

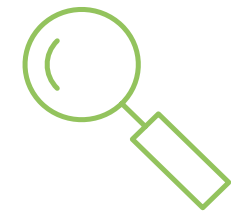
# Zymeworks ESG Report

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Making a  
meaningful  
difference



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# From the CEO



**Kenneth Galbraith**  
Chair & CEO

Welcome to Zymeworks' environmental, social and governance (ESG) content. There have been a lot of changes in the company since I became Chair and Chief Executive Officer (CEO) at the beginning of 2022. What hasn't changed is our mission to improve the standard of care for difficult-to-treat cancers and other serious diseases.

Since its founding, Zymeworks has been driven by a passion for scientific innovation with the purpose of helping patients and their families. We're now on a journey to also understand the wider impact of our work on both people and our planet.

We are working continuously to gain a comprehensive picture of what our stakeholders and our industry expect of us regarding ESG topics. We use this information to guide how we prioritize our approach and focus on material issues.

We have a strong culture of ethics and compliance, primarily due to our robust governance processes, which fosters quality, safety, and responsible corporate behavior. We also have a range of policies which make Zymeworks an inclusive and rewarding place to work.

With the scale of changes in the last two years, we are investing in building a new Zymeworks culture from the ground up. We have been undertaking a comprehensive culture audit to involve our people in the process of defining the culture we want to have and adopting the right values to reflect that.

Our environmental impact, though minimal, has become more of a focus in recent years and our new Vancouver head office, which we moved into in 2022, has strong environmental credentials.

Looking ahead, we appreciate there is a lot more work to be done. We have established a working group of internal stakeholders to collaborate on progressing our ESG practices, programs and policies. Focus areas will include upskilling and educating our teams and management, and gathering more data on our ESG performance in general.

We are determined that our impact as a company remains positive, and that we do not harm the planet as we seek to increase the social impact of our work. We believe that a continuous and incremental focus on ESG will make a long-term difference for our company and our stakeholders.



Zymeworks Inc. (Nasdaq: ZYME) is a global biotechnology company committed to the discovery, development, and commercialization of novel, multifunctional biotherapeutics.

## Overview and history

Founded in 2003, our head office and primary laboratory facilities are located in Vancouver (BC, Canada). We also have offices in Redwood City (California), Bellevue (WA), Dublin (Ireland), and Singapore. In 2022, the company went through a number of substantial changes, including a redomicile of the company's jurisdiction of incorporation from BC to Delaware to better align Zymeworks with its U.S. shareholder base and peer companies in the biotechnology sector.

## Mission

We are driven by our mission to make a meaningful difference for people around the world who are impacted by difficult-to-treat cancers and other serious diseases. Our complementary therapeutic platforms and fully integrated drug development engine provide the flexibility and compatibility to precisely engineer and develop highly differentiated antibody-based therapeutics.

## Culture and values

Our culture is founded on our shared desire to help people. We exist because patients with complex diseases need our help, and that challenge unites our teams. Zymeworks' values demonstrate how our passion for helping people is brought to life:

- » **CHALLENGE - We learn and grow to strengthen our performance and innovate for patients**
- » **TOGETHER - We work collaboratively by trusting and supporting each other**
- » **ACCOUNTABLE - We take individual and collective ownership to achieve our goals**
- » **TRANSPARENT - We listen and share information to enable collective success**
- » **ACHIEVE - We are aligned with our priorities to deliver results that make an impact**

We are in the process of redefining our culture following a comprehensive culture audit and employee engagement project. A strong employee culture is fundamental to successful execution of our operational plans and long-term strategy on behalf of stockholders and other stakeholders.

## Science

Zymeworks' fully integrated R&D pipeline from target selection through to pivotal studies is powered by our team of world-class researchers with the experience to discover, develop, and commercialize our novel agents globally with partners and collaborators.

The growing pipeline of novel multifunctional therapeutics is supported by our potential best-in-class antibody-drug conjugates (ADCs) and multispecific antibody therapeutics (MSATs) technology platforms.

## Partners

We have two key commercial partners – Jazz Pharmaceuticals Ltd. and BeiGene Ltd. – who will develop and commercialize zanidatamab in their respective territories following receipt of applicable regulatory approvals. Other key partners include our contract manufacturing organization partner, WuXi Biologics, and contract research organizations, including Syneos Health.



