equity				
Parent company ownership interest	KRW	338,059,832,387	387,764,547,075	421,340,256,523
Capital	KRW	6,084,556,500	6,084,556,500	6,084,556,500
Capital surplus	KRW	38,543,614,684	38,543,614,684	38,543,614,684
Other reserves	KRW	(4,115,578,056)	(4,159,071,936)	(3,673,005,353)
Accumulated other comprehensive income	KRW	(19,985,214,144)	(16,337,355,658)	(12,215,062,019)
Retained earnings	KRW	317,532,453,403	363,632,803,485	392,600,152,711
Non-controlling interest	KRW	38,922,437,605	42,103,903,868	48,383,861,113
Total equity	KRW	376,982,269,992	429,868,450,943	469,724,117,636
Total liabilities and equity	KRW	765,989,775,630	809,954,854,056	926,418,535,898

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Category	Unit	2020	2021	2022
Sales	KRW	553,012,153,653	596,733,152,009	634,966,079,026
Cost of goods sold	KRW	432,048,748,861	470,499,756,778	497,687,749,037
Gross profits	KRW	120,963,404,792	126,233,395,231	137,278,329,989
SG&A	KRW	40,624,169,074	49,515,412,593	67,919,270,110
R&D expenses	KRW	6,022,003,967	7,114,357,203	7,381,716,628
Operating profit (loss)	KRW	74,317,231,751	69,603,625,435	61,977,343,251
Finance incomes	KRW	4,298,515,229	9,009,709,539	11,743,859,269
Finance expenses	KRW	16,764,453,951	9,013,278,086	20,831,220,674
Other incomes	KRW	8,521,815,627	2,373,639,158	6,720,058,086
Other expenses	KRW	2,792,424,828	2,879,228,114	7,632,087,201
Share of profit of associates	KRW	4,574,530,619	5,754,367,667	(32,057,946)
Profit before income tax from continuing operations (loss)	KRW	72,155,214,447	74,848,835,599	51,945,894,785
Tax expenses (incomes)	KRW	12,893,275,680	15,553,699,095	11,349,147,825
Net profit for the year (loss)	KRW	59,261,938,767	59,295,136,504	40,596,746,960
Attribution of net profit (loss)				
Parent company ownership	KRW	52,999,088,034	53,689,082,928	33,984,616,379
Non-controlling interests	KRW	6,262,850,733	5,606,053,576	6,612,130,581

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Category	Unit	2020	2021	2022
Other comprehensive income	KRW	(6,214,257,815)	931,405,697	4,336,931,480
Other comprehensive income to be reclassified to profit or loss (Other comprehensive income, net of tax)	KRW	(4,421,458,752)	7,531,703,642	4,469,586,509
Equity adjustments in equity method	KRW	0	(76,026,932)	379,540,410
Net gain from translation of foreign operations	KRW	(4,421,458,752)	7,607,730,574	4,090,046,099
Other comprehensive income not to be reclassified to profit or loss (Other comprehensive income, net of tax)	KRW	(1,792,799,063)	(6,600,297,945)	(132,655,029)
Change in value of liability products measured at fair value through other comprehensive income	KRW	(834,965,361)	(3,883,845,156)	(663,387,670)
Actuarial gain/loss on defined benefit liability (Other comprehensive income, net of tax)	KRW	(957,833,702)	(2,716,452,789)	530,732,641
Total comprehensive income (loss)	KRW	53,047,680,952	60,226,542,201	44,933,678,440
Total comprehensive income attributable to				
Owners of parent	KRW	46,805,210,386	54,751,809,418	38,649,199,365
Non-controlling interests	KRW	6,242,470,566	5,474,732,783	6,284,479,075
Earnings per share				
Basic earnings per share (loss)	KRW	4,766	4,829	3,056
Diluted earnings per share (loss)	KRW	4,766	4,829	3,056

*Companies included in the consolidated financial information: Geltech, SUHEUNG Vietnam, SUHEUNG America, SH Asset Management, SUHEUNG Japan, SUHEUNG Europe Gmbh, Winnerwell, Hankkok Cosmo, Balance Way, SUHEUNG Healthcare

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Sustainable Management Guidelines

TCFD (Task Force on Climate-related Financial Disclosures)

We have actively participated in 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 enacted by the Financial Stability Committee under the G20 in 2015 to encourage companies to disclose climate change-related information in a voluntary and consistent manner, particularly four elements; governance, strategy, risk management, metrics and targets in relation to climate change. Our goal is to create a climate change response system that aligns with TCFD’s recommendations. We will be transparent in disclosing relevant information so that our stakeholders and investors can make informed decisions based on it.