# ESG at Zymeworks



Founded to help improve the standard of care for difficult-to-treat cancers and other serious diseases, we have a strong social purpose. This is underpinned by our robust governance and ethics, and a growing desire to improve our minimal environmental impact.

Like many businesses, we are on a journey to become more sustainable. We have identified a number of opportunities to grow and evolve our ESG program. As we develop as an organization, we will continue to reassess where we need to improve.

## Board oversight

The Board of Directors has ultimate responsibility for oversight of our strategic direction for ESG matters. The Nominating and Corporate Governance Committee directly reviews findings and recommendations and reports to the Board of Directors regarding our ESG strategy, initiatives and policies, including any feedback from our management and our other stakeholders.

The Nominating and Corporate Governance Committee also periodically reviews the Company's policies and disclosures related to ESG. These responsibilities are expressly set forth in the Nominating and Corporate Governance Committee's charter. Although not enumerated in their respective charters, other committees of the Board of Directors also regularly address ESG matters relevant to their respective oversight areas.

## Priority assessment

We are passionate about making progress across all areas of ESG. But identifying our ESG priorities is an important step. It enables us to understand our key risks and opportunities and focus resources to manage and drive performance in the areas where we can make the most difference.



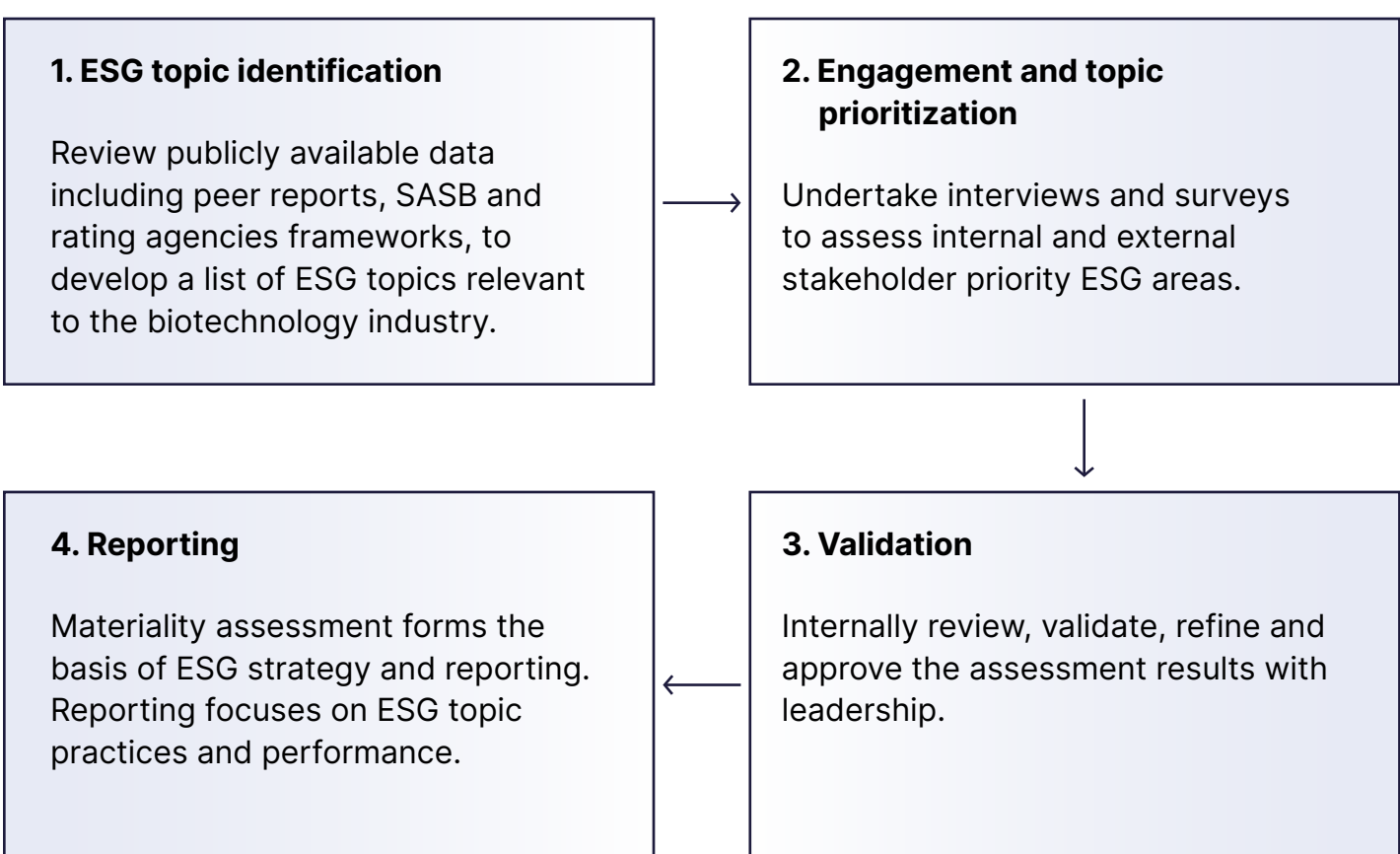
# ESG at Zymeworks



## Approach

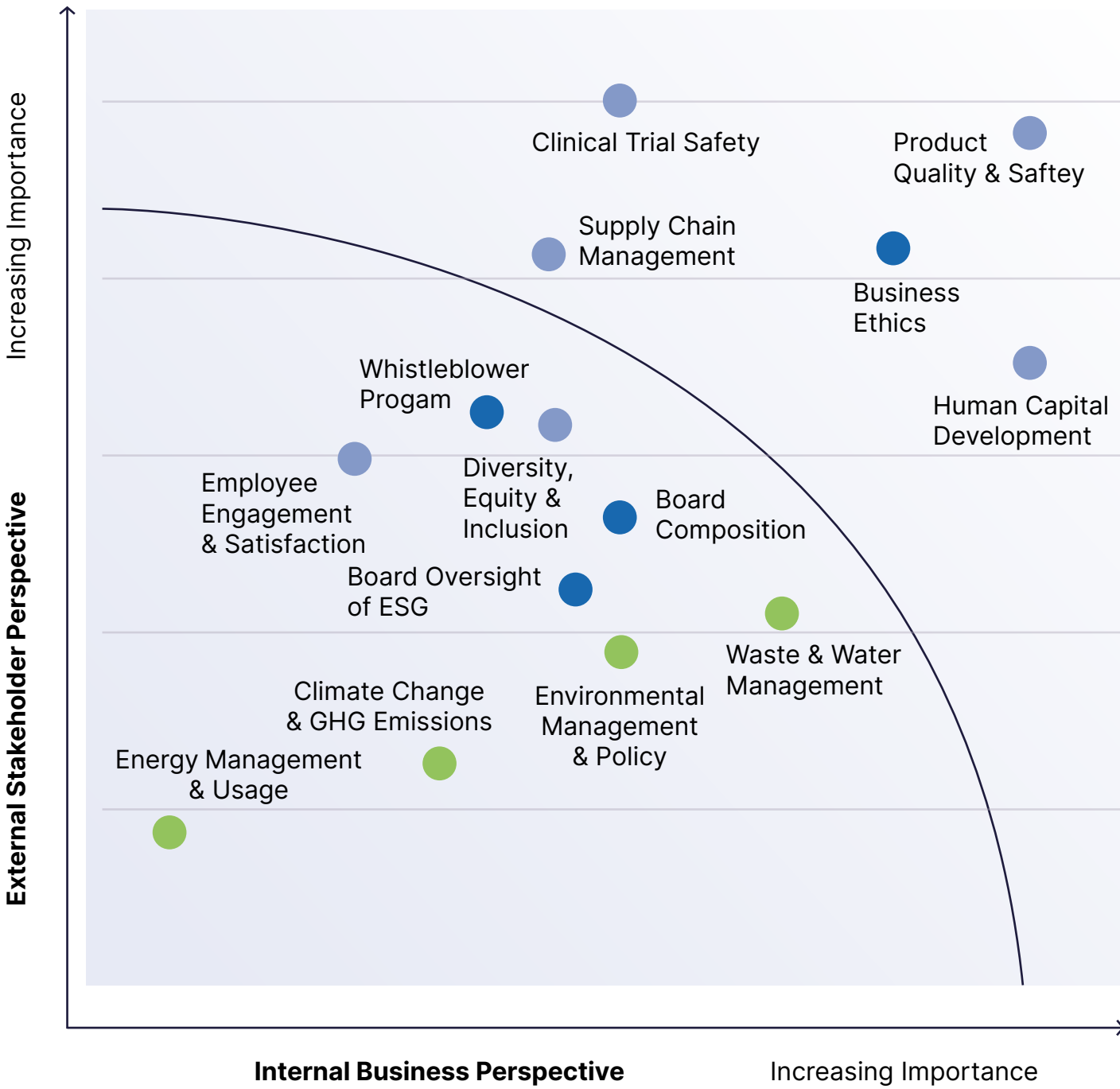
We take a comprehensive approach to understanding our priorities. To ensure that our strategy and reporting are well formed and relevant, we include a range of internal and external factors on a regular basis.

We conduct an external stakeholder assessment to ensure our strategy remains aligned with the concerns and needs of our stakeholders. This process includes gathering and ranking the priorities of our investors, leading ESG-rating agencies, and voluntary disclosure standards and frameworks. We survey key internal stakeholders to build a picture of internal priorities.



## Priorities matrix

Our priorities matrix shows the topics we consider to be priorities to both internal and external stakeholders. We expect to focus on these high-priority topics going forward.



## Focus areas

We are focused on those topics prioritized by our internal and external stakeholders. Our priority assessment enables us to identify the following priority ESG topics:

- » **Product Quality and Safety**
- » **Human Capital Development**
- » **Business Ethics**
- » **Clinical Trial Safety**
- » **Supply Chain Management**

Our focus includes increased monitoring of performance and adjustments to our strategy and resource allocation to ensure we mitigate key risks and seize opportunities to improve our impact.

# Environment

Like all businesses, we recognize that our operations have an impact on the natural environment.





# Environment



Like all businesses, we recognize that our operations have an impact on the natural environment. Our impact ranges from how our teams travel to work and how our facilities are powered, to how we manage waste and use natural resources.

Our size and current activities make our environmental impact relatively small, and our priorities matrix demonstrates that these topics are not a current key focus of our external or internal stakeholders. However, we acknowledge the need to build a better understanding of our impact on the natural environment and how to manage that impact.

## Footprint impact

Our environmental impact primarily relates to our use and management of energy, waste and water. In 2022, we relocated our Vancouver head office and laboratories, choosing a building with strong environmental credentials and made a number of modifications to further improve its efficiency.

In addition, we have colleagues based on the following sites:

- » **Redwood City (California, USA)**
- » **Bellevue (Washington, USA)**
- » **Dublin (Ireland)**
- » **Singapore**

## Clean energy

Our head office and laboratory facilities are in a building designed to be a net-zero work environment. The building's carbon emissions are up to 70% less than conventional buildings and it runs on 100% renewable energy. We were also able to retrofit the office to include efficient lighting, a heat recovery system and cooling systems to further save energy and reduce emissions.

## Waste

While we produce minimal waste, we have an active waste management program. We use some materials that may be harmful to the environment, including solvents, and produce some cytotoxic waste; however, we have processes in place for handling these kinds of material and waste to ensure they are disposed of responsibly. We recycle our other waste, where possible. Our water use is only domestic, and the building also has an efficient, low-flow system designed to reduce water use.



# Environment

## Identifying and managing climate risk

We recognize that climate change is already affecting countries and communities around the world, and that climate-related risks may impact our company going forward. We also acknowledge that there are potential opportunities for us to increase our positive impact.

We have established enterprise risk management processes to manage the risks we face and identify emerging risks on the horizon.

## Corporate travel and employee commuting

A limited number of our employees are required to fly in the course of their work, but we explore alternative travel methods where possible.

We actively try to reduce the impact of employee commuting by encouraging non-personal vehicle transportation. All of our offices are located near public transportation and convenient cycling routes, and we contribute to certain transit passes on behalf of our employees. Our Vancouver, Redwood City, and Bellevue offices have electric vehicle charging stations, and all of our offices have bicycle storage.



# Social

Our mission to improve the standard of care for difficult-to-treat cancers and other serious diseases has a strong social purpose.





# Social



Our mission to improve the standard of care for difficult-to-treat cancers and other serious diseases has a strong social purpose and we work to develop scientific innovations that help people and benefit society. Building on those foundations, we strive to foster a culture in which every Zymeworks colleague feels engaged and valued, as well as seeking to positively contribute to our communities together.

## Safety of clinical trial participants

Zymeworks is deeply committed to patient safety as it is fundamental to our mission. Medicines must be proven safe and effective to gain approval and we strive to protect the wellbeing of our clinical trial participants.

Our clinical trials and select endpoints are designed in accordance with the U.S. Federal Drug Administration and the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use Guideline for Good Clinical Practice guidelines. We are committed to adhering to these guidelines and embracing the role they play in the development of safe, effective, and high-quality medicines.