	TCFD Recommendations	SUHEUNG activities and plans
governance	a) The board’s oversight of climate-related risks and opportunities	SUHEUNG newly established the ESG Committee in 2022 to identify and manage environmental risks that may affect financial performance. As the highest decision-making body for ESG issues, the ESG Committee manages ESG risks, including risks and opportunities related to climate change, and reviews key issues to be reflected in mid- to long-term management strategies. Our management team assesses and manages risks related to climate change based on the results of the materiality assessment. Additionally, we have established a task force team that involves working-level departments and an ESG team under the Future Strategy Division, which helps us effectively communicate with the management. To ensure that we implement company-wide environmental policies and achieve our carbon reduction targets, we also apply climate change-related indicators in executive evaluations.
	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	Growing demand for action on climate change has been accelerating the transition to a low-carbon economy. Korea’s 2030 Nationally Determined Contribution (NDC) has been upgraded from a 26.3% to 40% mitigation compared to the level of 2018 while the EU is preparing to adopt Carbon Border Adjustment Mechanism (CBAM). Against this backdrop, SUHEUNG has identified and managed related risks in compliance with domestic and overseas climate-related regulations. We are considering investment costs as we are faced with rises in carbon credit prices and operating expenses stemming from environmental taxes imposed on the entire supply chain in the short-term, and the costs incurred by the replacement with low-carbon facilities and the introduction of eco-friendly raw materials and packaging materials in the mid- to long-term. Discussions are being made on increasing expenses for business site operation and rising logistics costs derived from frequent natural disasters and abnormal weather events. Furthermore, we have managed data including scope 3 emissions from all stages including raw materials, packaging, and transportation, and examined environmental impact mitigation measures. The outbreak of various viruses, deteriorating fine dust, and global aging population could present opportunities to the pharmaceutical and healthcare industry. The issues caused by environmental changes, such as virus and air pollution, create new demand, and enhanced economic conditions and growing interest in fitness brings change to the pharmaceutical and healthcare industry at home and abroad. Keeping pace with this trend, SUHEUNG is concentrating on new product development with its R&D Center playing a central role, and has advanced its system specializing in OEM and ODM for the stable supply of top quality products, including hard / soft capsules, health functional foods, and raw materials (medical suppliers, cosmetics), to the world. In addition, we have dualized our manufacturing system in Vietnam and Korea, investing in extending facilities to expand production infrastructure. In order to assess the impact of climate change, we have identified transition risks and physical risks based on the IPCC and NDC, and managed our carbon emission mitigation. As of now, we are monitoring to ensure that air pollutants emitted from us is below the legal allowance, and making investments in eco-friendly facilities such as the replacement of filters in air pollution prevention facilities and replacement with low-NOx burners.
	b) The impact of climate-related risks and opportunities on the company’s businesses, strategy, and financial planning	
	c) The resilience of the company’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	

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TCFD(Task Force on Climate-related Financial Disclosures)

	TCFD Recommendations	SUHEUNG activities and plans
risk and opportunity	a) The company’s processes for identifying and assessing climate-related risks	Our ESG Team under the Future Strategy Headquarters has played a central role in implementing ESG strategies at the company level, keeping up with environmental regulations and market trends, identifying potential risks, and presenting the ways of remedying the issues to relevant departments. It also conducts a materiality assessment annually, and report key risk factors posed by climate change to management. Going forward, we will comprehensively manage its financial and non-financial risks, thereby reducing climate change-related risks and taking countermeasures.
	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	SUHEUNG manages climate change-related indicators, such as GHG emissions, energy consumption, and violations of environmental laws, to identify risks and opportunities related to climate change, and analyze trends over the past three years. In 2022, direct GHG emissions (Scope 1) amounted to 7,294 tCO ₂ eq, indirect GHG emissions (Scope 2) amounted to 28,714 tCO ₂ eq, and other indirect GHG emissions (Scope 3) amounted to 479 tCO ₂ eq. Since 2022, we have been managing GHG emissions (Scope 3) from our supply chain. We plan to annually measure and disclose the relevant indicators, and broaden our calculations to include both upstream and downstream processes to better manage carbon emissions.
	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	

Sustainable Management Guidelines

SASB

The Sustainability Accounting Standards Board (SASB) is a non-profit organization that sets standards for reporting non-financial information. SASB presents sustainability risk topics with high relevance for each industry and recommends that companies continuously report on them. We reported our main content in accordance with the Biotechnology & Pharmaceuticals industry standard.

Topic	Code	Accounting Metric	Reporting Page
Drug Safety	HC-BP-250a.3	Number of recalls issued, total units recalled	50
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	59
Ethical Marketing	HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	59
Employee Recruitment, Development & Retention	HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	47~48
Business Ethics	HC-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	58~59

Sustainable Management Guidelines

GRI Index

Universal Standard

GRI 1: Foundation 2021

Statement of use	Suheung has reported in accordance with the GRI Standards for the period 2022.1.1 ~ 2022.12.31
GRI 1 used	GRI 1 : Foundation 2021
Applicable GRI Sector Standard(s)	As of June 2023, the pharmaceuticals sector standards are not applicable since they were not implemented.

GRI 2: General Disclosures 2021

Topic	Disclosures	Reporting Page
The organization and its reporting practices	2-1 Organizational details	6, 16
	2-2 Entities included in the organization’s sustainability reporting	6, 16~17
	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	78
Activities and workers	2-6 Activities, value chain and other business relationships	6, 16~17, 25~34, 52~53
	2-7 Employees	45
	2-8 Workers who are not employees	45

GRI 2: General Disclosures 2021

Topic	Disclosures	Reporting Page
Governance	2-9 Governance structure and composition	56~57
	2-10 Nomination and selection of the highest governance body	56~57
	2-11 Chair of the highest governance body	56~57
	2-12 Role of the highest governance body in overseeing the management of impacts	18, 51, 56~57
	2-13 Delegation of responsibility for managing impacts	18, 51, 56~57
	2-14 Role of the highest governance body in sustainability reporting	18, 51, 56~57
	2-15 Conflicts of interest	56~57
	2-16 Communication of critical concerns	20, 56~57
	2-17 Collective knowledge of the highest governance body	56~57
	2-18 Evaluation of the performance of the highest governance body	SUHEUNG currently does not evaluate directors but plans to introduce self-evaluation and external evaluation.
	2-19 Remuneration policies	Article 40 of Articles of Association(remuneration and severance pay for directors and auditors) 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.
	2-20 Process to determine remuneration	Article 40 of Articles of Association(remuneration and severance pay for directors and auditors) 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.
	2-21 Annual total compensation ratio	This is a sensitive information that cannot be shared outside the organization

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GRI 2: General Disclosures 2021

Topic	Disclosures		Reporting Page
Strategy, policies and practices	2-22	Statement on sustainable development strategy	5
	2-23	Policy commitments	51, 58
	2-24	Embedding policy commitments	51, 58
	2-25	Processes to remediate negative impacts	59
	2-26	Mechanisms for seeking advice and raising concerns	59
	2-27	Compliance with laws and regulations	59
Stakeholder engagement	2-28	Membership associations	76
	2-29	Approach to stakeholder engagement	20
	2-30	Collective bargaining agreements	45

GRI 3: Material Topics 2021

Topic	Disclosures		Reporting Page
Disclosures on material topics	3-1	Process to determine material topics	21
	3-2	List of material topics	21
	3-3	Management of material topics	22~23

Topic Standard

Topic		Disclosures	Reporting Page
Social contribution expansion			
GRI 203-1 : Indirect Economic Impacts	203-1	Infrastructure investments and services supported	53

Ethical management implementation

GRI 205 : Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	58~59
	205-3	Confirmed incidents of corruption and actions taken	58~59
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	58~59

Action on climate change, Environmental procedure enhancement

GRI 302: Energy	302-1	Energy consumption within the organization	37
	302-3	Energy intensity	37
GRI 303: Water	303-5	Water consumption	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
	305-4	GHG emissions intensity	37
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	42

Toxic substances & waste management

GRI 306: Waste	306-3	Waste generated	41
	306-4	Waste diverted from disposal	41
	306-5	Waste directed to disposal	41