We strive to ensure that our investigators and study teams are well-trained and adhere to our protocol designs. Additionally, we conduct regular safety monitoring calls with our clinical sites to encourage open lines of communication to promptly address any emerging safety concerns, as captured by our standard operating procedures on development safety information and reporting. We also require sites to report serious adverse events within 24 hours

of becoming aware of a potential safety issue for assessment and trend analysis through pharmacovigilance. If necessary, based on trial design, independent bodies known as Data Safety Monitoring Boards are established to assist with evaluating our trial data and to provide unbiased recommendations regarding patient safety.

Syneos Health, our contract research organization, supports our clinical development work. Their highly qualified drug safety scientists and skilled healthcare professionals have experience in drug safety and pharmacovigilance services and bolster our commitment to clinical trial safety.

## Access to medicines

A robust access and pricing strategy is critical to successfully getting our therapeutics to market and making them accessible to patients in need. Our current commercial partners strive to help patients get access to medications, enduring affordability and accessibility to medicines. Activities to improve patient access aim to ensure that our medicines are available to those that need them the most.

## People

Our purpose is grounded in life sciences and we work diligently to discover, develop, and commercialize a broad pipeline of novel medicines to create a meaningful difference for patients. Our mission to make a meaningful difference for people around the world who are impacted by difficult-to-treat cancers and other serious diseases extends beyond the patients that benefit from our therapeutics to include our valued employees around the world.

We provide a safe and inclusive workplace, encouraging professional development, and valuing and recognizing the contributions of every team member, regardless of level or stature.

Our organization has transformed over the past 24 months, which has resulted in significant changes to our employee footprint. To address these changes, we have recognized the importance of redefining Zymeworks' culture and establishing new company values. This work is being done to ensure our current team of more than 250 people feel recognized, engaged, and empowered to play their part in delivering our mission.



# Social



## Employee recruitment, development & retention

Our ability to successfully deliver value to our stakeholders is dependent upon attracting and retaining the right talent. Our desire is for our people to have long and rewarding careers with us, so we offer competitive compensation packages, a leading benefits portfolio, and interesting roles to keep employees engaged. Internal development and growth are fostered at all levels along with recognition for performance.

### Recruitment

We have a strong talent acquisition team dedicated to finding top talent in a competitive global marketplace. Our team of recruitment professionals provides a thorough recruitment and selection process for potential candidates while coaching our leaders around potential bias. Our aim is to ensure our practices give all applicants and employees an equal opportunity for employment based on their individual merits, ability to perform the specific job and their potential for further growth and development within the organization.

Our recruitment strategy has recently expanded, mainly stemming from the need to fill global positions. Having an expanded global footprint means engaging with recruitment specialists around the world to ensure we have access to the talent we need. It has also meant that we have evolved our employee offerings to ensure we are attractive to global talent.

Another way we ensure that we have access to a long-term pipeline of talent is our partnerships with universities, schools, job fairs and industry associations, such as BIOTECanada and Life Sciences BC. Our financial support for the University of British Columbia (UBC) includes an award and a fellowship. The Zymeworks Centennial Scholars Award for Black or Indigenous Students supports students entering UBC's Bachelor of Science or Bachelor of Applied Science programs who are academically qualified but would not be able to attend university without financial assistance. Since 2018, the Zymeworks Fellowship in Immunotherapeutics has provided \$20K in annual funding for outstanding graduate students to research advanced immunotherapeutic development opportunities.

Our longstanding co-operative education program with UBC also offers students valuable work experience alongside their studies and introduces them to Zymeworks as a future employer. We are proud to say that over 90% of students return to Zymeworks following their graduation.

In recent years, we have also invested in hybrid and flexible working policies which have enabled us to access a wider pool of global talent and improve the work-life balance of our employee group.



# Social



## Development

Investing in the development of our people is vital for achieving our company’s mission. We invest in the professional growth of our colleagues in a number of ways. When joining the company, all colleagues undertake training across a range of compliance and organizational topics to acclimatize them to our company and understand the requirements that they must adhere to while working with us. Topics include our Code of Conduct, Respectful Workplace Policy, and Anti-harassment and Bullying Policy.

Zymeworks also supports colleagues to undertake external training or certifications to enhance their growth and development within their role. Additional support may take the form of on-the-job learning, stretch assignments, or mentoring and coaching. We have a secondment policy which allows employees to take rotations in other departments to expand their knowledge and experiences.

To ensure our future leaders have the skills and competencies required, our employees at the executive director and senior director levels participate in a Leadership Development Program, working with external coaches and business mentors to understand their leadership style, and create development plans. We encourage all our employees to discuss development with their managers and review how their work directly contributes to company goals during regular check-ins and 360 reviews, which lead to the creation of development plans.

## Retention

We know that our people are key to our success, and it is vital for them to feel valued and engaged while doing the important work we do. Our employee value proposition includes a comprehensive compensation package including equity offerings for all employees – regardless of level. We offer generous benefits for employees’ families, which are 100% paid for by our organization. This includes access to a range of medical specialists, including physiotherapists, chiropractors, vision and dental care and psychologists and counsellors.

We support our people through various health and wellness initiatives including a robust employee access program, and we provide \$1200 yearly to every team member via Zymelife – an allowance for employees to use on any health and wellness initiative they choose (i.e. sports teams, equipment, yoga, etc.).

To reward long-term loyalty, we have an employee stock purchase plan, available to all employees. We also offer savings plans such as a registered retirement savings plan or 401K plans for our North American team members.

We encourage a better work-life balance by providing an accommodating work environment including Meetingless Mondays and Flexible Fridays. We also have a flexible time off policy whereby there is no set vacation time or limit; instead, employees manage their time away from work with their direct manager. We find it promotes mutual trust and respect.

Family support is a key benefit for our teams. For those just beginning their families we offer a 17-week top up for maternity leaves. We also provide a paternity and adoptive top up of two to three weeks (depending on the employee’s country) to allow for proper support for our employees with differing circumstances. We recently added financial support for women in the United States who may have to travel to different states to access certain health care procedures. All payments and support for travel and treatments are covered by Zymeworks for those in this situation.

To ensure we remain competitive, we regularly benchmark our compensation arrangements against comparable biotechnology companies with the assistance of an external compensation consulting organization.



## CASE STUDY: Zyme Tank



In 2023, Zyme Tank was launched. This is a new avenue for our colleagues to bring their innovative ideas to life at Zymeworks.

Zyme Tank is an employee-led initiative that allows our talented employee base to pitch their ideas to a panel of cross-functional judges. This platform fosters and rewards innovation, creativity and the sharing of ideas in a positive, enriching environment. Employees are encouraged to bring forth forward-looking solutions which demonstrate the potential to improve processes and systems. These ideas are then showcased across the company and implemented quickly and efficiently. Those who submit ideas are highlighted in front of the entire organization to ensure recognition.





# Social



## Diversity, equity and inclusion

We believe everyone belongs at Zymeworks and we are committed to providing equal opportunities for all. This means ensuring we have good representation in our workforce from within the communities in which we operate, conducting training to remove biases in our processes and activities, and respecting all employees' rights, cultures, diversity, and dignity.

Current practices include ensuring awareness of policies on respectful workplace, anti-harassment and bullying. In addition, we recently updated our global benefits plans to include gender affirmation coverage.

We are proud of the diversity of our teams, and making further progress in diversity, equity, and inclusion is a focus area for Zymeworks. Our Human Resources team is working on a roadmap which will help us further understand where to focus our attention to ensure an inclusive environment for all. This work will include all our functions, including our supplier network and our important clinical trial work, to ensure all are given equal access across global regions.

## Employee engagement

Engaging with our employees is essential to ensuring our goals are achieved each year. Open channels of communication and regular employee engagement allow us to understand how our employees feel about Zymeworks and to leverage their knowledge and ideas.

To stay on top of employee sentiment, we have implemented an annual all-employee survey via the Barret Values assessment, which allows us to understand our current culture score. The model highlights what is needed for human beings to flourish, thrive, and deliver optimal performance. This report is shared with the Board of Directors annually.

As an outcome of the initial survey, additional culture work will lead to the creation of a culture commitment and launch of our modified values. This output was gathered from our employees via focus groups. Periodic reviews will take place to ensure our culture score continues to improve over time.

## Health and safety

The safety and health of our people is paramount. We have a dedicated Environmental Health and Safety Manager who oversees our global locations to protect the safety of all employees. We also have an Occupational Safety and Health Manual and Emergency Response Plan to provide clear guidance in cases of serious events. Responsibility for the health and safety of our teams is shared between all employees – however, our senior leadership are active participants in our Emergency Response Plans.