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Topic Standard			
Talent attraction and cultivation			
Topic	Disclosures		Reporting Page
GRI 401: Employment	401-2	New employee hires and employee turnover	45~48
	401-3	Parental leave	47
GRI 404: Training and education	404-1	Average hours of training per year per employee	48
Occupational safety and health enhancement			
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	49
	403-3	Occupational health services	49~50
	403-4	Worker participation, consultation, and communication on occupational health and safety	49
	403-5	Worker training on occupational health and safety	50
	403-6	Promotion of worker health	49~50
	403-9	Work-related injuries	49~50
Creation of an open corporate culture			
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	56~57
	405-2	Ratio of basic salary and remuneration of women to men	46
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	51

Topic Standard			
Management of supply chain's sustainability			
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	52
Product safety and quality enhancement, Customer satisfaction enhancement			
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	50, page 259 of the business report
Data security enhancement			
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	54

Sustainable Management Guidelines



UN SDGs (Sustainable Development Goals)

UN SDGs refers to 17 goals that the global community has to achieve by 2030 to address societal issues such as poverty, inequality, and environmental pollution, and build a sustainable society. SUHEUNG aligned its ESG strategies with the UN SDGs, and have carried out a variety of activities to achieve the goals.

SDGs	Targets		Key Activities	Reporting Page
	No Poverty	1.5 by 2030 build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters	Donation of health functional food sets	53
	Good Health and Well-being	3.7 by 2030 ensure universal access to sexual and reproductive health care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes	Establishment of safety and health management system, provision of health checkup, implementation of smoking cessation and job stress management program	45, 49~50
	Gender Equality	5.5 ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life	Realization of employment equality based on our personnel regulations	45~48
	Clean Water and Sanitation	6.3 by 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and increasing recycling and safe reuse by x% globally 6.4 by 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity, and substantially reduce the number of people suffering from water scarcity	Water pollutant monitoring, facility inspection and maintenance	39, 41
	Affordable and Clean Energy	7.2 increase substantially the share of renewable energy in the global energy mix by 2030	Installation and operation of solar panels	37~38
	Decent Work and Economic Growth	8.5 by 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.6 by 2020 substantially reduce the proportion of youth not in employment, education or training	Fair recruitment, work environment improvement	45~48
	Reduced Inequalities	10.2 by 2030 empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status 10.3 ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this regard	Establishment of human rights grievance handling procedures, providing educations on sexual harassment prevention and awareness improvement of the disable	51
	Responsible Consumption and Production	12.4 by 2020 achieve environmentally sound management of chemicals and all wastes throughout their life cycle in accordance with agreed international frameworks and significantly reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment 12.5 by 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	Establishment of waste management guidelines, reduction of waste generation, and increase of recycling	40~42

Sustainable Management Guidelines

UN SDGs (Sustainable Development Goals)

SDGs	Targets		Key Activities	Reporting Page
	Climate Action	13.1 strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries 13.2 integrate climate change measures into national policies, strategies, and planning 13.3 improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	Replacing with high-efficiency facilities for GHG reduction	36~38
	Life on Land	15.5 take urgent and significant action to reduce degradation of natural habitat, halt the loss of biodiversity, and by 2020 protect and prevent the extinction of threatened species	Tracking endangered species and protection of natural habitat	43
	Peace, Justice and Strong Institutions	16.3 promote the rule of law at the national and international levels, and ensure equal access to justice for all 16.5 substantially reduce corruption and bribery in all its forms	Conducting anti-corruption surveys, having employees pledge on compliance with the Code of Ethics	58~59
	Partnerships for the Goals	17.16 enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countries	Joined the UN Global Compact	75

Sustainable Management Guidelines

UNGC (UN Global Compact)

SUHEUNG joined the UN Global Compact in 2022 in pursuit of corporate sustainable growth. We will faithfully put the four principles; human rights, labor, environment, and anti-corruption, into action across every aspect of our business operations and annually submit a COP report to disclose our performance in a transparent manner.

UNGC Principles		Reporting Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	51
	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;	45, 51
	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,	36~44
	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.	58~59

RC (Responsible Care)

Responsible Care (RC) is the global chemical industry’s comprehensive voluntary initiative for the environment, safety, and health. In accordance with the Principle of Responsible Care, we take sustainability into consideration over the entire life cycle of products, encompassing chemical product development, manufacturing, sales, distribution, usage, and disposal. Going forward, SUHEUNG will take the initiative in driving sustainable management and creating social value as a member of Responsible Care.