Our Joint Occupational Safety & Health Committee supports our duty to ensure a healthy and safe workplace. Our Environment Health and Safety Manager, lab manager, and biological safety manager also play a part in ensuring our Occupational Safety and Health Manual is followed and that training is carried out – especially in our lab facility. Training is mandatory for all employees, and additional job-specific training is required for those in relevant positions.



# Social



## Communities

At Zymeworks, our passion for supporting our communities goes far beyond building brand reputation – it is embedded within our values. We believe that we should strive to give back to the communities in which we operate.

Our community outreach activities prioritize making positive and lasting changes to community health and inclusion through impactful financial support and volunteer time. We support our people to connect with their communities by donating time, resources and money, and feel that it fosters greater engagement and purpose.

A Zymeworks corporate team participated in the annual Terry Fox Run with a corporate match. We also support Covenant House in BC via a Corporate Christmas tree which is displayed at a restaurant in downtown Vancouver. The tree is decorated by our own employees and a corporate donation is made directly to Covenant House to support homeless youth.

ZymeCares, our generous employee volunteer policy, enables our people to forge stronger connections to our communities through five paid volunteer days a year.





# Social



## Product quality and safety

We are focused on improving the standard of care for difficult-to-treat cancers and other serious diseases. As such, quality, safety, and regulatory compliance are foundational to everything we do.

We believe that our leadership should set an example for quality. Our Chair and CEO brings more than 35 years of experience in quality and regulatory compliance to Zymeworks. In 2022, we also appointed a new Head of Quality, with responsibility for the oversight and management of product quality and safety. Our Head of Quality has recently been promoted to the Vice President level and is a member of our leadership team.

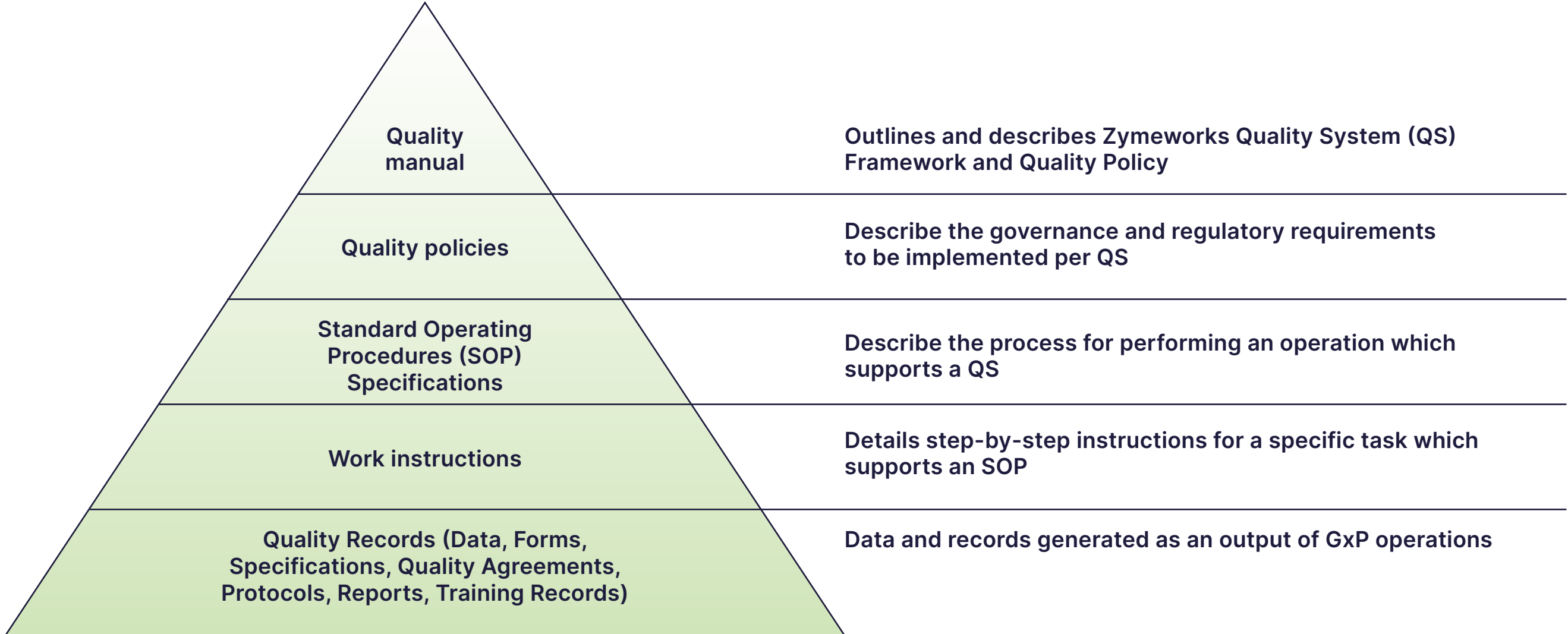
We have an established Quality Management System to support the GxP functions, across the organization, with our Quality Manual as the central governing document. We follow the current global, regional, local regulations, and international standards for Good Manufacturing Practice, Good Clinical Practice, Good Laboratory Practice, data integrity and data security.