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 & Membership

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

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

Certifications

HALAL certification

First certified year 2005

FGMP certification for health functional food manufacturing

First certified year 2005

USA Dietary Supplement (USP) certification

First certified year 2005

KGMP for pharmaceutical tablet manufacturing

First certified year 2012

VG Capsule Kosher certification

First certified year 2012

Therapeutic Goods Administration (TGA), an Australian certification for health functional food

First certified year 2013

HACCP certification

First certified year 2014

Non-GMO, the National Sanitation Foundation (NSF)

First certified year 2016

Osong Plant ISO 9001: transitioned in 2015

First certified year 2017

Ochang Plant FSSC 22000

First certified year 2018

WHOPIRs certification

First certified year 2019

EU-GMP

First certified year 2019

VEGETARIAN certification

First certified year 2019

VEGAN certification

First certified year 2022

ISO 14001

First certified year 2022

ISO 45001

First certified year 2022

ORGANIC

First certified year 2022

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Independent Assurance Statement

To: The Stakeholders of SUHEUNG

Introduction and Objectives of Work

BSI Group Korea (hereinafter “the Assurer”) was requested to verify SUHEUNG Sustainability Report 2022 (hereinafter “the Report”). This assurance statement applies only to the relevant information included in the scope of the assurance. The SUHEUNG is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide SUHEUNG Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of SUHEUNG.

Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 assurance to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018 and the Type 2 assurance that verified the quality and reliability of the information disclosed in the report. Type 2 was limitedly verified against the topic standards below, based on the data and information provided by the reporting organization.

→ GRI Topic-specific Standards: 203-1, 205-2, 205-3, 206-1, 302-1, 302-3, 303-5, 305-1~2, 305-4, 305-7, 306-3~5, 401-2, 401-3, 403-1, 403-3~6, 403-9~10, 404-1, 405-1~2, 406-1, 414-1, 416-2, 418-1

Scope

The scope of assurance applied to the Report is as follows;

- Report contents during the period from January 1st 2022 to December 31st 2022 included in the report, some datas included 2023.
- Major assesstion 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

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.

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;

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

Limitation

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Assurance Opinion

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.
- The report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

Independent Assurance Statement

AA1000 AP (2018)

- Inclusivity: Stakeholder Engagement and Opinion**
 SUHEUNG defined Employees, Customer, Cooperative company and Local communities as key stakeholders groups, and operated communication channels for each stakeholder group for engagement. SUHEUNG reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.
 - Materiality: Identification and reporting of material sustainability topics**
 SUHEUNG established the strategy related to sustainability management and established the process to derive reporting issues. SUHEUNG identified financial and social/environmental impacts and derived 16 material topics based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.
 - Responsiveness: Responding to material sustainability topics and related impacts**
 SUHEUNG established the management process for material topics determined by the materiality assessment, implemented a response plan for each topic to appropriately respond to the derived material topics that reflects the expectations of stakeholders. SUHEUNG disclosed the process including policy, indicator, activity and response performance on material issues in the Report.
 - Impact: Impact of an organization’s activities and material sustainability topics on the organization and stakeholders**
 SUHEUNG established the process to identify and evaluate the impact on organizations and stakeholders related to material topics. SUHEUNG used impacts, risk and opportunity factor analysis results for material issues to make decisions to develop response strategies for each issue and disclosed the process in the Report.
- Key areas for ongoing development**
- SUHEUNG distributes major ESG-related activities to committees and votes on ESG issues. Disclosure of key roles and responsibilities of each committee, and periodic monitoring of plans and performance, can help advance the ESG management system.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. 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.

Evaluation against GRI ‘In Accordance’ Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by SUHEUNG, the sector standard was not applied.

[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]

203-1, 205-2, 205-3, 206-1, 302-1, 302-3, 303-5, 305-1~4, 305-7, 306-3~5, 401-2, 401-3, 403-1, 403-3~6, 403-9, 404-1, 405-1~2, 406-1, 414-1, 416-2, 418-1



23 June 2023
 S. H. Lim / BSI Group Korea, Managing Director