To ensure ongoing quality and safety, we take a risk-based approach to internal and external audits.

To support our quality and regulatory compliance objectives, we have invested in two key validated electronic systems: Veeva Quality Vault and ComplianceWire. Veeva is a fully electronic document management and quality management system, which ensures documents and records are

managed in a central database and maintained according to applicable regulatory requirements. ComplianceWire is a learning management system that assigns each employee a training curriculum, giving them the necessary knowledge to perform their roles. Every new hire has a quality onboarding overview meeting upon starting a role with Zymeworks, and regular training on quality procedures is required for relevant functional areas.

## Zymeworks quality system framework



# Governance

Zymeworks is a company built on doing what's right. As a public and Nasdaq-listed biotech company, we have significant compliance requirements with respect to our stockholders.





# Governance



Zymeworks is a company built on doing what's right. As a public and Nasdaq-listed biotech company, we have significant compliance requirements with respect to our stockholders. We are continually working to ensure that policies, procedures, working practices, and training are up to date and in compliance with the latest rules and regulations across all the geographies in which we operate.

## Board composition

We strive to create a Board that reflects our company and provides experienced leadership to the organization. The Nominating and Corporate Governance Committee works to ensure our Board of Directors has a diverse mix of skills and experience to provide effective governance, with the interests of all stakeholders in mind.

## Business ethics

We have a Code of Business Conduct and Ethics (Code), which was approved by our Board of Directors. The Nominating and Corporate Governance Committee reviews the Code annually, with any changes elevated to the Board of Directors for final review and approval. Alongside the Code, our culture of integrity and ethical practices is supported by our annual ethics training curriculum.

On an annual basis or at any time the Code is updated, our learning management system, ComplianceWire, will prompt all employees – and certain consultants and contractors – to re-read and verify that they have read and understood the Code.

## Whistleblower policy

As part of our commitment to acting ethically across the organization, we strongly support our colleagues to hold one another accountable and to speak up if they see something that could cause harm to the company or our stakeholders. Our approach is formalized in our Whistleblower Policy, and we have an ethics reporting line available 24/7. Reports to our ethics reporting line may be submitted anonymously and are received by the Chair of our Audit Committee and our Head of Legal. Any complaints are reviewed promptly and the Head of Legal provides the Audit Committee with a quarterly report of all complaints received and the status of investigations. As stated in the Whistleblower Policy, in no circumstances will there be any reprisals against any person who has made a complaint in good faith.



# Governance



## Cybersecurity

Cybersecurity is very important to Zymeworks due to the significance of our intellectual property and knowledge, and our reliance on key information technology systems. Preserving stakeholder confidence means protecting our data using robust and scalable systems. We have an Information Technology Security Policy and a Cyber Defense Policy, which govern information security and cyber security across the organization and support compliance with regulatory requirements. Periodic reviews are carried out to provide assurance of our systems' integrity and accuracy. All employees receive appropriate training in information security before accessing Zymeworks' data. We have invested in improving our function and upgrading our cybersecurity capability in 2023, including the addition of a new Head of Information Technology reporting directly to our Chair and CEO.

## Supply chain management

Operating with integrity extends beyond our organization. Our Supply chain and Procurement teams are integral to our company, and we expect our key supplier partners to align with our commitment to ethical and responsible practices. We are in the process of developing a Supplier Code of Conduct, which will outline the expectations by Zymeworks of suppliers and other third-party resources performing services to or on behalf of Zymeworks.

Zymeworks Inc.

114 East 4th Avenue, Suite 800  
Vancouver BC, Canada V5T 1G4

T. (604) 678-1388

F. (604) 737-7077

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